

We continue to execute against our strategy

We aim to grow our core marketplace, bring more of the car buying journey online through digital retailing and become the industry standard data platform; whilst maintaining our commitment to all aspects of ESG via our make a difference strategy.

OUR STRATEGIC PILLARS

- Marketplace
- Digital retailing
- Data as a platform
- Make a difference

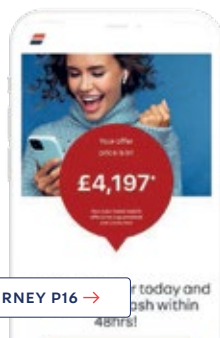
OUR PURPOSE-DRIVEN STRATEGY P12 → MAKE A DIFFERENCE P36 →



Individual online car buying components live in trial

We continue to focus on supporting an increasingly online car buying journey and have made good progress in developing both the component parts which will form our end-to-end deal builder journey and scaling some of the key enablers to support digital retailing.

10,000+ consumer vehicles disposed of through our Instant Offer product during 2022



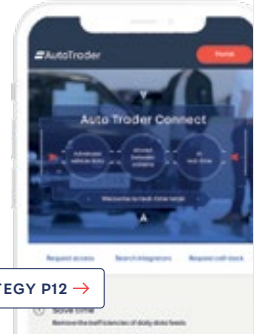
THE DIGITAL CAR BUYING JOURNEY P16 →



Auto Trader Connect

We launched Auto Trader Connect as part of our April 2022 pricing event, which has gone well. This gives customers access to our most fundamental and powerful taxonomy data, improving advert quality, pricing decisions and enabling stock to be updated on Auto Trader in real-time.

c.40% of third-party software providers are now integrated with Auto Trader Connect



OUR PURPOSE-DRIVEN STRATEGY P12 →



Consumer engagement and retailer numbers are at record levels

Our financial performance, customer numbers, consumer engagement and product uptake are at record levels. Throughout the year we have also strengthened our competitive position.

+5% increase in the average number of retailer forecourts advertising on our platform during 2022



OPERATIONAL REVIEW P30 →





Acquisition of Autorama

In March 2022, we announced that we have agreed to acquire all the share capital of Autorama (UK) Limited, subject to regulatory approvals. Autorama's online marketplace and fulfilment capabilities will transform Auto Trader's existing leasing proposition helping meet the demands of the growing number of consumers who might consider leasing their next new vehicle.

MATERIAL DECISIONS MADE P22 →



April 2021 pricing event

We successfully executed our annual pricing event in April 2021, including the launch of Retailer Stores, which provide retailers their own dedicated, customisable location on Auto Trader.

58m

visits to Retailer Stores pages during 2022



OUR PURPOSE-DRIVEN STRATEGY P12 →



Becoming net zero before 2040

In June 2021, we signed up to the Science Based Targets initiative Business Ambition for 1.5°C. By doing so we have committed to achieving net zero before 2040 and will halve carbon emissions before the end of 2030.



Welcoming Jasvinder Gakhal to the Board

Jasvinder was appointed as an Independent Non-Executive Director to the Board, with effect from 1 January 2022. Following Jasvinder's appointment, the Board comprises five Independent Non-Executive Directors, three Executive Directors and a Non-Executive Chair.



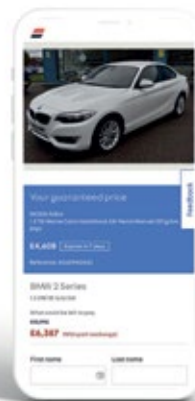
BOARD OF DIRECTORS P72 →



Evolved our advertising package structure

Early in the year, we evolved our advertising package structure, giving a consistent cross platform search experience powered by a relevancy algorithm. We also launched Market Extension, a product that allows our retailers to reach car buyers outside their local area.

31% retailer stock on a package above Standard in March 2022



OPERATIONAL REVIEW P30 →



Our audience performance has strengthened

64m cross platform visits a month, on average, in 2022



ELECTRIC ESTATE CARS
Stylish, spacious, and ideal for drivers with lots of luggage



Auto Trader rating: ★★★★★
Owner ratings: ★★★★★



CHAIR'S STATEMENT



Context

COVID-19 remained a significant factor over the last year in terms of the operational conduct of our business. I am pleased though to be able to report that its impact is not obviously reflected in our business performance, as it was in the previous financial year.

Towards the end of the financial year we have shared the shock and horror of the war in Ukraine. As a business focused on the UK and Ireland we do not believe we have any direct exposure to Ukraine and Russia in terms of customers, supply chain or the imposition of sanctions. We have not witnessed any clear negative impact on vehicle buying and selling in the UK and Ireland as a result of increased fuel prices, but this cannot be ruled out in future.

The year of the used car

A notable aspect of the last 12 months has been the way in which used cars and the used car industry have become the centre of attention in the automotive retailing industry, having been previously overshadowed by the new car market.

With supply chain problems across the new car industry and high levels of demand for personal mobility as we emerged from successive lockdowns, used car prices have risen in real terms at rates we have never seen before.

New car retailers have in very many cases refocused their businesses on the used car market. With fewer cars being traded in for new cars they have had to compete harder to secure a supply of used cars. A trend which has impacted the industry for much of the past 12 months.

In addition, at the corporate level, most of the new investment flowing into the industry has been into national digital car retailing businesses and those focused on buying vehicles from the public. In response to this, and as a necessity during lockdowns, larger car retailers have been increasingly focused on selling cars online and to customers anywhere in the UK, not just to customers able to visit the local retailer where a car may physically be.

National online selling of used cars represents a very substantial opportunity for Auto Trader, without any evidence that these trends in any way threaten our historical core business of advertising used cars.

Financial performance and strategic focus

Our revenues and profits for the financial year 2022 were both at record highs. As we enter the new financial year, the business has good momentum with record uptake of our products by vehicle retailers and, what appears to be, an end for the moment to the two-year headwind created by a decline in the number of used cars transacted in the market.

Most of our technology development effort, as well as effort more generally across the business, is devoted to building out our full range of services for car buyers and retailers to enable cars marketed on Auto Trader to also be sold online. For us, the difference between marketing online and selling online consists of being able to reserve a car, secure approval for finance for that car, get a guaranteed price at which to trade-in an existing vehicle and to enable a retailer to advertise that vehicle outside their local area and beyond the location in which the car is situated.

Environmental, Social and Governance

Environmental, Social and Governance ('ESG') matters are rightly taking a more central role in UK corporate governance. Auto Trader takes these matters seriously. We believe we conform fully to the Corporate Governance Code as well as recent recommendations on governance such as the Parker Review.

Prior to 2021 we addressed these topics in our full Board meeting, supported by governance from the Nomination Committee. However, as environmental concerns in particular have become increasingly an area of focus, we have established a Corporate Responsibility Committee, which is chaired by Jeni Mundy. The work of this Committee has already made a significant contribution to the additional disclosure levels in this Annual Report, and more importantly to our practical efforts to reduce the environmental impact of and increase the sustainability of our business.

AN UNWAVERING COMMITMENT TO ALL ASPECTS OF ESG



Make a difference

MAKE A DIFFERENCE P36 →

OUR JOURNEY TO NET ZERO

We are committed to achieving net zero before 2040, as well as reducing our emissions in line with the Paris Agreement goals.

LEADING THE WAY IN CARBON LITERACY

Over 50% of our people have been through Carbon Literacy training, meaning we have achieved Gold Carbon Literacy Organisation status - the first FTSE company to do so.

In partnership with the Carbon Literacy Trust we have developed and launched an automotive sector Carbon Literacy Toolkit which is available free of charge to the automotive industry.

IMPLEMENTING THE NIST FRAMEWORK

We are implementing the NIST framework to support us in assessing our cyber security. This has undergone internal audit during the year.



Environmental, Social and Governance matters are rightly taking a more central role in UK corporate governance. Auto Trader takes these matters seriously.

Ed Williams
Chair

+1%

increase in the percentage of employees who are women

+3%

increase in the percentage of employees who are ethnically diverse



FOCUSED ON OUR PAY GAP

Our gender pay gap reduced in 2021, but our ethnicity pay gap increased. Both were influenced by changes in our upper quartile. Reducing both of these positions is something the Board and the Company as a whole are very passionate about.

SETTING THE PACE FOR GREATER DIVERSITY

This year, we have seen small improvements in our diversity measures, with the exception of leaders who are ethnically diverse which remained flat. There is still much work to do, but we remain committed to making continued progress.



Used cars and the used car industry have become the centre of attention in the automotive retailing industry, having been previously overshadowed by the new car market.

Ed Williams
Chair

In June 2021, Auto Trader signed up to the Science Based Targets initiative Business Ambition for 1.5°C, which committed us to achieving net zero before 2050. Auto Trader is aiming to reach net zero ahead of this: our near-term targets, which have been validated, are to halve carbon emissions before the end of 2030 and to achieve net zero across our entire value chain by 2040. We continue to work on the initiatives to help us achieve our longer-term targets.

Board changes

We welcomed Jasvinder Gakhel as a new Board member from 1 January 2022. Jasvinder is currently Managing Director of Motor at Direct Line Group. She sits on our Nomination, Audit, Remuneration and Corporate Responsibility Committees. There were no other changes to the Board.

Plans are well in hand to handle the replacement of three Non-Executive Directors who will have completed their third three-year term in 2024, the ninth anniversary of Auto Trader Group plc's admission to the London Stock Exchange's official list.

Dividend and capital return strategy

We are recommending to shareholders a final dividend of 5.5 pence per share, bringing the total dividend for the year to 8.2 pence per share. Having suspended our dividend at the height of COVID-19, we have now fully reinstated our capital return strategy of investing in the business, returning around a third of net income as dividends and returning the remainder through share buybacks.

In the coming year, it is expected that the Group will draw on its revolving credit facility to fund part of the initial consideration relating to the Autorama acquisition. It is the long-term intention of the Board that over time this debt will be repaid.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10.00am on 15 September at our office in Manchester and we expect all Directors to be in attendance.

Ed Williams
Chair
26 May 2022

CHIEF EXECUTIVE OFFICER'S STATEMENT



Overview

Early in the pandemic we acted decisively to protect our people, customers, and our business. As a result of these actions, we have emerged as a stronger business which is not only reflected in our very strong financial results for the year, but also in the greater relationships we now have with our customers.

The number of people using Auto Trader to buy their next car is at record levels, and more retailers are choosing to partner with us, helping to strengthen our competitive position.

Summary of operating performance

Supported by a strong car market and seeing a meaningful increase in the amount of time car buyers have spent online, Auto Trader has had a strong year. Revenue grew by 65% to £432.7m (2021: £262.8m). The abnormally high rate of growth principally reflects the COVID-related discounts we gave to our retailer customers throughout the pandemic. A better comparison is that of two years ago, against which revenue grew by 17% (2020: £368.9m), with a greater number of customers using Auto Trader and choosing to spend more on our platform. Operating profit grew 88% to £303.6m (2021: £161.2m), again with a better comparison being 2020 where growth was also 17% (2020: £258.9m). Operating profit margin grew to 70% (2021: 61%) and was consistent with the level achieved in 2020.

Our purpose and strategy

Our purpose is to Drive change together. Responsibly. Which is at the core of our business strategy. It is also integral to how we think about supporting our customers, our industry, our people, our local communities and the environment.

We strive to be the best place to find, buy and sell a car in the UK on a platform that enables data-driven digital retailing for our customers. We think about our strategy in terms of four strategic pillars: our core marketplace, digital retailing, our data platform, all of which sit alongside our make a difference strategy. We have made good progress across all areas throughout the year.

In April 2021, we successfully executed our annual pricing event including the launch of Retailer Stores, which offers retailers their own dedicated, customisable location on Auto Trader. This allows retailers to bring their brand to life, driving consumer confidence and standing out to buyers. As we build our digital retailing capabilities, we envisage these pages becoming an area that customers can use as part of their own e-commerce journey.

At the start of the year, we also evolved our advertising package structure and changed the sort order for listings. We have now created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm. As part of this change, we have discontinued our Basic package, introduced a higher level and re-branded our top three levels to Enhanced, Super and Ultra. We have increased the penetration of these higher yielding packages with 31% of retailer stock on a package above Standard in March 2022 (March 2021: 26%). Whilst the supply and demand dynamics during the past six months have not created the best environment for upselling, we have nonetheless seen customers continue to invest further in our suite of prominence products.

The number of customers paying for our new car product has been robust despite the challenges of sourcing stock due to the shortage of semi-conductors. We ended the year with over 1,800 retailers (2021: over 2,000) paying to advertise new cars on our site.

With car buyers continuing to do more online, our focus is to build an end-to-end deal builder journey on Auto Trader, which leverages the three individual components of guaranteed part-exchange, reservations and finance applications, all of which have been trialled individually. Whilst we believe that the physical showroom will continue to play a role in the car buying process for a number of years, there are several components which can be brought online which will drive sales and efficiencies for our retailer customers,

provide a better consumer experience, and provide significant long-term growth opportunities for our business.

Having last year acquired AutoConvert, a finance, insurance and compliance platform, we have recently launched a small trial enabling the application and approval of a finance proposal on Auto Trader. This product is expected to drive greater transparency for buyers, with an upfront understanding of their finance options, including a soft-check and full application journey which will drive efficiencies on the forecourt. The trial is working with a couple of lenders and if the buyer is not eligible for the retailer's first choice of lender, the journey presents an alternative lender via a broker, Carmony. While enabling each retailer to use their choice of lender dramatically increases the complexity of the product and onboarding, we believe it will ultimately result in much greater take-up and engagement from our customers, thereby giving us the best chance of seamlessly bridging the offline and online experiences.

We have also continued to evolve our trial for vehicle reservations during the year, with the introduction of Auto Trader's Seller Promise, which is currently offered by a subset of trial customers. Seller Promise is designed to give buyers greater peace of mind when completing more of the buying journey online and includes certain features offered by the retailer, such as warranties, a 14-day moneyback guarantee and 12-month minimum MOT and service. In the year we have seen over 400 reservations convert into a successful transaction, which give us good levels of confidence as we evolve the proposition to be incorporated into our full deal builder journey.

As referenced in our half-year results, we have improved our offering for consumers who want to conveniently sell their car for cash through our Instant Offer product, which uses the same consumer journey as our Guaranteed Part-Exchange ('GPX') product, and is the final component in our deal builder journey. These products enable consumers to get an accurate and guaranteed price for their existing vehicle whilst shopping on Auto Trader, eliminating either the need to haggle over a part-exchange or look for other disposal routes for their current vehicle. Over the past 12 months, we have provided c.1.2 million guaranteed valuations and purchased over 10,000 vehicles on Instant Offer, through our partner Cox Automotive.

During the year we launched a new product, Market Extension, that allows customers to sell vehicles outside their local area. This digital retailing product enables customers to sell beyond the physical constraints of their forecourt. Initial uptake has been strong with over 6% of retailer stock on this product at year end, with the product being most relevant for those customers with either delivery capability or multiple forecourt locations.

We are also continuing to evolve our logistics marketplace to support an increasing volume of vehicle moves direct to consumers. Over the year, our platform facilitated c.122,000 (2021: c.98,000) moves of which c.15% were delivered directly to the consumer.

In March 2022, we announced that we have agreed to acquire all of the share capital of Autorama (UK) Limited, subject to regulatory approvals. Autorama’s online marketplace and fulfilment capabilities will transform Auto Trader’s existing leasing proposition and help meet the demands of the growing number of consumers who might consider leasing their next new vehicle, while providing an efficient and professional channel to market for manufacturers and leasing companies. In time, Autorama will be able to leverage Auto Trader’s brand to accelerate its recent expansion, beyond light commercial vehicles, into new cars. There is a significant structural opportunity for a new car leasing marketplace driven by the growth of electric cars, new manufacturers entering the UK market, lower take up of company car schemes and a shift towards new digital distribution models. Leasing provides consumers with a cost-effective way to access a new car with a model that is consistent with any future move towards usership.

Our people

Our people have continued to show resilience and determination through what has been another very unsettled year. As we have been able to open our offices properly once again, it’s been brilliant to see how people have come back together to collaborate and to re-establish relationships. We are now operating a hybrid working model which encourages people to collaborate in our physical office spaces, but also allows them the freedom to work from home. I am proud of what we have all achieved and I am excited about what the next year will bring.

I would like to thank our people, our customers and our wider stakeholders for their continued trust in our business. We have tried to do the right thing by everyone, such that working with or for Auto Trader feels like a partnership.

Outlook

The new financial year has started well. In April this year, we successfully executed our annual pricing event which included the launch of our Auto Trader Connect product. We are anticipating another good year of ARPR growth, underpinned by our product lever. We expect growth in the product lever to be greater than 2021, but less than the exceptional performance achieved in 2022.

We expect the price lever to be broadly consistent with last year, and the stock lever to be flat. We anticipate average retailer forecourts to be marginally down year-on-year, as market conditions start to toughen. Consumer Services is expected to increase at a rate of low-mid single digits year-on-year, while Manufacturer and Agency remains unclear due to well documented supply chain issues. These two areas only represent c.10% of total Group revenue. Despite pressure on costs, we anticipate Operating profit margins to be consistent year-on-year at 70%. This outlook does not include the acquisition of Autorama, which will be provided upon completion. The completion date is not yet known as not all regulatory approvals have been received. Despite growing economic uncertainty, the Board is confident of meeting its growth expectations for the year.

Nathan Coe
Chief Executive Officer
26 May 2022

THE PILLARS OF OUR STRATEGY

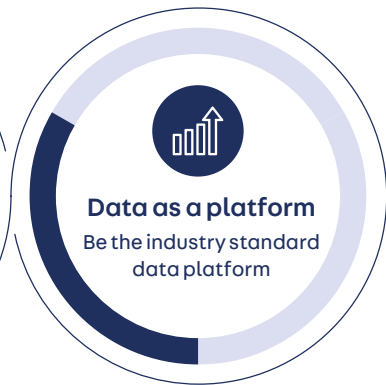
OUR PURPOSE-DRIVEN STRATEGY P12 →



Our marketplace pillar ambition is to offer the best search experience for someone looking for their next car. We offer a wide choice of vehicles, both new and used, and an effective way for a buyer to narrow their search based on their own preferences. This is a core service that Auto Trader has been providing for much of its past, but one that we are continually improving with additional features.



Our digital retailing pillar is aimed at bringing more of the car buying journey online. Having trialled a number of individual digital retailing components, we are looking to create an end-to-end deal builder journey on Auto Trader for car buyers. We expect that with more of the journey completed online, it will yield efficiencies on the forecourt for our customers.



Our data as a platform pillar is focused on further embedding our data into the industry, giving consumers, retailers, manufacturers, insurers and lenders up-to-date insight, pricing and valuations data, as well as access to our underlying taxonomy. This will allow all parts of the automotive ecosystem to make better and faster decisions.



Make a difference

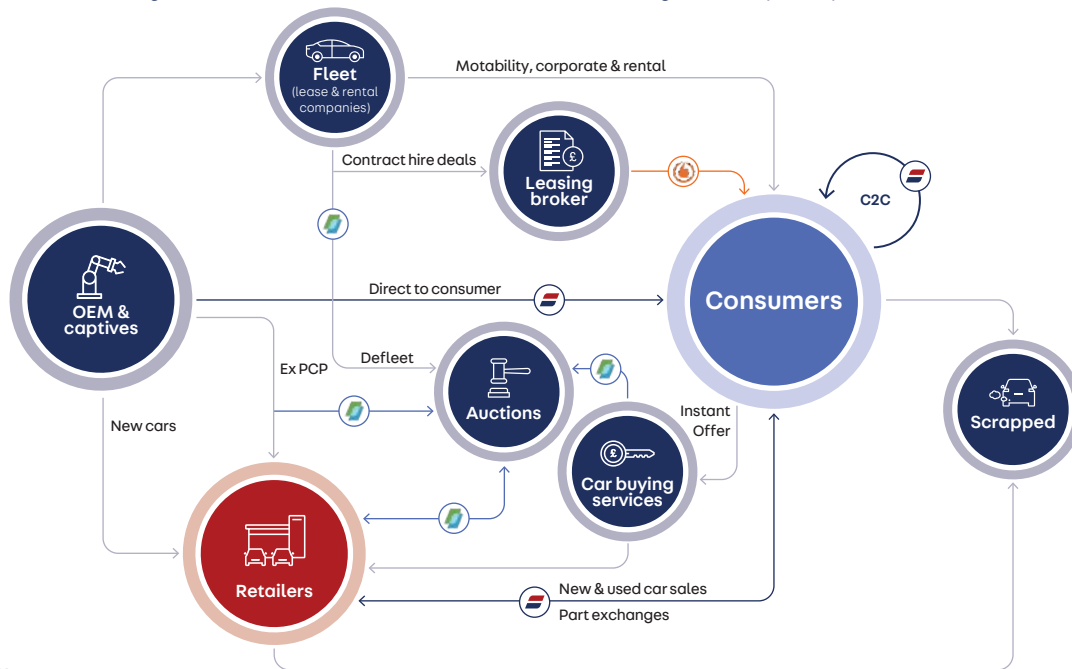
SEE PAGE 36 →

Driving change in tomorrow's car market

The ecosystem we operate in

The automotive market is complex and often inefficient. There are multiple participants and unsurprisingly consumers can find the process of buying or selling a car overwhelming.

Through Auto Trader products, services and partnerships, we aim to significantly improve the car buying experience, as well as leverage our existing relationships to improve more of the value chain.



Supported by:

Car buying services Instant Offer	Data providers AutoTrader	Digital auction marketplace dealerauction	Finance & insurance Auto Convert	Finance / leasing brokers vanarama	Marketplaces AutoTrader	Tech providers Connect	Vehicle logistics Moves
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New car registrations

1.6m
new car registrations
in the 12 months to March 2022
+4% year on year

New car registrations, whilst seeing year-on-year growth of 4%, were still 22% below 2020 levels as semi-conductor shortages impacted the supply of new cars. New car registrations in Q1 of our financial year saw significant growth year-on-year, with very low levels of registrations in Spring 2020 because of the first national lockdown. Decline was seen in the remainder of the year as supply constraints impacted the production of new cars.

Despite these challenges, alternative fuel vehicles ('AFVs') still grew in the year with new car registrations of AFVs increasing by 60% in the 12 months to March 2022. AFVs accounted for just under a third of all new car registrations in 2022, which increased from a fifth in 2021. Consumer preferences continue to shift towards electric vehicles, as new technology as well as more choice is supported by consumers being more conscious of their environmental footprint, and the government bringing forward the ban on the sale of petrol and diesel cars to 2030.

Used car transactions

7.5m
used car transactions
in the 12 months to March 2022
+15% year on year

Used car transactions increased 15% to 7.5m in the 12 months to March 2022. Q1 of our financial year lapped the first pandemic lockdown and saw growth of over 100%, with the remainder of the year being impacted by supply shortages, particularly for our larger customers, as lower new car sales have meant fewer part-exchanges and a lower volume of cars being sent to auction from wholesalers.

With several national lockdowns in our 2021 financial year, there were a number of transactions which didn't occur, which led to average ownership lengths increasing. With forecourts remaining open throughout our financial year 2022, we have seen the ownership length reduce, although it remains above historic levels. Those higher levels are due to supply issues meaning that for a number of people they have not been able to change vehicle, despite high levels of demand from car buyers.

Continually adapting our onsite experience to meet the needs of both our consumers and customers. This is core to remaining the UK’s largest automotive marketplace for new and used cars.

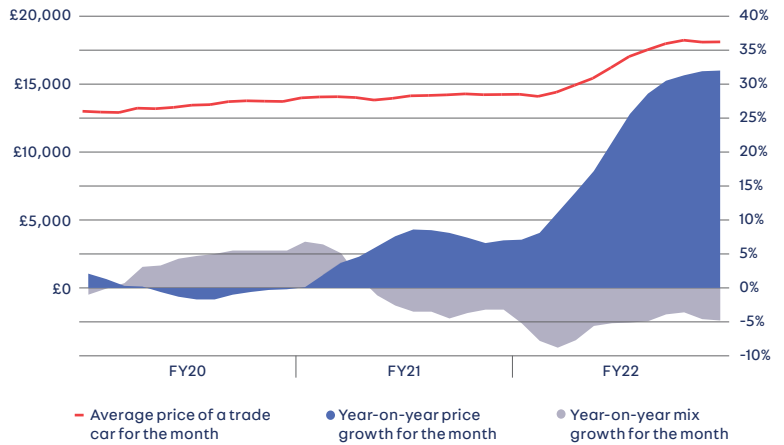
Retail Price Index

£16,155

average price of a used car advertised on Auto Trader for the 12 months ending March 2022

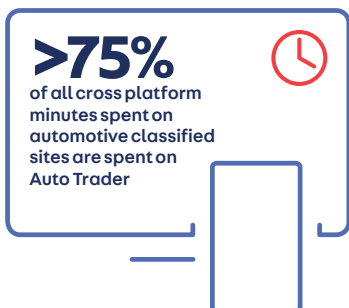
+22% year on year

The Auto Trader Retail Price Index tracks the average retail price of a used car, and splits out like-for-like pricing changes from the impact of changes in the mix of cars being sold. During the past 12 months we have seen an extraordinary period of like-for-like pricing growth driven by strong consumer demand and constrained supply. Production delays of new cars due to well documented worldwide semi-conductor shortages have had an impact on new and nearly new supply. This, combined with very high levels of consumer demand coming out of COVID lockdowns, has created a unique market dynamic. Like-for-like prices grew through the year and saw a +22% year-on-year increase across the year, reaching an average of £16,155. Despite continued supply challenges, we anticipate that pricing growth will slow in FY23.



Competitive position

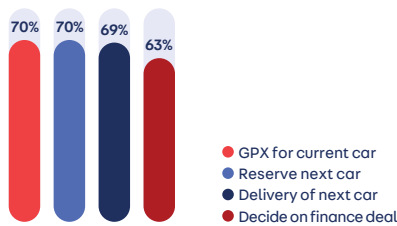
We have maintained our position as the UK’s largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader (2021: over 75%) and grew to be 8x larger than our nearest competitor (2021: 7x). We continue to evolve and improve our consumer experience ahead of our competitors. In the year, we have offered improved transparency around admin fees, built an electric vehicle hub with charging information for electric vehicles, and provided an increasing volume of vehicle provenance checks, free valuations and instant insurance quotes. These improvements are built on our already market-leading experience, with greater volumes of choice offered ahead of any other competitors in the UK.



Consumer buying behaviour

We continue to see consumer buying behaviour shift towards online retailing. Consumers are using our marketplace to buy a car from further away than they were pre-pandemic. When asked, consumers explain this is to open up a wider range of stock than they would have previously considered. We have also seen consumers increasingly willing to do more of the car buying journey online. In a study of 2,000 car buyers, when consumers were shown how online car buying can work, 72% found it appealing, up 11 percentage points vs. 2021. By building products like Market Extension, as well as our suite of digital retailing tools currently in trial, we are evolving our marketplace to provide consumers with a wider choice of stock and the ability to do more of their car buying journey online.

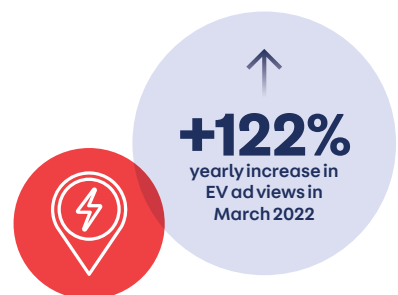
The percentage of consumers that would like to complete key activities online¹



1. Source: Auto Trader Car Buyers Tracker 2021.

Rising demand for EVs

Demand for electric vehicles has risen sharply over the past year, with the share of electric new car advert views on Auto Trader rising from 6% in March 2021 to 20% in March 2022. This growth has been driven by a combination of supply and demand. On the supply side, choice for electric vehicles continues to grow across new and used vehicles as manufacturers release new EV models into market and the used market matures. On the demand side, rising fuel prices and increased advertising around EVs have stimulated EV interest to record levels. For consumers, we provide impartial buying and owning advice as well as regular electric vehicle content, including our monthly electric car giveaway which had over 2 million entries in the last financial year.



Better use of the digital journey to put consumers in their next car

VALUE INPUTS

The resources and relationships that fuel our core activities

TRUSTED BRAND

Auto Trader has operated as a trusted source for UK car buyers and sellers for over 40 years.

DATA AT SCALE

Auto Trader's volume of vehicle observations and consumer interactions generate significant quantities of quality data. The Group also owns its own proprietary taxonomy data.

SCALABLE TECHNOLOGY PLATFORM

We operate a technology platform that serves our core classified marketplace and new growth opportunities.

PEOPLE AND CULTURE

Our values-led culture underpins a fast-moving, collaborative and community-minded environment which allows us to quickly respond to market changes and opportunities.

CASH GENERATION

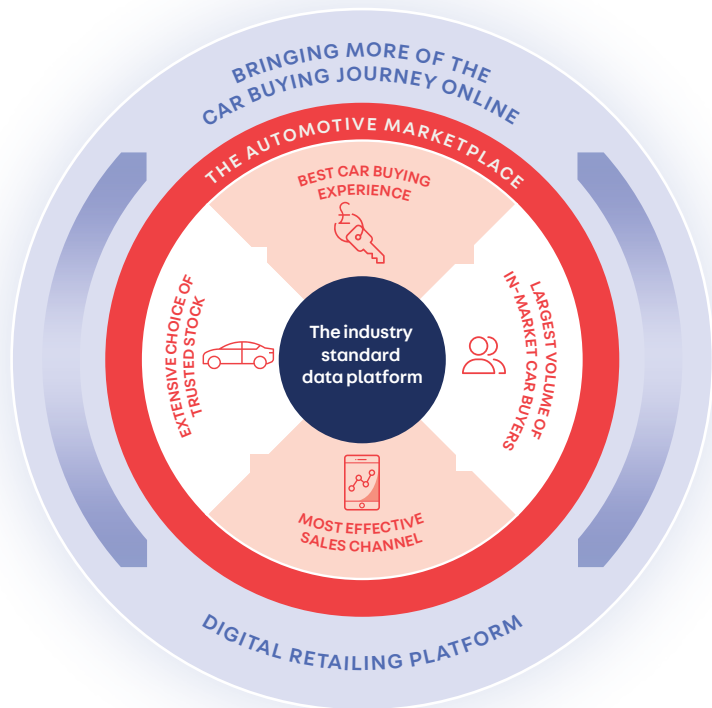
The highly cash generative nature of the business allows us to invest in the long-term growth drivers of the business.

OUR CORE ACTIVITIES

What we do to create value

Our network effect

Our leading digital automotive marketplace benefits from a network effect model whereby the largest volume of in-market car buyers generate the most effective response and sales channel for our customers, who in turn provide consumers with the most extensive choice of trusted stock. We use the large volume of data we collect to enhance the car buying experience and create efficiencies for our customers.



Creating a digital retailing platform on top of our strong classified marketplace

We continue to see consumer behaviour shift towards online retailing. We are building various components that allow more of the car buying journey to be completed online. We aim to bring these components into one end-to-end dealer builder journey which we believe will create a better consumer experience and realise efficiencies for our retailer customers.

A comprehensive governance framework for acting responsibly

[MAKE A DIFFERENCE P36 →](#)

[HOW WE MANAGE RISK P58 →](#)

[GOVERNANCE OVERVIEW P70 →](#)

OUR STRATEGY P12 →

SECTION 172(1) STATEMENT P19 →

Largest volume of in-market car buyers

The scale of our consumer audience means we are the most effective sales platform for anyone who is wanting to sell a vehicle in the UK.

63.8m

monthly average cross platform visits during 2022

8x

larger than our nearest competitor for share of cross platform minutes

Extensive choice of trusted stock

Our marketplace provides our buyers with an unrivalled choice of both new and used vehicles, which caters for all consumers' needs.

430,000

live car stock on average per month during 2022

Bringing the car buying journey online

Development of tools to convert car buyers' interest into sales whilst on the Auto Trader platform, stretching our influence beyond just the advertising of the vehicle.

16.9m

volume of leads submitted to retailer customers in 2022

VALUE OUTPUTS

How we share value with our stakeholders

**FOR CONSUMERS**

Our trusted marketplace gives consumers one place to view an extensive choice of vehicles for sale and we provide transparency to allow them to make informed decisions.

9.2m

car transactions in the UK in 2022

**FOR CUSTOMERS**

Offering the largest and most engaged audience results in the most effective sales channel for our customers.

13,964

average retailer forecourts in 2022

**FOR OUR PEOPLE**

Our environment has been created to ensure everyone gets the opportunity to be at their best and develop their careers. We offer competitive packages to all of our employees.

95%

of our people feel proud to work for Auto Trader

**FOR PARTNERS & SUPPLIERS**

We work collaboratively on innovations, increasing revenue from shared opportunities whilst ensuring we have fair trading and robust terms and conditions.

10,000+

cars bought through Instant Offer, operating through a partnership with Cox Automotive, during 2022

**FOR THE COMMUNITY & THE ENVIRONMENT**

We support each other and think of others ahead of ourselves. We respect diversity and advocate inclusion, and make a difference to the communities in which we operate.

2040

committed to achieving net zero before 2040 and to reduce our emissions in line with the Paris Agreement goals

**FOR INVESTORS**

We continually invest in our platform and marketplace to create a long-term sustainable business. A high proportion of our profit is converted into cash, which, outside of COVID, has been largely returned to shareholders through dividends and share buybacks.

£237m

cash returned to shareholders in 2022

Driving change together. Responsibly.

Our purpose defines and enhances everything we do. It's the bedrock of our strategy. With a clear focus on our three strategic goals, alongside our commitment to make a difference, we're delivering this purpose by...



OUR STRATEGIC PILLARS



Make a difference

Environmental
Sustainability and our journey towards net zero

Social
A continued focus on diversity and inclusion

Governance
An unwavering commitment to ethics and compliance

UNDERPINNED BY OUR CULTURE AND VALUES

We focus on ensuring we create a highly collaborative culture where people feel motivated and supported to live our values every day

[MAKE A DIFFERENCE P36 →](#)



Marketplace

Continuing to evolve and improve our marketplace to offer the best online search experience.

The largest and most engaged consumer audience underpins our network effect marketplace model.

We aim to maintain our leadership position across both new and used

vehicles and continue to increase the breadth and depth of vehicles available to buy.

Whilst creating value to allow retailers and manufacturers to increase sales, we continue to invest in the technology to enable the online car buying experience and in the onsite tools that consumers need to help them make the most informed decisions.



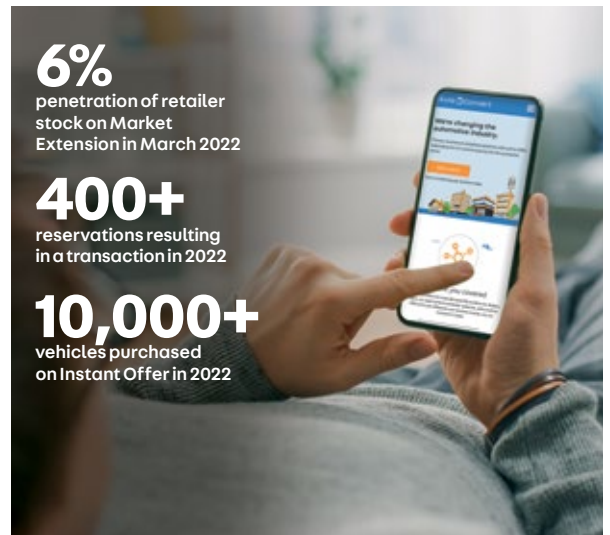
Digital retailing

Creating the leading platform which enables more of the car buying journey to be completed online.

We continue to evolve both our products and consumer experience, to bring more of the car buying journey online. By doing so, we aim to make the current process significantly more efficient, for both car buyers and our retailer customers.

Having built the component parts of guaranteed part-exchange, reservations and finance we have the foundations in place so that we are ready to scale our full proposition.

We will achieve this by creating an end-to-end deal building journey on Auto Trader which includes these component parts.



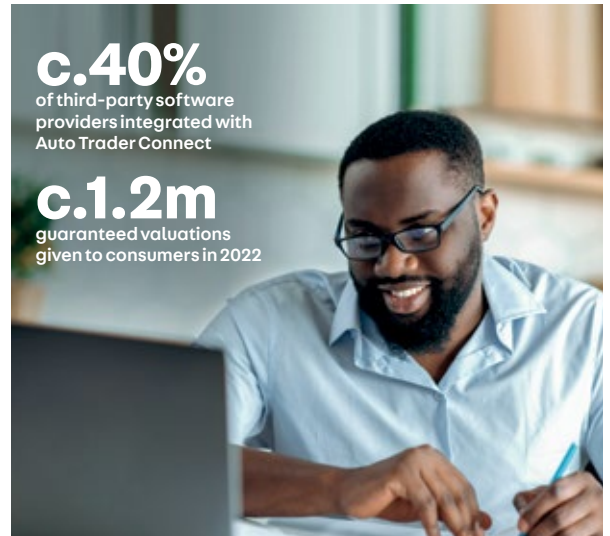
Data as a platform

Embedding our data and insight to enable our customers to make better and faster decisions.

A key strategic priority is to further embed our data into the industry, giving buyers and retailers up-to-date insight, allowing them to make better and faster decisions.

We aim to provide both data and insight capabilities to support a multitude of customers across many segments, solving a variety of challenges. Our data provides the accuracy, scale and ease of integration to suit our customers' needs.

We continue to make progress; this year we have not only increased the volume of data we have shared but also the frequency.



2022 PROGRESS



Marketplace
Offer the best online search experience

Consumer engagement and retailer numbers are at record levels, our competitive position has strengthened and product uptake by customers has been strong. Average monthly cross platform visits increased by 9% to 63.8 million per month (2021: 58.3 million), and the average number of retailer forecourts advertising on our platform increased by 5% to 13,964 (2021: 13,336).

In April 2021, we successfully executed our annual pricing event including the launch of Retailer Stores, which offers retailers their own dedicated, customisable location on Auto Trader. We have seen over 58 million visits to these pages in 2022. As we build our digital retailing journey, we envisage these becoming an area that customers can use as part of their own e-commerce journey.

We have evolved our advertising package structure and changed the sort order for listings. We have now created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm. As part of this change, we have discontinued our Basic package, introduced a higher level and re-branded our top three levels Enhanced, Super and Ultra. We have increased the penetration of our higher yielding packages with 31% of retailer stock on a package above Standard in March 2022 (March 2021: 26%).

Our new car proposition has been impacted by supply shortages created by the challenge sourcing semi-conductors. This has seen the number of new cars advertised on Auto Trader decrease to 29,000 (2021: 47,000). However due to our 'all you can eat' charging model we have not seen this directly impact revenue and the number of paying retailers ended the year at over 1,800 (2021: over 2,000).



Digital retailing
Bring more of the car buying journey online

In the year, we launched a new product, Market Extension, that allows customers to sell vehicles outside their local area. This product saw good levels of adoption, exiting the year with over 6% of retailer stock on the product.

We continue to develop the components which make up the key steps in the online car buying journey.

We have improved our offering for consumers who want to conveniently sell their car for cash through our Instant Offer product and connected it with our Guaranteed Part-Exchange ('GPX') product. These products enable consumers to get an accurate and guaranteed price for their existing vehicle whilst shopping on Auto Trader. We have provided c.1.2 million guaranteed valuations and purchased over 10,000 vehicles on Instant Offer in 2022.

We have also continued to evolve our trial for vehicle reservations during the year, with the introduction of Auto Trader's Seller Promise offered to a subset of trial customers. Seller Promise is designed to give buyers greater peace of mind when completing more of the buying journey online.

Having last year acquired AutoConvert, a finance, insurance and compliance platform, we have recently launched a small trial enabling the application and approval of a finance proposal on Auto Trader.

Having the three critical components of GPX, reservations and finance either live or close to being live, our focus is now on optimising these products, adapting them for larger customers and bringing them together into an end-to-end journey on Auto Trader that complements the forecourt experience.



Data as a platform
Be the industry standard data platform

We have broadened our customer sets with the sale of our data, which remains a significant opportunity outside of our core retailer segment. We continue to get the best for our customers businesses, providing accurate, well-structured consumer facing vehicle information and vehicle valuations and market metrics, which is market-leading and unique in both the scale of vehicle pricing behaviour and frequency of updates.

We launched Auto Trader Connect, which was included in retailer packages in April 2022. Auto Trader Connect has transformed data feeds, introducing real-time data for our retailers, allowing them to create and manage adverts from their existing stock management system, powered by our advanced vehicle data and shared in real-time across their network.

This removes the inefficiencies of daily data feeds, maximises margin through access to advanced data and ensures consistency and accuracy, improving customer experience. We have currently integrated c.40% of third-party software providers with Auto Trader Connect.

We have also made substantial progress during the year in migrating our platform and technology infrastructure to the cloud. Moving to the cloud has enabled us to take advantage of improved performance, enhanced security and a quicker product release cycle. We expect to have migrated all of our services to the cloud by the end of the coming financial year. We saw an increase in the number of product releases to 46,000 (2021: 41,000).

[HOW WE CREATE VALUE P10 →](#)
[KEY PERFORMANCE INDICATORS P24 →](#)

FUTURE OPPORTUNITIES

We want to help car buyers make more sustainable vehicle choices. This involves helping buyers navigate their electric vehicle buying journey, through clear information and a more transparent experience.

There is continued scope to increase the penetration of existing products; this includes our prominence products, greater levels of stock and Franchise customers that buy our new car product. We continue to look at features which improve the search experience, particularly those that increase the level of trust and transparency for car buyers.

- Revenue
- Average Revenue Per Retailer ('ARPR')
- Operating profit and margin
- Basic EPS
- Cash generated from operations
- Cross platform visits
- Cross platform minutes
- Retailer forecourts
- Live stock
- Employee engagement

ASSOCIATED RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

We are looking to build an end-to-end deal builder journey on Auto Trader for consumers, and a joined-up experience for retailers. Optimising the component parts including GPX, reservations and finance will get the foundations in place so that we are ready to scale our full proposition.

We want to provide the consumer assurance around the quality of the car and the aftercare should anything not be as expected. Through Seller Promise, they can buy online with greater levels of confidence.

We have agreed to acquire, subject to regulatory approvals, Autorama (UK) Limited, one of the UK's largest transactional marketplaces for leasing new vehicles. The acquisition will transform Auto Trader's existing leasing proposition.

- Revenue
- Average Revenue Per Retailer ('ARPR')
- Operating profit and margin
- Basic EPS
- Cash generated from operations
- Cross platform visits
- Cross platform minutes
- Retailer forecourts
- Live stock
- Employee engagement

- Economy, market and business environment
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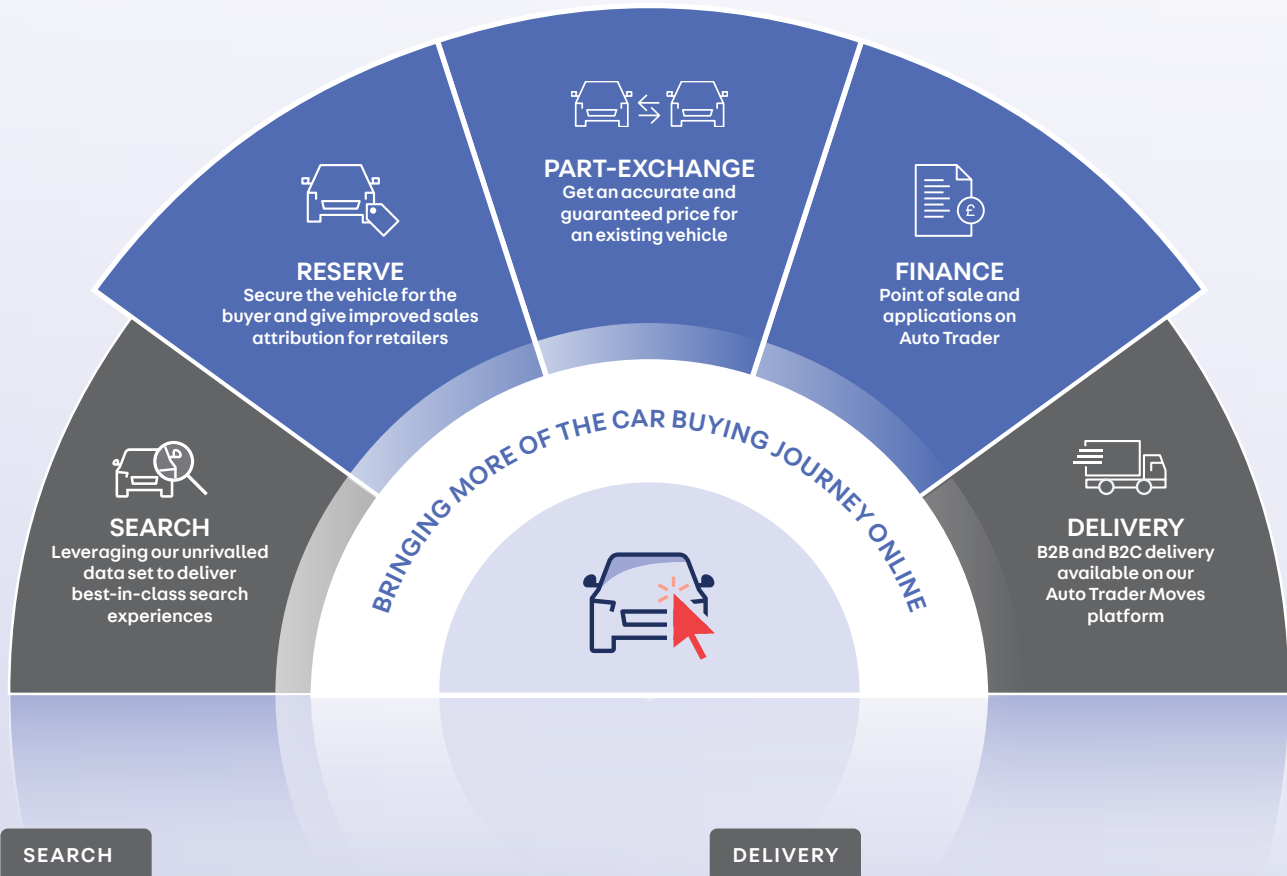
We want to continue to broaden our customer sets when it comes to the sale of our data. There is significant opportunity outside of our core retailer customer segment to sell our data to manufacturers, lenders and insurers. We also continue to invest in our products, improving the quality of our data and the way in which it is consumed by our customers with increasing amounts available via APIs.

We look to scale our Auto Trader Connect product, which will be included in retailer packages in April 2022 with more third-party stock management systems. This will transform our retailers' data feeds, removing inefficiencies and improving advert quality.

- Revenue
- Average Revenue Per Retailer ('ARPR')
- Operating profit and margin
- Basic EPS
- Cash generated from operations
- Employee engagement

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Creating an end-to-end online buying journey on Auto Trader



SEARCH

Creating a trusted and transparent search experience

We continue to evolve and improve our consumer experience, where we offer the largest choice of stock, with the highest level of transparency, helping buyers make the best decisions.

- We have evolved our advertising package structure, which now gives a consistent cross platform search experience powered by a relevancy algorithm.
- Market Extension allows retailers to sell outside their local area and appear in regional searches.
- In the year, we launched an electric vehicle hub to help car buyers better navigate their EV buying journey.

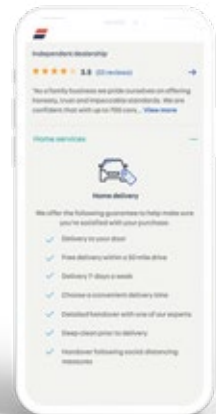


DELIVERY

Providing an efficient logistics marketplace for all vehicle moves

B2B and B2C delivery available on our AT Moves (formerly Motor Trade Delivery) platform.

- AT Moves allows retailers to arrange for their stock to be moved to and from auctions, other dealerships or delivered straight to a buyer's home.
- No longer limited to just their local area, retailers are now able to reach a greater number of buyers through Market Extension, supported by better delivery networks.



We strive to be the best place to find, buy and sell a car in the UK, on a platform that enables data-driven digital retailing.



With car buyers continuing to do more online, our focus is to build an end-to-end deal builder journey on Auto Trader.

Nathan Coe
Chief Executive Officer

ENABLING DIGITAL RETAILING

We have built three individual components of Guaranteed Part-Exchange, reservations and finance, which are all in trials. We are next looking to bring them together in one end-to-end deal builder journey.

Reserve – Creating a quick and easy way to secure a car that’s right for them

Online reservations are being trialled with a small number of customers. We have also introduced Auto Trader’s Seller Promise with a subset of these customers.

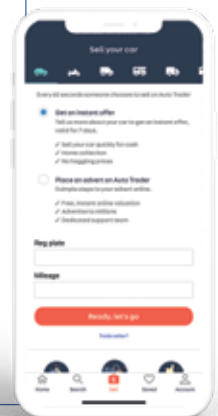
- Reserving a vehicle is a great indicator of intent from a buyer and gives Auto Trader clear attribution of a transaction that has occurred on the forecourt having originated on Auto Trader.
- The launch of Seller Promise is designed to give buyers greater peace of mind when completing more of the buying journey online and includes certain features offered by the retailer, such as warranties, 14-day moneyback guarantee and 12-month minimum MOT and service.



Part-exchange – Ensuring an accurate guaranteed price for a buyer’s existing vehicle

We offer consumers the ability to get a guaranteed price for their existing vehicle underwritten by our partner Cox Automotive.

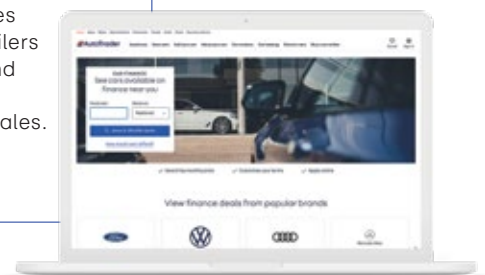
- GPX enables a consumer to visit a retailer’s advert and get a guaranteed price for their part-exchange.
- Instant Offer gives consumers a convenient way to sell their car privately, with the added benefit of having their car collected from their own home or place of work.



Finance – Allowing consumers to check eligibility and apply for finance online

We have recently launched a small trial enabling the application and approval of a finance proposal on Auto Trader. This is expected to increase transparency for buyers and bring efficiencies to the forecourt experience.

- Auto Trader’s retailer finance product allows our customers to use their captive lender in the application journey, helping them to sell more of their own ancillary products.
- Using AutoConvert’s software which consolidates lenders and processes into one technology platform, retailers have the potential to save costs and gain insights which enable them to improve finance conversions and sales.



NON-FINANCIAL INFORMATION STATEMENT

We aim to comply with all areas of the UK's Non-Financial Reporting Directive. The table below sets out where stakeholders can find further information for each area within this Annual Report.

NON-FINANCIAL RISK	POLICIES, PROCEDURES AND EMPLOYEE GUILDS	SECTION WITHIN THIS ANNUAL REPORT	CULTURAL KPIS
ENVIRONMENTAL	<ul style="list-style-type: none"> Sustainability Network 	<ul style="list-style-type: none"> Environmental sustainability: pages 42 to 48 	<ul style="list-style-type: none"> Total Scope 1, 2 & 3 CO₂ emissions
OUR PEOPLE	<ul style="list-style-type: none"> Code of Conduct Stakeholder engagement Board Engagement Guild Whistleblowing Policy BAME Network Women's Network 	<ul style="list-style-type: none"> Diversity and inclusion: pages 51 to 53 Section 172(I) Statement: pages 19 to 21 	<ul style="list-style-type: none"> People who are proud to work at Auto Trader Gender diversity Ethnic diversity Women in leadership roles Ethnic diversity in leadership roles
SOCIAL AND COMMUNITY	<ul style="list-style-type: none"> Ethical Procurement Policy Customer Charter Volunteering days Diversity and Inclusion Guild Make a Difference Guild Wellbeing Guild 	<ul style="list-style-type: none"> Diversity and inclusion: pages 51 to 53 Environmental sustainability: pages 42 to 48 	<ul style="list-style-type: none"> Gender diversity Ethnic diversity Women in leadership roles Ethnic diversity in leadership roles People who are proud to work at Auto Trader
HUMAN RIGHTS	<ul style="list-style-type: none"> Modern Slavery Policy Privacy Policy 	<ul style="list-style-type: none"> Governance and compliance: pages 54 to 57 	
ANTI-BRIBERY AND ANTI-CORRUPTION	<ul style="list-style-type: none"> Anti-bribery, Gifts and Hospitality Policy 	<ul style="list-style-type: none"> Governance and compliance: pages 54 to 57 	
BUSINESS MODEL		<ul style="list-style-type: none"> How we create value: pages 10 and 11 	
PRINCIPAL RISKS		<ul style="list-style-type: none"> Principal risks and uncertainties: pages 61 to 67 	
NON-FINANCIAL KEY PERFORMANCE INDICATORS		<ul style="list-style-type: none"> Operational and cultural KPIs: pages 26 to 29 	



SECTION 172(1) STATEMENT

The Directors of the Company have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having due regard in doing so for the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006.

Section 172 matters

Our purpose is to Drive change together.
Responsibly.

<p>We are driving change in an industry that needs to evolve to adapt to changing consumer needs, and the impact of electric vehicles.</p>	CONSIDERING THE LONG-TERM CONSEQUENCES OF OUR DECISIONS	<ul style="list-style-type: none"> How we create value: page 10 Our purpose-driven strategy: page 12 Material decisions made: page 22
<p>Our business model results in bringing together a diverse set of stakeholders – consumers, customers (including retailers, manufacturers and other customers), suppliers and partners – underpinned by our collaborative, people-led culture.</p>	CONSIDERING THE INTERESTS OF OUR EMPLOYEES	<ul style="list-style-type: none"> How we create value: page 10 Our stakeholders: page 20 Our people and communities: page 49
<p>We are committed to act responsibly through our focus on diversity and inclusion, environmental sustainability and maintaining high levels of ethical conduct, trust and transparency.</p>	THE NEED TO FOSTER GOOD RELATIONSHIPS WITH OUR STAKEHOLDERS	<ul style="list-style-type: none"> How we create value: page 10 Our stakeholders: page 20
<p>In order to achieve our purpose, we need to understand who our stakeholders are and what is important to them; we need to understand the long-term impact of our business on the industry and the environment; and we need to maintain our high standards of business conduct. All of these matters are taken into consideration by the Board in its discussions and decision making. In order to formalise this process, a stakeholder framework has been established which is applied to all Board papers and discussions, to enable the Board to consider the balance of interests of affected stakeholders. The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all of our stakeholders. But by understanding our stakeholders, and by considering their diverse needs, the Board factors into boardroom discussions the potential impact of our decisions on each stakeholder group, and of the other matters required by S172(1).</p>	CONSIDERING OUR IMPACT ON THE ENVIRONMENT AND OUR COMMUNITY	<ul style="list-style-type: none"> Report of the Corporate Responsibility Committee: page 90 Make a difference strategy: page 36 TCFD disclosures: page 42
	MAINTAINING HIGH STANDARDS OF CONDUCT	<ul style="list-style-type: none"> Governance: page 70 How we manage risk: page 58 Our governance and compliance: page 54
	ACTING FAIRLY BETWEEN STAKEHOLDERS	<ul style="list-style-type: none"> How we create value: page 10 Our stakeholders: page 20

Our stakeholders

Not all engagement takes place directly with the Board. However, the output of this engagement informs our decisions, with an overview of developments and relevant feedback being reported to the Board and/or

a Board Committee. By understanding our stakeholders, and by considering their diverse needs, we factor into boardroom discussions the potential impact of our decisions on each stakeholder group.



Consumers

WHY ARE THEY IMPORTANT TO US?

Maintaining a large and highly engaged consumer audience of in-market car buyers, who have high levels of trust and confidence in Auto Trader, is critical to the success of our business model.

WHAT ARE THEIR NEEDS?

- Comprehensive choice of vehicles.
- Ease of buying or selling a vehicle.
- Clear and transparent information about the vehicle, about the seller and about the payment options.
- Offering good levels of consumer support when there is a problem.

HOW WE ENGAGE

- We speak to consumers for our Car Buyers Report, and biannual consumer brand trackers to gauge views on the car market.
- We hold consumer on-site surveys which provide constant feedback on our experience.
- Consumer user testing of new products, services and brand designs on our website.
- Workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (including how we display finance).
- Complaints and customer security teams operate seven days a week.
- We measure consumer brand sentiment and engagement scores.
- Consumer research is provided to the Board.
- Surveyed consumers for the completion of our materiality matrix.

MATERIAL ISSUES

- 2 Data privacy and security
- 4 Product innovation
- 5 Customer satisfaction
- 11 Driving transparency



Customers (retailers, manufacturers and other customers)

WHY ARE THEY IMPORTANT TO US?

Our partnerships with almost 14,000 car retailers, and with manufacturers, means that we continue to have the greatest choice of trusted vehicles for consumers. The majority of our revenue is generated from our customers.

WHAT ARE THEIR NEEDS?

- Making the car selling process more efficient.
- Access to data to make informed decisions.
- High-quality access to car buyers' response.
- Receiving value for money from Auto Trader.
- Sourcing vehicles.

HOW WE ENGAGE

- Monthly retailer sentiment surveys, which evaluate product improvements and value for money.
- Forums with CEOs of big retailers, OEMs, supermarkets, automotive finance companies and mid-tier franchises.
- Webinars for our smaller customers.
- Regular thought leadership, insight-driven reports, such as the Car Buyers Report, and the biannual Market Reports.
- Hosting industry insight events, dealer masterclasses, fortnightly webinars and conferences.
- Business partnering by the Operational Leadership Team ('OLT') and other senior management.
- Sales teams, both telesales and field sales.
- Attendance by customers at Board meetings.
- Enhanced and increased frequency of communication with retailers.
- Surveyed customers for the completion of our materiality matrix.

MATERIAL ISSUES

- 2 Data privacy and security
- 4 Product innovation
- 5 Customer satisfaction
- 6 Pricing fairness
- 8 Advocacy



Our people

WHY ARE THEY IMPORTANT TO US?

Our continued success requires us to attract, recruit, motivate and retain our highly skilled workforce, with a particular focus on specialist technological and data skills whilst also ensuring that we continue to build a diverse and inclusive culture.

WHAT ARE THEIR NEEDS?

- Diversity and inclusion.
- Training and career development.
- Reward and benefits.
- Working conditions, environment and wellbeing.

HOW WE ENGAGE

- Board Engagement Guild engages directly with the Board.
- Biannual virtual conferences, regular CEO and OLT virtual business updates.
- Annual benefits roadshow, salary workshops and share scheme pulse survey.
- Save as you earn share schemes.
- D&I Guilds with networks with a focus on women, age, ethnic diversity, LGBT+, neurodiversity and disability with OLT sponsors. Including specific OLT and Board reverse mentoring by ethnically diverse employees.
- Regular employee check-in surveys.
- Health and safety assessments.
- Wellbeing forums.
- Inclusive Culture Development Programmes (inclusive leadership & diverse talent accelerator).
- Whistleblowing service.
- Surveyed our people for the completion of our materiality matrix.

MATERIAL ISSUES

- 2 Data privacy and security
- 3 Employee wellbeing, engagement and safety
- 7 Investment in talent
- 10 Diversity and inclusion
- 16 Ethics and integrity
- 17 Remuneration

We set out below who our key stakeholders are, why they are important to us, what their needs are, and the ways in which we engage with them.



Partners & suppliers

WHY ARE THEY IMPORTANT TO US?

We rely on our suppliers and partners to provide technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products.

WHAT ARE THEIR NEEDS?

- Working collaboratively on innovations.
- Increasing revenue from shared opportunities.
- Fair trading and terms and conditions.

HOW WE ENGAGE

- Regular engagement with suppliers and partners, including by a number of our Operational Leadership Team members.
- Supplier/procurement processes engage at the time of appointment and during the relationship.
- Regular monitoring and reviews of financial and operating resilience.
- Reporting on time taken to pay suppliers.
- Application of our Ethical Procurement Policy which helps us to take a holistic view based on cultural alignment when deciding which suppliers and partners we should work with.
- Surveyed partners and suppliers for the completion of our materiality matrix.

MATERIAL ISSUES

- 4 Product innovation
- 13 Responsible supply chain
- 16 Ethics and integrity



The community & the environment

WHY ARE THEY IMPORTANT TO US?

We aim to give back more to the planet than we take out and protect our business from the impact of climate change. We also strive to have a positive impact on the communities we operate in.

WHAT ARE THEIR NEEDS?

- Energy usage and carbon emissions.
- The move to electric vehicles.
- Giving back to the community.
- Environmental, Social and Governance ('ESG') factors.

HOW WE ENGAGE

- Make a difference strategy.
- Corporate Responsibility Committee.
- Sustainability Guild within the organisation.
- Carbon Literacy training for employees and customers.
- Work with industry bodies and government departments to help inform alternatively fuelled vehicles ('AFV') policy.
- Auto Trader community fund.
- Consumer research and user testing to understand what information is most helpful when buying an electric vehicle.
- Full scope GHG emission reporting, Carbon Disclosure Project ('CDP') and TCFD reporting.
- Signed up to Science Based Targets initiative (the 1.5°C Business Ambition).
- Volunteering days with local charities, including launch of a new volunteering platform.
- Supporting organisations such as Manchester Digital and the Automotive 30% Club, and involvement with local schools and colleges through STEM ambassadors.
- Business in the Community membership.
- Surveyed members of our community for the completion of our materiality matrix.

MATERIAL ISSUES

- 1 Climate
- 9 Making a difference to our local communities and industries
- 10 Diversity and inclusion



Investors

WHY ARE THEY IMPORTANT TO US?

Maintaining a transparent and trusted dialogue with current and potential future investors ensures our continued access to capital, allowing us to invest in the long term for the business.

WHAT ARE THEIR NEEDS?

- A balanced and fair representation of financial results and future prospects.
- High governance standards.
- Reasonable remuneration practices.
- Share price performance and return.
- A continued focus on environmental and social issues.

HOW WE ENGAGE

- Open, honest and balanced communication available to all shareholders.
- Comprehensive investor relations programme including the formal presentation of results and subsequent roadshows, ongoing attendance at conferences, one-to-one and group meetings held with institutional investors, fund managers and analysts. Feedback is regularly provided to the Board.
- Meetings which relate to governance are attended by the Chair or another Non-Executive Director.
- Private shareholders encouraged to communicate with the Board through ir@autotrader.co.uk.
- Annual Report, AGM, corporate website and market announcements.
- Share relevant industry-related data with analysts.
- Engagement with proxy advisors and other agencies.
- Active consultation on remuneration framework and policies.
- Surveyed investors for the completion of our materiality matrix.

MATERIAL ISSUES

- 4 Product innovation
- 12 Digital infrastructure
- 14 Responsible tax strategy and total tax contribution
- 15 Corporate governance
- 16 Ethics and integrity
- 17 Remuneration

MATERIAL DECISIONS MADE

By understanding our stakeholders' diverse needs, we factor into boardroom discussions the potential impact our decisions could have on them. Below are three material decisions made during the financial year with explanation of how we considered the needs of our stakeholders in each.

ACQUISITION OF AUTORAMA

CONTEXT

The acquisition of Autorama complements our strategy by adding digital retailing on new cars and a capability to transact vehicles from order to delivery through a retailer. Auto Trader is focused on developing an end-to-end digital platform for all its customers, enabling car buyers to do more or all of the transaction online. The acquisition of Autorama strengthens those digital retailing ambitions as it has built a scalable end-to-end digital platform which enables buyers to transact online and choose from a wide range of new vehicles, bought on a lease.

BOARD CONSIDERATIONS

In deciding whether to proceed with the acquisition, the Board considered, amongst other matters, the long-term consequences of the decision, the need to maintain high standards of conduct and the impact on stakeholders.

The acquisition provides a large structural opportunity for a new car leasing marketplace driven by the growth of electric cars, lower take up of company car schemes and a shift towards new digital distribution models, which present the Company with long-term opportunities.

Before proceeding with the acquisition, a full programme of financial, tax, legal, regulatory, technology and commercial due diligence was performed, and the results were presented to the Board, together with key acquisition documents and terms.



Leasing provides consumers with a cost-effective way to access a new car with a model that is consistent with any future move towards usership.

Nathan Coe
Chief Executive Officer

In terms of the impact on stakeholders, the Board believes that the acquisition will benefit consumers, as it will help to meet the demands of those who are considering leasing their next new vehicle. It will also improve the wider transparency and visibility of the different ways in which consumers can buy a new car. There were no material or negative impacts identified in respect of other stakeholder groups.

OUTCOME

The Board approved that the acquisition should proceed and therefore entered into an agreement to acquire Autorama (subject to regulatory approvals), as this was considered to be likely to promote the success of the Company for the benefit of shareholders, taking into account the considerations noted.

RELEVANT STRATEGIC PILLARS



RELEVANT STAKEHOLDERS



OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

RETURN TO THE OFFICE

CONTEXT

As COVID restrictions began to be lifted, the Board considered the approach for employees to return to the office.

BOARD CONSIDERATIONS

The Board considered the impact on employees of returning to the office post pandemic. The main aim was to protect the strong collaborative nature of our culture, and to ensure that employees remained connected with their teams and the wider Auto Trader community, whilst also recognising the benefits of flexible working for employees.

Our leadership team consulted widely with employees through various means, including surveys and in face-to-face meetings with business leaders, to gauge how people were feeling about both working from home and from our offices. The results were then shared with the Board. In addition, the Board discussed a proposed hybrid working approach directly with the Employee Engagement Guild.

Linked with the introduction of hybrid working, the Board considered a proposal by the leadership team to invest in technology to enable greater connectivity and collaboration in our physical office spaces. This ensures employees are provided with a more collaborative environment to support our culture.

OUTCOME

The Board approved the proposal to invest in the physical office environment and to invest in technology to better enable hybrid working. This also included an expansion of the Manchester office floor space by taking on an additional lease. The Board also approved the proposal to move to a hybrid approach to working, called Connected Working. These decisions were considered to be in the best interest of employees and to the longer-term success of the business.



RELEVANT STRATEGIC PILLARS



RELEVANT STAKEHOLDERS



EVOLVING OUR PACKAGE STAIRCASE AND NEW PRODUCT LAUNCHES

CONTEXT

Over the past few years, our product lever has been the largest revenue growth driver. Our product and technology teams are continually looking forward and we continue to enhance our offering which gives an improved car buying experience for our consumers and supports our retailer customers in successfully running their businesses.

BOARD CONSIDERATIONS

There have been many product and feature changes throughout the year, but the largest have been the evolution of our package staircase and the launch of Market Extension. In terms of the package staircase, we changed the way in which listings are presented using a relevancy algorithm and added a higher level package. The Board needed to consider how this change would impact both consumers and retailers, as a negative outcome could lead to a fall in audience and revenue.

Market Extension, where retailers are able to advertise outside of their local area, had similar challenges in that it needed to be very clear that the vehicle was not in the local area but could be delivered there, which is a new experience for buyers on Auto Trader. The monetisation of the product also needed careful consideration such that we didn't miss out on a strong commercial opportunity.

OUTCOME

The Board concluded that the package changes created an improved consumer experience, as our listings are now presented in the same order regardless what device a consumer is using. This has created a consistent cross platform search experience on Auto Trader. The penetration rates onto our previous higher level packages had started to slow, but with the launch of a higher level through this evolution, we have seen good levels of initial uptake and now have 31% of retailer stock on a package above Standard in March 2022. The Board asked Deloitte to complete an internal audit, where they looked at the way in which adverts are presented and that the correct controls are in place to ensure the integrity of our relevancy algorithm is upheld.

Market Extension has launched and has seen good levels of initial uptake. We have created two versions of the product, to support both customers who hold their stock centrally and distribute based on consumer interests and those who are selling vehicles from a forecourt but can facilitate the transaction in other parts of the UK.

Both these two product initiatives have been significant contributors to the FY22 product lever.

RELEVANT STRATEGIC PILLARS



RELEVANT STAKEHOLDERS



KEY PERFORMANCE INDICATORS

We measure our performance through a defined set of financial, operational and cultural KPIs.

FINANCIAL

Revenue £m

£432.7m
+65%



RELEVANT STRATEGIC PILLARS



DEFINITION

The Group generates revenue from three different streams: Trade, Consumer Services and Manufacturer and Agency. Trade revenue is broken down into three categories: Retailer, Home Trader and Other, with Consumer Services similarly split into Private and Motoring Services.

PROGRESS

Revenue increased 65% year-on-year, with the main driver being our retailer line, but supported by all other revenue lines. The year-on-year variance was significantly impacted by the support we provided to our retailer customers in the prior year due to COVID-19. Compared to 2020, revenue increased 17%, with more customers opting to take more of our products being the main driver.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

Average Revenue Per Retailer ('ARPR') £ per month

£2,210
+67%



RELEVANT STRATEGIC PILLARS



DEFINITION

Average Revenue Per Retailer ('ARPR') is calculated by taking the average monthly revenue generated from retailer customers and dividing by the average monthly number of retailer forecourts who subscribe to an Auto Trader advertising package.

PROGRESS

ARPR grew £886 in the year. A large proportion of this growth was driven by the support provided to retailers in the prior year relating to COVID-19 restrictions. Underlying growth was driven by our product lever as retailers continued to purchase prominence through higher level packages. Market Extension and our Retailer Stores product also contributed to the product lever. Growth was further supported by a price increase, as well as higher levels of stock in the year despite well documented supply issues.

RELEVANT RISKS

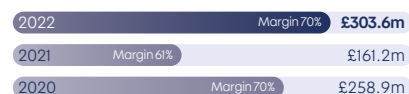
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

Operating profit £m

£303.6m
+88%



RELEVANT STRATEGIC PILLARS



DEFINITION

Operating profit is as reported in the Consolidated income statement on page 119. This is defined as revenue less administrative expenses, plus share of profit from joint ventures. Operating profit margin is Operating profit as a percentage of revenue.

PROGRESS

Operating profit increased by 88% to £303.6m. The strong performance in the year was underpinned by strong top line revenue growth and well managed costs. The year-on-year variance was impacted by the support we provided to our retailer customers in the prior year due to COVID-19. Operating profit margin improved to 70%, in line with 2020 levels.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference

[OUR PURPOSE-DRIVEN STRATEGY P12 →](#)[MAKE A DIFFERENCE P36 →](#)**Basic EPS**

Pence per share

25.61p

+93%

**Cash generated from operations**

£m

£328.1m

+115%



RELEVANT STRATEGIC PILLARS

**DEFINITION**

Basic earnings per share is defined as profit for the year attributable to equity holders of the parent divided by the weighted average number of shares in issue during the year.

PROGRESS

Basic EPS increased by 93%, much of which was driven by net income which increased 92%. The weighted average number of shares in issue decreased by 1% as we resumed our share buyback programme in the year, purchasing and cancelling 22 million shares.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

RELEVANT STRATEGIC PILLARS

**DEFINITION**

Cash generated from operations is as reported in the Consolidated statement of cash flows on page 123. It comprises net cash generated from operating activities, before income taxes paid.

PROGRESS

Cash generated from operations increased by 115% to £328.1m in the year primarily due to the increase in Operating profit but also a positive working capital movement, driven by VAT. After tax payments of £56.2m, the majority of cash was returned to shareholders through our share buyback programme of £163.5m and dividends of £73.6m.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

OPERATIONAL

Cross platform visits
Monthly average visits spent across all platforms

63.8m
+9%



RELEVANT STRATEGIC PILLARS



DEFINITION

Monthly average visits made across all our platforms, as measured by Google Analytics.

PROGRESS

Cross platform visits increased by 9% year-on-year. Consumers' strong demand for cars and increased reliance on our platform as the best place to find their next car both contributed to audience growth. We continue to use Comscore for a comparison to competitors and our share of minutes remains over 75% across all automotive classified sites.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

Cross platform minutes
Monthly average minutes spent across all platforms

588.1m
+5%



RELEVANT STRATEGIC PILLARS



DEFINITION

Monthly average minutes spent across all our platforms, as measured by Google Analytics.

PROGRESS

We measure consumer engagement by the time spent on our site. Cross platform minutes increased by 5% to 588.1 million as a result of increased visits and our market-leading consumer experiences that help individuals find their next car.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

Number of retailer forecourts
Average number per month

13,964
+5%



RELEVANT STRATEGIC PILLARS



DEFINITION

The average number of retailer forecourts per month that subscribe to an Auto Trader advertising package during the financial year.

PROGRESS

The number of retailers using our platform increased by 5%. The increase in the number of forecourts was due to lower levels of cancellation. Levels of new customer acquisition were largely consistent with prior periods.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

Number of full-time equivalent employees ('FTEs')

Average number (including contractors)

960

+6%



Live car stock

Average number per month

430,000

-11%



RELEVANT STRATEGIC PILLARS



DEFINITION

Full-time equivalent employees are measured on the basis of the number of hours worked by full-time employees, with part-time employees included on a pro-rata basis. Number of FTEs (which includes contractors) is reported internally each calendar month, with the full-year number being generated from an average of those 12 time periods.

PROGRESS

FTEs have increased by 6% year-on-year as we further invested in our people to support the growth of our business in development and supporting services.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

RELEVANT STRATEGIC PILLARS



DEFINITION

The average number of physical cars (either new or used) that are advertised on **autotrader.co.uk** per month. Live stock is an important component of our network effect business model. For used cars, we charge our retailer customers on a cost per advertised slot basis for their advertising package, meaning the stock on our website has some correlation to our Retailer revenue.

PROGRESS

Live car stock on site decreased by 11% year-on-year. This was partially driven by a decline of 18,000 new cars to 29,000 on average for the year on Auto Trader due to well documented supply shortages. Additional decline was due to a stock offer in the previous year, where customers could advertise more than their contracted amounts without charge, which wasn't repeated this year.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

CULTURAL

Employee engagement
% of employees who are proud to work at Auto Trader

95%
+2% pts



RELEVANT STRATEGIC PILLARS



DEFINITION

We define employee engagement by measuring the percentage of people who say they are proud to work for Auto Trader. Based on a survey to all employees in April 2022 asking our people to rate the statement "I am proud to work for Auto Trader". Answers were given on a five-point scale from strongly disagree to strongly agree and were collated through Culture Amp.

PROGRESS

By taking appropriate measures and keeping clear lines of communication open with our people, we have been able to maintain a high level of engagement at 95%, despite the challenging circumstances over the past two years.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

Women as a % of total staff
As at March each year

40%
+1% pts



RELEVANT STRATEGIC PILLARS



DEFINITION

We calculate our diversity percentages using headcount (2022: 1,002, 2021: 953, 2020: 904). The percentage of employees who are women (both cis and trans) at the end of March. In calculating this percentage we take into account all gender identities, including non-binary.

PROGRESS

We recognise the importance of gender diversity. Over the past 12 months, the percentage of our employees who are women increased to 40%. We remain committed to improving gender diversity within our organisation.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

Women as a % of leadership
As at March each year

38%
+4% pts



RELEVANT STRATEGIC PILLARS



DEFINITION

We calculate our diversity percentages using headcount (2022: 1,002, 2021: 953, 2020: 904). The percentage of those in leadership positions who are women (both cis and trans) at the end of March. We define leaders as those who are on our Operational Leadership Team ('OLT'), three divisional leaders and their direct reports. In calculating this percentage we take into account all gender identities, including non-binary.

PROGRESS

The percentage of employees who are women in leadership roles increased in the year to 38%. Of the 100 people in leadership positions who define their gender when asked, 38 were women. We recognise there is a lot still to do in this area. We launched our Diverse Talent Accelerator programme to support our people, particularly women and those from an ethnically diverse background, develop into leadership roles.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



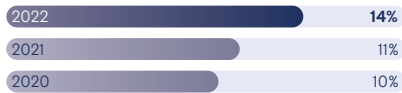
Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

Ethnically diverse representation as a % of total staff
As at March each year

14%
+3% pts



RELEVANT STRATEGIC PILLARS



DEFINITION

The percentage of our headcount that define themselves as ethnically diverse as at 31 March. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

PROGRESS

We recognise the importance of diversity. Over the past 12 months we have increased the percentage of our employees who define themselves as ethnically diverse to 14%. Of the 878 people who disclose their ethnicity when asked, 139 are ethnically diverse. There were 124 employees (21%) who have not yet disclosed their ethnicity or opted not to do so.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

Ethnically diverse representation as a % of leadership
As at March each year

6%
0% pts



RELEVANT STRATEGIC PILLARS



DEFINITION

The percentage of those in leadership positions that define themselves as ethnically diverse at the end of March. We define leaders as those who are on our Operational Leadership Team ('OLT'), three divisional leaders and their direct reports. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

PROGRESS

The percentage of ethnically diverse employees in leadership roles remained flat in the year at 6%. Of the 100 people in leadership positions who define their ethnicity when asked, six were ethnically diverse. We recognise there is a lot to do in this area and we launched our Diverse Talent Accelerator programme to help people, particularly women and those from an ethnically diverse background, develop into leadership roles.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

Total CO₂ emissions
Tonnes of carbon dioxide equivalent

11,659tCO₂e
+75%



RELEVANT STRATEGIC PILLARS



DEFINITION

The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the GHG Protocol, a Corporate Accounting and Reporting Standard (Revised Edition). Emission factors used are from the UK Government's Department for Business, Energy and Industrial Strategy ('BEIS') conversion factor guidance for the year reported. The total amount of CO₂ emissions includes Scope 1, 2 and 3 across all relevant categories. See page 45 for our reported Scope 3 emissions.

PROGRESS

Climate change is treated as a Board-level governance issue. Our newly formed Corporate Responsibility Committee evidences our commitment to ensuring as a business we keep progressing with our climate change agenda. The total amount of CO₂ emissions increased in the year to 11,659 tonnes of carbon dioxide equivalent versus our benchmark of 2020, which was due to an increase in our cost base and higher capital expenditure. During the year we offset these emissions across all scopes using an accredited scheme and were therefore carbon neutral.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to future years' remuneration?

Yes



I am pleased with the progress we've made developing more of the components which make up the online car buying journey.

Catherine Faiers
Chief Operating Officer

Overview

The impact of COVID-19 on the performance of the business has not had the same effect as the previous financial year. Our decisive action early in the pandemic to protect our people, customers and business ensured that we emerged as a stronger business.

However, the effect of COVID-19 on the car market has meant there remains a number of transactions that were lost in 2020 that have still not occurred. Demand for both new and used cars has been strong, as reflected in our increased audience position, however the market has been hampered by limited supply, owing to the particularly well documented semi-conductor shortages which have heavily impacted the supply of new cars. These dynamics have led to significant levels of used car price growth, which has been part of the reason behind our retailer customers' increased profitability.

I am pleased with the progress we've made developing more of the components which make up the online car buying journey. Enabling more of the journey to be done online will provide us significant long-term opportunities for the future.

During the year we have adapted our working policies to better reflect the way in which we will work in the future. Our new Connected Working policy looks to retain important aspects of our culture, such as collaboration, relationships, low-bureaucracy, agility and empowerment, while enabling people to better balance their work/life commitments. We are proud that our employee engagement score has remained high despite such challenging circumstances over the past two years, with 95% of employees saying they are proud to work at Auto Trader (March 2021: 93%).

Business performance

Our audience performance has strengthened with average monthly cross platform visits increasing by 9% to 63.8 million per month (2021: 58.3 million). Engagement, which we measure by total minutes spent on site, was also strong with an increase of 5% to an average of 588 million minutes per month (2021: 561 million minutes). We have maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader (2021: over 75%) and grew to be 8x larger than our nearest competitor (2021: 7x).

Demand for both new and used cars has been particularly strong for much of this last financial year. This demand has been fuelled by a catch up in transactions that didn't happen in 2020 due to COVID-related lockdowns, increased consumer interest in car ownership and good levels of consumer confidence. New car registrations, whilst seeing year-on-year growth of 4% versus

2021, were still 22% below 2020 levels, with the well documented new car supply constraints due to semi-conductor shortages. These trends fed through to live stock on site, which decreased by 11% to an average of 430,000 cars (2021: 485,000). Part of this decline was due to a fall in the volume of new car stock, which averaged 29,000 (2021: 47,000) for the year. These constraints also impacted used cars, particularly for our larger customers, as lower new car sales have meant fewer part-exchanges and a lower volume of cars sent to auction from wholesalers, with overall transactions being 2% lower than 2020, although were up 15% on 2021. The year-on-year decline in live used stock was also partly impacted by a stock offer in the previous year, where customers could advertise more than their contracted amounts without charge, which was not repeated this year.

High levels of demand combined with constrained supply have led to significant levels of used car price growth, with our used car price index seeing a 22% year-on-year increase in prices across the period. This contributed to very good trading conditions for our customers, with some of them achieving record profit levels.

The average number of retailer forecourts advertising on our platform increased by 5% to 13,964 (2021: 13,336). The increase in the number of forecourts was due to lower levels of cancellation, partly due to favourable market conditions but also driven by the current strength of our position and standing with customers. Levels of new customer acquisition were largely consistent with the prior year.

↑
+22%
increase in our used car price index in 2022

↑
+5%
increase in the volume of retailer forecourts using Auto Trader during 2022

Auto Trader as a data platform

Since the acquisition of Kee Resources in 2019, where we took ownership of our underlying vehicle taxonomy, we have been looking to both increase the volume of data bought and used by our retailer customers but also to extend the use of our data to other customer sets. From a retailer perspective we have launched a sales insight tool, increased the volume of paying retail check and retail accelerator customers, and offered direct integration via APIs. We have entered into data sharing agreements with a number of OEMs, which has improved the quality of our data sets, and we now power Experian's iCache product which provides insurance companies with enriched data to provide more accurate consumer quotes. The integration of a new data partner is often a long process but we are making meaningful progress in providing the industry's leading data platform.

The next big milestone in this journey was the launch of Auto Trader Connect which was included in retailer packages in April 2022, alongside our annual pricing event. Auto Trader Connect gives customers access to our taxonomy, which improves advert quality and introduces real-time updates between our systems and those of our customers. This removes the inefficiencies of daily data feeds and we currently have integration with c.40% of third-party software providers with Auto Trader Connect. We see this product as a key enabler to support digital retailing.

We have made substantial progress during the year in migrating our platform and technology infrastructure to the cloud. This has enabled us to take advantage of improved performance, enhanced security and delivered a quicker product release cycle. We expect to have migrated all of our services to the cloud by the end of the current financial year. We saw an increase in the number of product releases to 46,000 (2021: 41,000).

ESG

Within our overall strategy we aim to 'make a difference' to our people, our communities, our industry, and to the wider environment, whilst holding ourselves to the highest standards when it comes to acting responsibly.

We have a Corporate Responsibility Committee with oversight for Auto Trader's focus on the Environmental, Social and Governance aspects of our business. Over the past 18 months we have identified focus areas around which we have created initiatives. These are monitored regularly and reported on using our cultural KPIs. While many of these changes take time, we are committed to making meaningful progress across all measures.

GROWING OUR CORE MARKETPLACE



Marketplace



Our business performance has strengthened with growth in our audience, growth in our retailer customers and growth in the number of products being bought by our customers.

Catherine Faiers
Chief Operating Officer

64m

average cross platform minutes per month



We will continue to improve the levels of diversity and inclusion within our organisation as we believe this improves individual and team performance and will allow us to identify and attract talent that we may not otherwise access. We are making progress, but there remains room for improvement. Our Board has marginally more women than men and as of the start of this calendar year we meet the recommendations of the Parker Review. At year end, women represented 40% of our organisation (March 2021: 39%) and in leadership roles, as defined by FTSE Women Leaders, there was meaningful improvement to 38% (March 2021: 34%).

We are committed to increasing the percentage of ethnically diverse employees, who currently represent 14% of the organisation (March 2021: 11%), with 12% of employees not disclosing their ethnicity. The percentage of ethnically diverse employees in leadership, again using the FTSE Women Leaders definition, remained at 6% (March 2021: 6%), highlighting the work we still have to do in this area. Much of our work around

OUR PURPOSE-DRIVEN STRATEGY P12 →

£74

of price lever growth in FY2022

We successfully executed our annual pricing event in April 2021. This included an underlying price increase as well as the launch of our Retailer Stores product.

31%

of retailer stock on a package above our Standard level in March 2022

In the year, we evolved our advertising package staircase, creating a new higher level package. This saw good levels of upsell as customers sought more prominence on our marketplace.

>1,800

paying new car customers in March 2022

Despite supply shortages on new cars, we have managed to retain many of our paying customers on our new car product.

creating an inclusive culture and environment has been driven, supported and informed by our many employee networks and guilds representing women, diverse ethnicity, LGBT+, disability & neurodiversity, families and age.

The UK Government has a target to become net zero by 2050 and Auto Trader has a role to play in reaching this goal. There are two strands to our commitments around the environment which includes achieving net zero carbon emissions by 2040 and supporting consumers in making more sustainable vehicle choices.

Catherine Faiers
Chief Operating Officer
26 May 2022



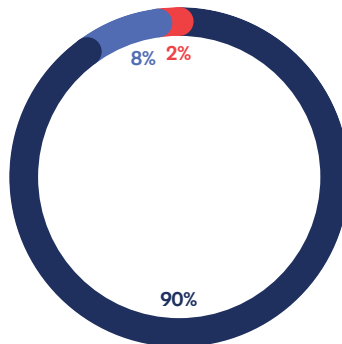
Revenue in the prior year was impacted by our decision to provide free advertising to our retailer customers in April 2020, May 2020, December 2020 and February 2021, and at a 25% discount in June 2020, due to the closure of retailer forecourts given COVID-19 lockdown restrictions.

Jamie Warner
Chief Financial Officer



OVERVIEW

Our revenue streams



● Trade
£388.3m
+72%
(2021: £225.2m)

● Consumer Services
£33.3m
+25%
(2021: £26.6m)

● Manufacturer and Agency
£11.1m
+1%
(2021: £11.0m)

Revenue
£432.7m
↑ +65%
(2021: £262.8m)

Operating profit
£303.6m
↑ +88%
(2021: £161.2m)

INCREASED RETAILER REVENUE
Revenue in the prior year was impacted by our decision to provide free advertising to our retailer customers in April 2020, May 2020, December 2020 and February 2021, and at a 25% discount in June 2020.

INCREASE IN UNDERLYING ARPR
Excluding COVID-19 discounts in the prior year, underlying ARPR increased by £247 per month, spread across our price, stock and product levers.

REDUCTION OF RCF COMMITMENTS
With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated revolving credit facility ('Syndicated RCF') by £150m from £400m to £250m.

INCREASE IN JV PROFIT
Our share of profit generated by Dealer Auction, the Group's joint venture, increased in the year as auction activity saw improved levels following a reduction during periods of lockdown in the prior year.

Revenue

Revenue increased to £432.7m (2021: £262.8m), up 65% when compared to the prior year. Trade revenue, which comprises revenue from Retailers, Home Traders and other smaller revenue streams, increased by 72% to £388.3m (2021: £225.2m).

Retailer revenue increased by 75% to £370.4m (2021: £211.9m). Revenue in the prior year was impacted by our decision to provide free advertising to our retailer customers in April 2020, May 2020, December 2020 and February 2021, and at a 25% discount in June 2020, due to the closure of retailer forecourts given COVID-19 lockdown restrictions. There have been no discounts in relation to COVID-19 in 2022.

The average number of retailer forecourts advertising on Auto Trader was up 5% to 13,964 (2021: 13,336). We saw a steady increase in the number of retailers advertising on our platform throughout 2022 with lower cancellations in the period, and levels of acquisition remaining broadly flat.

Average Revenue Per Retailer ('ARPR') increased by 67% to £2,210 (2021: £1,324). The £886 increase was heavily impacted by the COVID-related discounts in the prior year which made a positive contribution of £639 due to their absence in 2022. Excluding these discounts, there was an underlying increase in ARPR of £247 spread across our price, stock and product levers:

- **Price:** Our price lever contributed an increase of £74 (2021: £50) to total ARPR as we executed our annual pricing event for the majority of customers on 1 April 2021.
- **Stock:** The number of live cars advertised on Auto Trader decreased by 11% to 430,000 (2021: 485,000). This was partially driven by a decline of 18,000 new cars on Auto Trader due to well documented supply shortages. It is important to note though that the stock lever is not driven by live stock but by the number of paid stock units. Last year live used stock was impacted by a stock offer which allowed customers to double their stock for free from late March to mid-July 2020, which did not impact paid for stock. Whilst we did see some downgrades in paid stock during the first half, as a result of faster stock turn and limited supply, much came from our larger Franchise customers who generally have a lower cost per car. Stock levels partially recovered in the second half however, returning to similar levels seen at the start of FY22. These dynamics resulted in a £52 increase in the stock lever (2021: decline of £52).

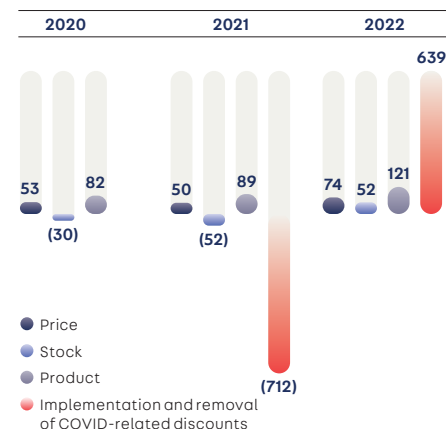
- **Product:** Our product lever contributed an increase of £121 (2021: £89) to total ARPR. Most of this came from retailers choosing to purchase prominence products, including our higher yielding Enhanced, Super and Ultra packages with penetration increasing to 31% of retailer stock (March 2021 (Advanced and Premium): 26%). In addition to packages, retailers sought prominence through greater use of our Pay Per Click product. We also introduced a new digital retailing product called Market Extension, allowing retailers to sell outside of their local area, which also contributed to the product lever, with over 6% of retailer stock on the product by the end of the year. Finally, there was also some contribution from our Retailer Stores product, which was launched in April 2021 as part of our pricing event.

Home Trader revenue increased by 40% to £8.8m (2021: £6.3m). Other revenue increased by £2.1m to £9.1m (2021: £7.0m) with AutoConvert increasing £1.0m to £2.1m (2021: £1.1m).

Consumer Services revenue increased by 25% in the year to £33.3m (2021: £26.6m). Private revenue, which is generated from individual sellers who pay to advertise their vehicle on the Auto Trader marketplace, increased to £19.3m (2021: £16.6m). Motoring Services revenue also increased, up 32% to £13.1m (2021: £9.9m) as a result of strong growth in both our insurance and finance offerings. After launching in 2021, Instant Offer contributed £0.9m to Consumer Services revenue (2021: £0.1m).

Revenue from Manufacturer and Agency customers was effectively flat at £11.1m (2021: £11.0m). The pandemic had a significant impact on this revenue line in both 2021 and 2022. Manufacturers have lowered their marketing spend due to semi-conductor supply issues and the resulting lack of clarity on new car supply.

ARPR levers (£)



Costs

In 2021, the Group made the decision to reduce costs, mainly through the reduction of discretionary marketing spend, whilst our retail customers were closed due to COVID-19 restrictions. With a return to more normal levels in 2022, costs increased 27% to £132.0m (2021: £104.0m).

People costs, which comprise all staff costs and third-party contractor costs, increased by 16% to £69.8m (2021: £60.0m). The increase in people costs was primarily driven by an increase in the average number of full-time equivalent employees (including contractors) to 960 (2021: 909) as we invested in our people to support the growth areas of the business. The prior year was impacted by Executive Directors and the Board foregoing 50% or more of their salary and fees for the period of April to June 2020. Performance related pay increased in 2022, in addition to the resumption of annual pay reviews. Underlying salary costs continue to increase as we invest in the best digital talent.

Revenue (£m)	2022	2021	Change
Retailer	370.4	211.9	+75%
Home Trader	8.8	6.3	+40%
Other	9.1	7.0	+30%
Trade	388.3	225.2	+72%
Consumer Services	33.3	26.6	+25%
Manufacturer and Agency	11.1	11.0	+1%
Total	432.7	262.8	+65%
Costs (£m)	2022	2021	Change
People costs (including share-based payments)	69.8	60.0	+16%
Marketing	20.5	9.8	+109%
Other costs	34.5	27.9	+24%
Depreciation and amortisation	7.2	6.3	+14%
Total administrative expenses	132.0	104.0	+27%

FINANCIAL REVIEW CONTINUED

Marketing spend increased by 109% to £20.5m (2021: £9.8m). The increase was driven by discretionary spend being reduced in the prior year in response to the pandemic as previously mentioned.

Other costs, which include data services, property related costs and other overheads, increased by 24% to £34.5m (2021: £27.9m). The increase was primarily due to higher overhead costs, including the return of travel, office & people related costs, as well as higher IT spend as we continue to move more of our services and applications to the cloud. Depreciation and amortisation increased to £7.2m (2021: £6.3m) mainly as a result of an additional office lease and office improvements.

Operating profit (£m)	2022	2021	Change
Revenue	432.7	262.8	+65%
Administrative expenses	(132.0)	(104.0)	+27%
Share of profit from joint ventures	2.9	2.4	+21%
Operating profit	303.6	161.2	+88%

Operating profit

During the year Operating profit increased by 88% to £303.6m (2021: £161.2m). Operating profit margin increased by nine percentage points to 70% (2021: 61%), back in line with 2020 levels.

Our share of profit generated by Dealer Auction, the Group's joint venture with Cox Automotive, increased to £2.9m (2021: £2.4m) as auction activity saw improved levels following a reduction during periods of lockdown in the prior year.

Net finance costs

Net finance costs decreased to £2.6m (2021: £3.8m). The decrease was driven by lower interest payable of £1.4m (2021: £2.9m). Amortisation of debt issue costs increased to £1.0m due to accelerated amortisation following the reduction of the Syndicated revolving credit facility ('Syndicated RCF') commitments as referenced below (2021: £0.6m). Interest on lease liabilities totalled £0.2m (2021: £0.3m) and interest relating to deferred consideration was £0.1m (2021: £0.1m). Interest receivable on cash was £0.1m (2021: £0.1m).

Reduction of RCF commitments

With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated RCF by £150m from £400m to £250m. The facility will terminate in two

tranches: £52.2m will mature in June 2023 and £197.8m will mature in June 2025. Additionally, there was an amendment to the Senior Facilities Agreement to reflect the discontinuation of LIBOR and the transition to SONIA (in respect of sterling loans); Loan Market Association updates; and to include the effect of IFRS 16 for the purposes of calculating financial covenants. There is no requirement to settle all, or part, of the debt earlier than the termination dates stated.

Profit before taxation

Profit before taxation increased by 91% to £301.0m (2021: £157.4m). The increase resulted from the Operating profit performance, with a further benefit from lower net finance costs of £2.6m (2021: £3.8m).

Taxation

The Group tax charge increased 90% to £56.3m (2021: £29.6m) which represents an effective tax rate of 19% (2021: 19%), in line with the average standard UK rate.

Earnings per share

Basic earnings per share increased by 93% to 25.61 pence (2021: 13.24 pence) based on a weighted average number of ordinary shares in issue of 955,532,888 (2021: 965,175,677). Diluted earnings per share of 25.56 pence (2021: 13.21 pence) increased by 93%, based on 957,534,145 shares (2021: 967,404,812) which takes into account the dilutive impact of outstanding share awards. The reduction in shares is due to the share buyback programme throughout 2022.

Cash flow and net cash

Cash generated from operations increased by 115% to £328.1m (2021: £152.9m) primarily due to the increase in Operating profit but also a positive working capital movement, driven by VAT. Corporation tax payments increased to £56.2m (2021: £28.2m), due to higher profit before taxation. Net cash generated from operating activities was £271.9m (2021: £124.7m).

As at 31 March 2022 the Group had net cash of £41.7m (31 March 2021: £10.3m), representing an increase of £31.4m. At the year end, the Group had drawn £nil of the Syndicated revolving credit facility (31 March 2021: £30.0m) and held cash and cash equivalents of £51.3m (2021: £45.7m).

Leverage, defined as the ratio of Net bank debt to EBITDA, remained at zero as we exit the year in a net cash position. Interest paid on these financing arrangements was £1.5m (2021: £3.0m).



With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated revolving credit facility by £150m from £400m to £250m. The facility will terminate in two tranches: £52.2m will mature in June 2023 and £197.8m will mature in June 2025.

Jamie Warner
Chief Financial Officer

AUTO TRADER AS A DATA PLATFORM



Data as a platform

OUR PURPOSE-DRIVEN STRATEGY P12 →

MORE RETAILER PRODUCTS

We have recently launched sales insight tools and increased the volume of paying Retail Check and Retail Accelerator customers. With prices increasing, this data has never been more valuable to our customers.

SELLING OUR DATA TO MORE CUSTOMER SETS

We have entered into data sharing agreements with a number of OEMs, improving our data sets, and now power Experian's iCache product which provides insurance companies with enriched data to provide more competitive consumer quotes.

CLOUD MIGRATION

We have made substantial progress during the year in migrating our platform and technology infrastructure to the cloud.



Whilst stock limitations have impacted sales, compared to 'normal' pre-pandemic conditions, consumer demand, engagement, and prices all remain robust, which in turn is helping to drive strong margins.

Richard Walker
Data & Insight Director

c.40%
of third-party software providers integrated with Auto Trader Connect

c.1.2m
guaranteed valuations given to consumers in 2022

**LAUNCHING AUTO TRADER CONNECT**

We have launched Auto Trader Connect which was included in retailer packages in April 2022, as part of our annual pricing event. Auto Trader Connect gives customers access to our taxonomy, improving advert quality, and introduces real-time updates between our systems and those of our customers.

This removes the inefficiencies of daily data feeds and we currently have integration with c.40% of third-party software providers with Auto Trader Connect.

Capital structure and dividends

During the year, a total of 24.9m shares (2021: nil) were purchased for a total consideration of £163.5m (2021: nil) before transaction costs of £0.8m (2021: nil). A further £73.6m (2021: nil) was paid in dividends, giving a total of £237.1m (2021: nil) in cash returned to shareholders.

The Directors are recommending a final dividend of 5.5 pence per share. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 15 September 2022, the final dividend will be paid on 23 September 2022 to shareholders on the register of members at the close of business on 26 August 2022. The total dividend for the year is therefore 8.2 pence per share (2021: 5.0 pence per share).

In the coming year, it is expected that the Group will draw on its revolving credit facility to fund part of the initial consideration relating to the Autorama acquisition. The Group's long-term capital allocation policy remains broadly unchanged: continuing to invest in the

business, enabling it to grow whilst returning around one third of net income to shareholders in the form of dividends. Any surplus cash following these activities will be used to continue our share buyback programme and steadily reduce gross indebtedness. It is the Board's long-term intention that over time the Group will return to a net cash position.

Going concern

The Group generated significant cash from operations during the period. At 31 March 2022 the Group had drawn £nil of its £250m (previously £400m) Syndicated RCF and had cash balances of £51.3m. The £250m Syndicated RCF is committed until June 2023, when it reduces to £197.8m through to maturity in June 2025. Financial projections for the next 12 months include the capital commitment to acquire Autorama (UK) Limited given the likelihood of the event. On the basis of facilities available and current financial projections for the next 12 months, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Commitment to acquire Autorama (UK) Limited

The Group has agreed to acquire, subject to regulatory approvals which at the date of this report had not all been received, the share capital of Autorama (UK) Limited. The transaction is expected to complete in the first half of financial year 2023. Auto Trader will pay initial consideration of £150m in cash, with a further £50m of deferred consideration to be settled in shares subject to customary performance conditions 12 months after the completion date. Once issued, the shares will vest over a period of two years in two 12-month instalments. At 31 December 2021, Autorama had £27m of gross assets and for the calendar year 2021, made net revenue of £26m, selling c.14,500 vehicles, and had an EBITDA loss of £6m, which included marketing costs of over £9m.

Jamie Warner
Chief Financial Officer
26 May 2022

Driving change together. Responsibly.



Non-Financial Reporting Frameworks

We continue to evolve our Environmental, Social and Governance ('ESG') reporting to meet the requirements of leading industry frameworks and our stakeholders' expectations. Our reporting focuses on the Task Force on Climate-related Financial Disclosures ('TCFD') and the Sustainability Accounting Standards Board ('SASB') standards referencing SASB's reporting framework for the Internet and Media Services and Media & Entertainment industries. We have also identified the UN Sustainable Development Goals ('SDGs'), which we believe Auto Trader can make a meaningful contribution to.



Auto Trader's purpose is to **Drive change together. Responsibly.**

We are committed to being a responsible business and our purpose is driven by our resolve to do the right thing, measure and report transparently, and always act ethically and with integrity. As the UK and Ireland's largest automotive marketplace, we have a responsibility to create a more accessible, equitable and sustainable future.

We recognise that being a sustainable business for the long term is about ensuring we have the foundations we need for success as well as the ability to evolve to meet future challenges. Our trusted brand has been built over more than 40 years and we remain committed to being the best place to find, buy and sell vehicles in the UK on a platform that enables data-driven digital retailing for our customers. This involves changing how the UK shops for vehicles by providing the best online buying experience and supporting all our retailers with this online transition.

With this goal in mind, our ESG initiatives comprising our make a difference strategy focus on the material issues that have the greatest impact on our business whilst considering the expectations of our stakeholders. We can play a positive role in making a difference to our people, our communities, the industries we are part of and the environment.

OUR MAKE A DIFFERENCE STRATEGY

Drive change together. Responsibly.

Making a difference to our people, our communities, our industries and the wider environment to create a more accessible, equitable and sustainable future.



Our environment

Protect our business from the impact of climate change and work to reduce our own emissions to net zero.

Drive change across our own operations and supply chain, but also use our capabilities and voice to influence the automotive and technology industries to support urgent action to tackle the current climate crisis.



Our people & communities

Build diverse teams and an inclusive culture.

Maintain high levels of employee satisfaction, supporting positive health and wellbeing.

Partner with charities, community groups and industry bodies to make a difference to the communities where we work and live.



Our governance & compliance

Uphold the values of good corporate governance and risk management and consider the needs of all our stakeholders in our strategic decision making.

Comply with our legal and regulatory obligations and behave ethically and with integrity at all times.

Maintain a trusted marketplace for our customers and consumers to find, buy and sell a vehicle.

Assessing our material issues to inform our make a difference strategy.

MATERIALITY ASSESSMENT

ESG AREA	MATERIAL ISSUE	DEFINITION OF TOPICS
 <p>OUR ENVIRONMENT</p>	1 Climate	Reducing greenhouse gas emissions in our own business as well as influencing the wider automotive ecosystem. Mitigating the effects of long-term changes in the Earth's climate on Auto Trader's business.
 <p>OUR PEOPLE & COMMUNITIES</p>	2 Data privacy and security	Ensuring the safe collection, retention and use of confidential data of our retailers, consumers and employees. As well as safeguarding against data breaches and cyber crime.
	3 Employee wellbeing, engagement and safety	Maintaining high levels of employee satisfaction; supporting positive health and wellbeing.
	4 Product innovation	Continuously improve products and services to maintain our competitive edge.
	5 Customer satisfaction	Making sure our customers are happy using Auto Trader's products and services.
	6 Pricing fairness	Delivering value for money to our customers.
	7 Investment in talent	Promote professional and personal growth to attract, develop, retain and reward top talent.
	8 Advocacy	Partnering with industry bodies and lobbying government to shape legislation affecting the future of our industries.
	9 Making a difference to our local communities and industries	Partnering with charities, community groups and industry bodies to support their work through fundraising, volunteering and other projects.
	10 Diversity and inclusion	Nurture an inclusive company culture and enrich our workforce with diverse individuals across all levels of our organisation from the Board, leadership team and throughout our wider business, but also throughout the automotive and technology industries.
	 <p>OUR GOVERNANCE & COMPLIANCE</p>	11 Driving transparency
12 Digital infrastructure		Maintaining a strong digital infrastructure to withstand risks and futureproof the business.
13 Responsible supply chain		Proactively seek suppliers who share our passion for community engagement and promoting diversity and inclusion within their own cultures and supply chains.
14 Responsible tax strategy and total tax contribution		Complying with tax laws and regulations to pay the right amount of tax at the right time.
15 Corporate governance		Having a well governed business, and disclosing information to all stakeholders in a transparent and balanced way.
16 Ethics and integrity		Acting ethically and with integrity; working against corruption, bribery and fraud.
17 Remuneration		Ensuring remuneration is based solely on skills, behaviours and contribution and not any other factor for all colleagues, Board members and the leadership team.

In order to remain successful in the long term, an understanding of what ESG topics matter most to our key stakeholders is essential. We conducted a materiality assessment to help inform our make a difference strategy. This was an inclusive process involving engagement with our employees and our external stakeholders, including consumers, retailers, employees and investors. Our aim in performing this analysis was to understand which ESG topics matter most to our internal and external stakeholders, to capture our impacts in a non-financial manner and help us prioritise matters on which to focus and inform our ESG strategic thinking.

For the initial materiality assessment we identified 17 areas of material importance to our business. An issue is material to us if it significantly impacts our business and our strategic priorities but also if it is viewed as being important to our stakeholders. We engaged with our key stakeholders via a survey to understand the issues they believed were most important for Auto Trader. We also considered the impact these issues would have on our business, taking into account current and future market trends and our overall strategic priorities.

Ongoing input and engagement from our stakeholders, both internal and external, helps us to ensure we are achieving positive results from implementing our make a difference strategy. Therefore, to ensure that the prioritisation of ESG topics continues to align with the importance to stakeholders and changes in our business strategy, we will refresh this exercise every three years.

Our make a difference strategy aligns our Environmental, Social and Governance activities to the material issues identified as most important to our stakeholders and most impactful to our business. We have then considered areas where we are focusing our activity to make improvements, which is designated by the size of the bubble.



Most notably, we have chosen to focus most of our activities and initiatives on: diversity and inclusion; employee wellbeing; engagement and safety; product innovation; and customer satisfaction, all of which our stakeholders placed in the higher priority category. We have also chosen to actively focus on climate – although climate did not place in the highest category, we believe we should be doing what we can to positively impact the world we live in. We recognise that we need to focus our efforts now to ensure we are progressing towards our longer-term goals, and it is an area which is likely to see growing levels of scrutiny.

Product innovation and customer satisfaction are also high on our agenda. Our focus on digital retailing is to bring more of the buying journey online, realising an improved consumer experience and efficiencies for our customers. We actively seek retailer feedback in all aspects of product and service development to ensure that we continue to provide market-leading solutions and also actively monitor consumer sentiment across our various products and channels.

Make a difference at a glance.

OUR PROGRESS DURING 2022



OUR ENVIRONMENT



OUR PEOPLE & COMMUNITIES



OUR GOVERNANCE & COMPLIANCE

OUR AMBITION

- Achieve net zero in our own business as well as help our customers and suppliers as they transition to net zero
- Ensure the majority of our business has completed Carbon Literacy training
- Our customers can confidently sell more alternatively fuelled vehicles
- Support our customers on their own net zero strategies with the Automotive Carbon Literacy Toolkit
- Help car buyers make more environmentally friendly vehicle choices
- Use our data and insight to support and influence the government's policies related to supporting the adoption of electric vehicles

- Have a representative workforce across all levels of our business
- Foster an environment where everyone feels included
- Continue to make progress on our gender & ethnicity pay gap
- Maintain high levels of employee engagement
- Support the physical, mental and financial wellbeing of all our employees
- Positively contribute to the communities we operate in and partner with local and national charities

- Fully adopt the NIST framework
- Continue to evolve with the requirements of both GDPR and FCA compliance
- Integrate sustainability into all aspects and decision making processes of our business
- Embed our ethical procurement policy within the business and adopt a socially responsible sourcing model
- Report comprehensively in line with SASB and TCFD reporting frameworks

2022 KEY HIGHLIGHTS

- Our near-term Science Based Targets have been validated by the Science Based Targets initiative ('SBTi')
- 50% of our employees are carbon literate, putting us at gold award level
- Funded and launched the new Automotive Carbon Literacy Toolkit, developed in partnership with the Carbon Literacy Trust
- Launched our Road to 2030 EV report, sharing the latest data and insight with all our stakeholders
- Launched an electric vehicle hub within our top navigation, to give consumers the information they need in order to consider an electric car
- Expansion of relationships across key industry bodies and government departments
- Monthly EV car giveaway, with over two million entries

- Appointment of Jasvinder Gakhal as an Independent Non-Executive Director
- 27 employees participated in our Diverse Talent Accelerator programme, developing the next level of leadership talent
- 196 of our leaders participated in our inclusive leadership programme
- Accredited Real Living Wage employer
- Three colleagues recognised at the Automotive 30% Club Most Inspiring Automotive Women for 2021
- Highly commended at the Disability Smart awards
- Community based funding of £356k including charitable donations and employee matched funding
- Improved gender pay gap, although our ethnicity pay gap has widened
- 95% employee engagement

- NIST framework implemented and reviewed by our internal auditors
- Continued to make good progress with our cloud migration and we are on track to fully migrate by the end of our next financial year
- First TCFD report completed
- Launch of a new Supplier Code of Conduct, increased usage of Ethical Procurement questionnaires, and the launch of a new Carbon Emissions Survey

HOW THE UN SDGS ALIGN TO OUR ESG STRATEGY



There are 17 UN SDGs that form a shared global agenda to achieve a better and more sustainable future for all. Whilst all of the goals are important, we believe our ambitions and priorities best align with the above SDGs, which are most relevant to our strategy and where we believe we can have the greatest impact.

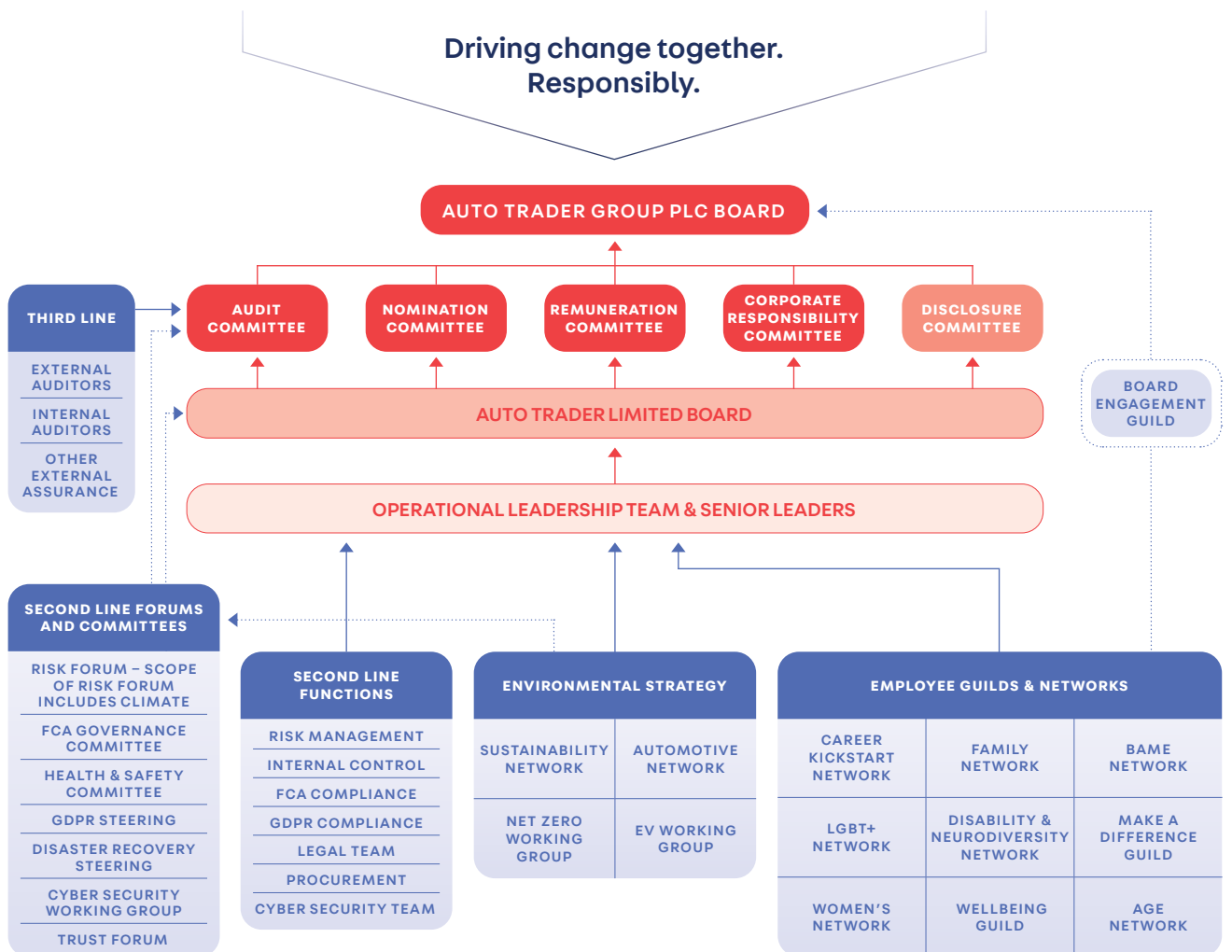
Governance of our make a difference strategy.

HOW WE GOVERN ESG

We recognise that our activities, and the way in which we carry them out, have impacts that reach well beyond our financial performance. There is increasing evidence that sustainable businesses drive greater profit and long-term value. With this in mind, in 2021 we established our Corporate Responsibility Committee to sit alongside our Audit, Remuneration and Nomination Committees.

Whilst ESG related topics are covered in all Committees, this is a formal Committee of the Board with the overarching goal of monitoring our corporate responsibility and sustainability targets. The Committee plays a crucial role in overseeing the progress towards fulfilling our ESG work, which is brought together as our make a difference strategy, and ensuring that the targets and goals are ambitious and realistic.

Responsibility for putting our make a difference strategy into action spans across the business, whether through specific functions within the business or our individual guilds and networks, which are empowered to drive change within the organisation.



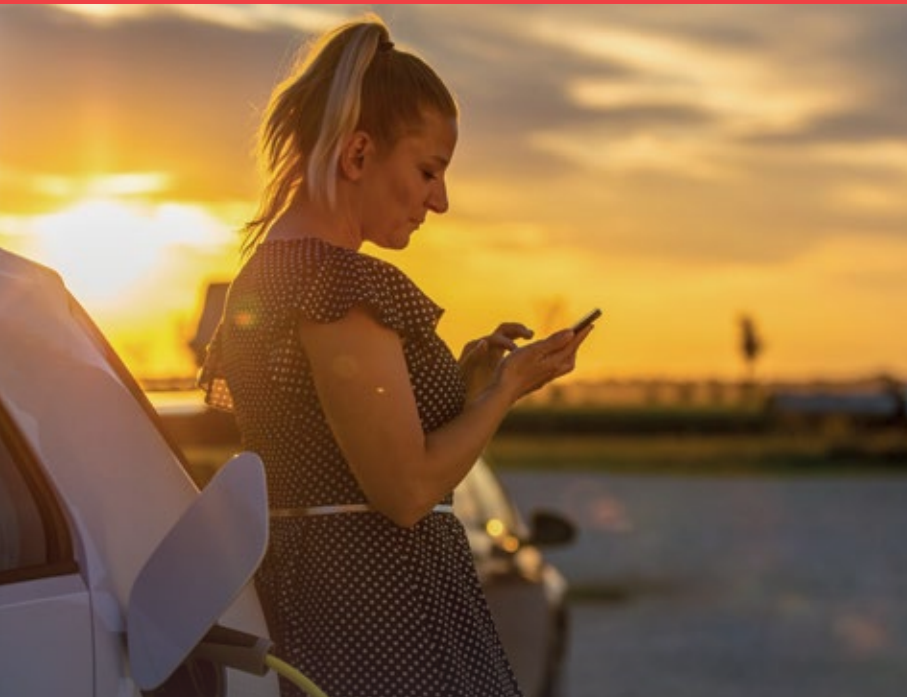
[HOW WE MANAGE RISK P58 →](#)

[GOVERNANCE OVERVIEW P70 →](#)



Our environment

The impact of climate change is posing an ever-increasing threat. The UK Government has a target to become net zero by 2050. As a responsible business Auto Trader has a role to play in reaching this goal and we are committed to reaching net zero by 2040. Developing a climate resilient strategy aligned to the UK's ambitious environmental targets which considers the risks and opportunities of climate change is essential in order to protect our business from the impact of climate change.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD') COMPLIANCE STATEMENT

The Group has prepared its TCFD disclosures in line with guidance in the 2021 updates to the TCFD Final Report and Annex, including the supplementary guidance for all sectors. We are building on our progress from previous years to develop a net zero strategy and we continue to evolve our reporting under the TCFD recommendations. At the time of publication, the Group has made climate related financial disclosures consistent with the TCFD recommendations and supporting recommended disclosures on pages 42 to 48, other than as follows. Whilst we have made good progress on our reporting we acknowledge that further work is required to enhance the identification, impact and reporting for climate related risks and opportunities, and how these map over the short, medium and long term. Further disclosure is required to include climate related scenario analysis, taking into consideration different climate related scenarios, including a 2°C or lower scenario. This work will be undertaken in the coming financial year.

Task Force on Climate-related Financial Disclosures ('TCFD')

Climate change and how we are responding to the risks and opportunities that it poses are at the forefront of the minds of our investors, regulators and other stakeholders of our business. We support the Task Force on Climate-related Financial Disclosures ('TCFD') and its recommendations and are committed to assessing the impacts of climate risks and opportunities across our operations and supply chains. This year, we have focused on establishing our internal process to manage climate risks, opportunities and reporting structure, which we plan to further enhance and improve as we evolve along the TCFD journey.

Our climate governance

We have integrated climate governance into our existing governance processes and sought to embed responsibility for the risks associated with climate change throughout our business, adopting a climate change focused mindset. There is a clear commitment from the Board to deliver on our environmental commitments and ensure relevant accountability across the business. Our environmental strategy was initiated to ensure a joined up approach across the business in considering the climate issues our business faces, the risks and opportunities these present and our response to those risks and opportunities. These are considered and incorporated with our climate related strategy and commitments across four pillars which are: our own operations and people; our consumers; our customers; and the industries we work in.

Each of the four pillars has a targeted action plan to ensure the right steps are taken and progress is made towards our commitments. The working groups responsible for each pillar have set overall commitments that need to be achieved in order to have an impactful outcome. Key activities and milestones are set for each financial year and these are shared with the Corporate Responsibility Committee. The working groups meet individually as required but meet collectively on a quarterly basis, together with Operational Leadership Team sponsors to ensure a joined up approach and to monitor progress against the agreed commitments.

CLIMATE GOVERNANCE



1. BOARD RESPONSIBILITY

The Corporate Responsibility Committee, chaired by Jeni Mundy, plays a crucial role in overseeing the progress towards fulfilling the ambitions and targets of our make a difference strategy, which encompasses our Environmental, Social and Governance responsibilities. The Committee is responsible for holding the Executive Directors to account with respect to climate risks and their impacts to the business, and our environmental strategy in response to climate change is a standing agenda item.

2. EXECUTIVE RESPONSIBILITY

The responsibility for assessing and managing climate related risks sits at both executive and Board level. Executive responsibility for climate change impact is held by our Executive Directors, who have responsibility for oversight of our climate change agenda and are responsible for ensuring that climate related risks are integrated into the existing business strategy. Responsibility for the consideration of climate related risks on the financial performance of the Group and compliance with environmental reporting rests with our CFO, Jamie Warner.

3. RISK FORUM

The risk forum undertakes a review of climate related risks with the OLT.

4. REMUNERATION COMMITTEE

The Committee introduced ESG related metrics into the performance share plan in 2023. The 2023 PSP award will include a performance target linked to a reduction of our GHG emissions.

5. THIRD-PARTY ASSURANCE

Our GHG emissions have been independently audited by EcoAct providing assurance using ISO 14064-3 of all scopes of our carbon footprint.

6. ENVIRONMENTAL STRATEGY WORKING GROUPS

Our environmental strategy not only focuses on our own environmental impact, but also aims to support our customers, consumers and the industries in which we operate and as a result, various parts of the business play a part in delivering our ambitions. Different parts of the business are brought together through our environmental strategy working groups, all of which are supported by members of our Operational Leadership Team:

- Net Zero Working Group (supported by Jamie Warner, CFO) – responsible for our commitment to net zero in line with our SBTi targets.
- EV working group (supported by Ian Plummer, Commercial Director) – responsible for helping consumers make more environmentally friendly vehicle choices.
- Automotive network (supported by Ian Plummer, Commercial Director) – responsible for helping our customers consider their carbon footprint and supporting them on their sustainability journey.

7. EMPLOYEE GUILDS AND NETWORKS

Our employees play a fundamental role in the success of our make a difference strategy. Through our networks and guilds, our ESG priorities and ambitions are championed and driven forward by our employees:

- Sustainability network – comprises passionate individuals from across the business who are focused on making life at Auto Trader more sustainable through increasing employee awareness and driving impactful changes for individuals as well as our business operations to support our overall goal of reducing our carbon emissions.
- Make a Difference Guild – committed to empowering our people to give back to local communities and supporting causes our employees are passionate about.

Strategy: building climate resilience into our business strategy

Our purpose is to Drive change together. Responsibly. We recognise that we have a role to play in the UK Government’s target to become net zero by 2050. Reducing the impact our business has on the environment is embedded into our strategy and we are committed to being a net zero business by 2040. Our environmental commitments will help us to achieve this by reducing emissions across our own operations, through initiatives to raise environmental awareness with our employees, customers and consumers and supporting them in reducing their environmental impact. We will use our breadth of expertise, data and market insight to accelerate the transition to a low-carbon future and influence the automotive industry to support urgent action to tackle the climate crisis.

Climate related risks and opportunities

In order to build climate resilience into our business strategy we must identify climate related risks and opportunities. The nature of the risks and opportunities that we face depends not just on the physical aspects of climate change, but also on transition risks. These are driven by the trajectory of our customers and consumers in responding to climate change and regulations in the markets in which we operate. As an operator of an online marketplace, we have a relatively small carbon footprint and our business model is sustainable in a low-carbon environment. In the short to medium term, the journey to net zero presents opportunities for which our business must adapt, e.g. becoming the destination of choice for consumers searching for a more environmentally friendly vehicle, but we must also ensure we are managing transition risks.

To assess how various climate risk drivers may impact our business, we used the TCFD framework’s categorisation of transition and physical climate risks. Our predominant focus is on transition risk as we consider this to have the greatest potential impact on our business. We consider the principal physical risk to our business to be severity of extreme weather, in particular flooding.

We have identified the climate related risks and opportunities set out in the table on the next page and have considered the potential impact each has on our marketplace, our technology, our customers, our consumers and our employees. We have assessed how the risks can be better managed, reduced or mitigated in line with the Group’s risk

management framework, resulting in the mitigated impact rating. We have included a specific scenario in our viability statement setting out the impact of an accelerated ban of the sale of new and used diesel cars. In 2023 we will continue to expand on our assessment of climate related risks and opportunities and the ways to mitigate and adapt to different possible outcomes. We will conduct climate related scenario analysis to understand the actual and potential impacts of the principal climate related risks and opportunities on our business model and strategy, including the financial impact, taking into consideration

different climate related scenarios and time frames. The results of our scenario analysis will inform our long-term strategic business planning and will be overseen by the Corporate Responsibility Committee.

Risk management: embedding climate issues into our risk management

The Board is collectively responsible for determining the nature and extent of the principal risks which may impact the business as it seeks to achieve its strategic

objectives. We recognise climate change as a principal risk for Auto Trader (see page 62) as climate change poses a threat to our business and supply chain, mainly through regulatory changes. We have updated our risk management process to enhance our assessment of the potential implications of climate change on our business and its operations.

Our risk management framework, including the processes for identifying, assessing and managing risk, is described on pages 58 to 61.

CLIMATE RELATED RISKS & OPPORTUNITIES

Risk type	Potential change	Risk or opportunity?	Potential impact	Our response	Mitigated impact	Likelihood of change occurring	
						1.5°	4.0°
Transition	Increased demand for sustainable products and services.	Both	Consumers stop buying petrol or diesel vehicles presenting a risk to the continuing relevance of our marketplace to our customers and consumers.	Adapt to changing preferences and become the largest marketplace for EVs.	Low	Mid	High
Transition	Increased demand for sustainable products and services.	Both	Failure to appropriately demonstrate that as a business we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/or remain relevant to our customers and consumers.	Set clear reduction targets for our own operations and report progress to stakeholders. Work with customers, suppliers and the industry on reduction initiatives and education.	Low	Low	High
Transition	Achieving resource efficiency through cutting our carbon footprint and improving energy efficiency.	Opportunity	Reduced costs associated with energy use and avoid increased costs associated with carbon taxation.	Reduction initiatives to reduce our absolute usage, including moving our data storage to the cloud.	Low	Low	High
Transition	Increased reputational risk associated with the automotive industry and misrepresenting environmental claims.	Risk	As consumer consciousness around climate change rises, there is increased scrutiny on our industry's role on the environment.	As part of our net zero strategy we will focus not only on our own operational footprint but also on how we can positively support the industry.	Low	Low	High
Transition	Increased regulation relating to climate change.	Risk	Increased regulatory scrutiny and introduction of new legislation could result in increased reputational risk but also increased compliance costs. Failure to deliver against our environmental commitments would undermine our reputation as a responsible business and may result in legal exposure or regulatory sanctions.	We have formed a Corporate Responsibility Committee to oversee our environmental commitments. We will report in line with the TCFD recommendations and report progress towards our reduction targets as part of our Science Based Targets.	Low	Low	High
Physical	Increased frequency/severity of extreme weather and climate related natural disasters.	Risk	For the locations that Auto Trader operates in, this would include storms, flooding and water and heat stress which could impact our offices, jeopardise the safety of our people and significantly disrupt our operations.	Disaster recovery/business continuity planning in place, including tools and guidance to support our people in emergency situations.	Low	Mid	High

OUR TOTAL CO₂ EMISSIONSOur total CO₂ emissions¹

	2022		2021	
	UK	Global	UK	Global
Scope 1	38	56	34	45
Scope 2 (location based)	277	294	277	291
Total (Scopes 1 and 2)	315	350	311	336
KwH ('000s)	1,464	1,613	1,284	1,383
PG&S		9,000		5,217
Capital goods		1,476		364
Fuel & energy-related activities		117		83
Waste		1		1
Business travel		179		29
Employee commuting & working from home		521		634
Investments		15		9
Scope 3 (total)		11,309		6,337
Total (Scopes 1, 2 and 3)		11,659		6,673
Revenue		£432.7m		£262.8m
Tonnes of CO ₂ equivalent per FTE ²		12.14		7.34
Tonnes of CO ₂ equivalent per £million turnover ³		26.94		25.40
Scope 2 (market based)		0		
% renewable		100% ⁴		

1. Scopes 1 and 2 are reported in tonnes of CO₂ equivalent.

2. Based on average number of employees in the Group throughout the year (2022: 960, 2021: 909).

3. Absolute carbon emissions divided by revenue in millions.

4. Emissions from our data centres are included within our Scope 2 emissions. It has been confirmed by our provider that our data centres continue to be powered by 100% renewable - we have received a certificate covering the period to 31 December 2021 and the period 1 Jan to 31 Mar 2022 is currently being verified by a third party.

Metrics & targets: measuring and managing our climate impact

Methodology

The Group is required to measure and report its direct and indirect greenhouse gas ('GHG') emissions by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The GHG reporting period is aligned to the financial reporting year. The methodology used to calculate emissions is based on the financial consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition). Emission factors used are from the UK Government's Department for Business, Energy and Industrial Strategy ('BEIS') conversion guidance for the year reported.

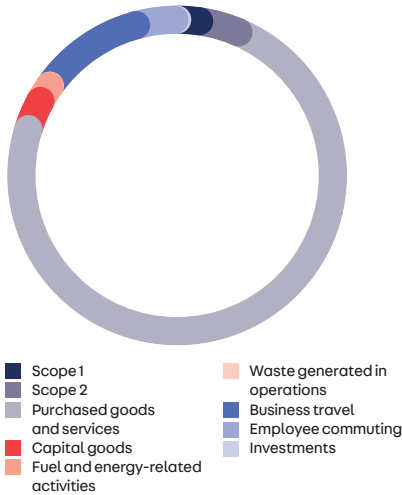
We have calculated our footprint using the official UK Government conversion factors. For Scope 3 purchased goods and services an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year. We have approximated and rounded up where necessary, reflecting this is a 'scoping exercise' to indicate the broad quantum of emissions rather than a precise calculation. The accuracy of our footprint will get better each year as we revisit and refine the methodology and underlying dataset. We have reported our Scope 2 emissions using both a location based and market based approach, with the latter taking into account renewable energy consumed.

Independent verification of our GHG emissions

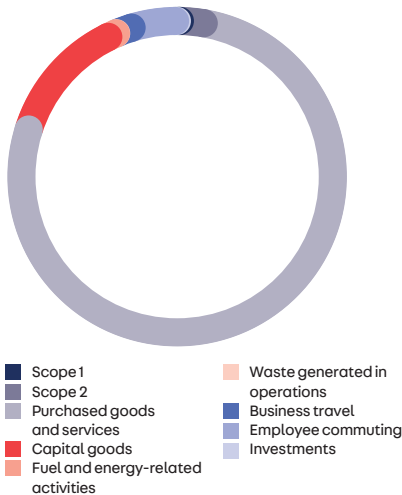
EcoAct has independently assessed and verified Auto Trader's GHG emissions following verification standard ISO 14064-3:2019. Based on the data and information provided by Auto Trader and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the GHG emissions totals are not fairly stated and free from material error.

Putting the brakes on carbon: our environmental strategy

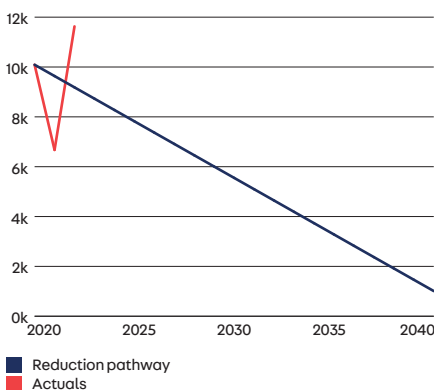
Our base year emissions (2020)



Our current year emissions (2022)



What will be required to meet net zero by 2040? (tCO₂e by year)



Overview

As the world transitions to a low carbon economy, regulatory change and changes in consumer behaviour will have an impact on the automotive market, which will mean we need to develop and adapt our business. We want to act responsibly in terms of our impact on the environment and protect our business from the impact of climate change. Our strategy is to put the brakes on carbon – not only across our direct operations and our supply chain, but also using our capabilities and voice to influence the government’s electric vehicle related policies. We will approach this across four pillars:

1. Auto Trader and our people

Net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. We reach net zero when the amount we add is no more than the amount taken away.

In June 2021, we signed up to the Science Based Targets initiative (‘SBTi’) Business Ambition for 1.5°C. By doing so, we are committed to achieving net zero before 2050 and to reducing emissions in line with the Paris Agreement goals. Our goal at Auto Trader is to achieve net zero earlier than this and we are committing to achieving net zero across our entire value chain (Scopes 1, 2 and 3) by 2040 and every year thereafter. We have submitted our long-term net zero target to the SBTi and are awaiting validation of our commitment.

Our near-term Science Based Targets have already been validated by the SBTi and form a core component of our net zero strategy. We have committed to:

- Reduce absolute Scope 1 and 2 GHG emissions by 50% before 2030 from a 2020 base year.
- Reduce absolute Scope 3 GHG emissions by 46.2% over the same timeframe.

We have also signed up to the UN’s ‘Climate Neutral Now’ initiative.

How we’re taking action

To meet the SBTi’s definition of net zero, we need to reduce our emissions by at least 90% and then use carbon removal initiatives to neutralise any limited emissions that cannot yet be eliminated. It is therefore essential that we fully understand the source of our emissions.

During the year we built on the work to understand our full Scope 3 emissions, in addition to our Scope 1 and 2 emissions, providing us with a complete understanding of our carbon emissions throughout our value chain so that we can identify where we need to focus our efforts.

We have made further progress during the year to reduce our direct carbon footprint – our offices and data centres are now all on renewable energy tariffs and the majority are supported by certified REGOs. We made further progress with our data centre migration to the cloud with the final work due to take place in the next financial year.

Addressing our Scope 3 emissions is a bigger challenge and something we have less control over. The make up of our carbon emissions is heavily weighted towards Scope 3, and within that purchased goods and services and employee commuting are our major contributors.

In order to meet our 1.5°C commitments and net zero ambition, we will undertake targeted actions and a key focus will be on supplier engagement. Another priority will be business travel – reducing our fleet of vehicles and encouraging rail travel over flying where possible. The switch to Connected Working will result in less employee commuting and whilst we are still encouraging collaborative working, the advance in technology and communication tools will lead to less travel, be that commuting to the office or to visit a customer. During the year we successfully launched our employee salary sacrifice scheme to lease an electric vehicle, with over 5% of our employees joining the scheme to date.

Our Sustainability Network will continue to focus on other initiatives to further reduce emissions generated in our offices, for example, our obsolete IT equipment is disposed of responsibly and we’ve also recently found a way to donate our old, but still usable, laptops to schools and students through the Greater Manchester Technology Fund. The network is also continuing to work closely with the Carbon Literacy Project to increase employee knowledge on sustainability and their environmental impact. Over 50% of our employees have achieved Carbon Literacy accreditation and we have achieved Gold Standard CLO (Carbon Literate Organisation) status.



Carbon neutral

As part of our commitment to help reduce carbon emissions, during the year we offset 11,659 tonnes of CO₂ to neutralise our Scope 1, 2 and 3 emissions. The cost for offsetting the Group's 2022 emissions was £25k.

We see carbon neutral as a point to pass through on our journey to net zero - we recognise that offsetting is not the only part of the solution - it's just one step we can take. We have continued to work with Ecologi, a UK based non-government organisation, to fund a combination of high-impact social and community initiatives (which are verified carbon projects) and projects to support tree planting, both in the UK and overseas. During the year we funded the planting of 10,253 trees overseas and 300 trees in the UK.

Offset and carbon removal projects

Carbon credits and environmental projects can support us in achieving our net zero ambitions and SBTi targets. However, if not approached well, they can have negative unintended impacts on humanity and the environment or appear as greenwashing and result in reputational damage for Auto Trader. Therefore we have established a set of guiding principles to adhere to when choosing which projects and initiatives to invest in.

2. Our customers

The automotive industry is under enormous pressure to reduce its carbon emissions and many OEMs, large retail groups and retailers have bold commitments to reduce emissions. Having seen the significant benefits of having Carbon Literacy training in our business, we wanted to share it with the rest of the industry and provide people with the tools they need to understand and tackle the climate crisis.

Therefore, this year we worked with the Carbon Literacy Project and some of our customers to put together a Carbon Literacy Toolkit for the UK automotive industry to use free of charge. By signing up for the toolkit, organisations are provided with training content and trainer manuals that enable them to run their own one-day Carbon Literacy training that is already accredited. Following a successful launch in November 2021, we have so far worked with over 50 businesses across the industry.

We are proud to sponsor the creation of the Carbon Literacy Toolkit and we hope that all individual participants and their businesses across our industry are inspired to take action on how they can influence climate change. Over the coming months we will focus on bringing together our partners from across the industry to knowledge share and collaborate to have an even greater impact going forward.

3. Our consumers

To support consumers in making the switch to more environmentally friendly vehicles we have increased the coverage and exposure we give electric vehicles ('EVs') across all our platforms. In particular, we have introduced an EV hub on our website where consumers can access articles and videos on electric vehicles, reviews and advice. We have been featuring more EVs in our 'Living with a...' series and filming more videos with EVs to go on our YouTube channel. We have launched a total cost of ownership page to help consumers see the true cost of an electric vehicle along with information to help them understand more about EVs. Throughout the year we also ran a monthly EV giveaway campaign to increase awareness and exposure of EVs, which saw over two million entries.

On our marketplace, we have taken steps to make it easier for car buyers to search for electric vehicles by adding 'Electric cars' to the top navigation of our site and improving electric search filters to include battery range and charge time, which also appears on the full page advert. The number of electric vehicles advertised on Auto Trader is steadily growing, with 90 models and over 7,800 adverts now appearing on our website. The demand for EVs is also increasing, with new EVs accounting for more than one in five of advert views and the volume of enquiries sent to retailers through Auto Trader hitting an all-time high

of 30.7% during March 2022. We aim to continue with our content plan to increase the information available to consumers about EVs and aim to improve the information available on EV specific adverts to help consumers make more informed choices when considering an EV as their next vehicle.

4. Our industries

The government's ban of the sale of new petrol and diesel cars by 2030 is driving a lot of change not only within the industry but with the car buying public. The government's plans are ambitious and a lot needs to happen in the coming years to ensure the infrastructure is in place to support mass consumer adoption of EVs.

Therefore we actively support the industry's efforts to increase the consumer adoption of EVs. We regularly meet with various government departments, including HM Treasury, No 10, and the Department for Transport's Office for Low Emission Vehicles, to share our data and insights to help guide policy to support the transition to 2030 and mass consumer adoption of EVs. Our wealth of data and insight gives us a unique view of the consumer car buying intentions, and particularly consumer EV buying intentions. This data is extremely valuable to not only the government but also the industries involved in the EV transition.

We support industry trade bodies with their initiatives and have partnered with the National Franchise Dealers' Association ('NFDA') to feature its Electric Vehicle Accreditations ('EVA') on [autotrader.co.uk](https://www.autotrader.co.uk) - those retailers that meet the strict guidelines of the initiative are able to include a kitemark on their adverts, which gives consumers the confidence that the retailer has a high level of knowledge about EVs.

We produce a regular EV insight report, entitled Road to 2030, which we launched at an event in Glasgow during COP26. Chair of the Transport Select Committee, Huw Merriman MP, joined our panel discussion along with representatives from the SMMT, and other industry stakeholders to debate what's required to accelerate the pace of adoption of EVs. The data and insight compiled for each report is used to guide the industry, and key decision makers in the broader EV ecosystem, i.e. energy companies, local councils and financial institutions looking to invest in infrastructure.

Our environmental strategy metrics

OUR AREAS OF FOCUS	OUR AMBITION	METRIC	TARGET YEAR	OUR PROGRESS
AUTO TRADER & OUR PEOPLE	Our people are environmentally aware, and our business is 'Putting the Brakes on Carbon', with a goal to become net zero by 2040.	Volume of suppliers making a TCFD disclosure or equivalent.	2030	<ul style="list-style-type: none"> • Top suppliers identified. • Launch of carbon emissions survey.
		Achieve carbon neutrality for our emissions across all scopes.	2022	<ul style="list-style-type: none"> • Carbon neutral across Scopes 1 and 2 in 2021 and across all scopes in 2022.
		80% of employees to be carbon literate.	2025	<ul style="list-style-type: none"> • 50% of employees carbon literate – Gold Award Carbon Literate Organisation.
		All fleet vehicles to be EV or low emission.	2030	<ul style="list-style-type: none"> • New company car policy introduced for any newly ordered vehicles (must be fully electric or hybrid with emissions 75g/km or less). All company car drivers will be moved onto new policy at point of renewal cycle.
		Data centres to be fully migrated to the cloud.	2023	<ul style="list-style-type: none"> • Expectation of completion by March 2023.
		Reduce our carbon footprint by 50% across all our emissions.	2030	<ul style="list-style-type: none"> • Near-term targets validated by the SBTi.
		Achieve net zero for all emissions.	2040	<ul style="list-style-type: none"> • Net zero application submitted to SBTi with target of 2040.
OUR CUSTOMERS	Our customers can confidently sell more alternatively fuelled vehicles and are working on their own net zero strategies, supported by the Automotive Carbon Literacy Toolkit.	Volume of customers/partners/suppliers to have engaged with the Automotive Carbon Literacy Toolkit.	Ongoing	<ul style="list-style-type: none"> • Funded and launched the new Automotive Carbon Literacy Toolkit, developed in partnership with the Carbon Literacy Trust.
		Launch EV module to support the education of retailers.	2023	<ul style="list-style-type: none"> • Developing the content of the module to be made available later in the year.
		Launch sustainability award at the Auto Trader Retailer Awards.	2023	<ul style="list-style-type: none"> • New self nomination sustainability award has been launched to the OEMs to enter in time for June's New Car Awards.
OUR CONSUMERS	To become the electric destination for the full consumer journey for EVs in the UK and to support consumers in making the switch to EVs by communicating product changes in a relatable and transparent way.	Increase electric content and volume of electric cars on our site.	2023	<ul style="list-style-type: none"> • Improved search filters. • Introduced EV hub on our marketplace. • Quarterly Road to 2030 report. • EV giveaway, reaching over 2 million entrants. • Acquisition of Autorama.
OUR INDUSTRIES	Our data & insight is being used by government and key EV industry stakeholders to shape policy and investment decisions to support the transition to EVs.	Establish a sustainability forum for the broader industry.	2023	<ul style="list-style-type: none"> • Gathering interest and shaping what the forum will look like.
		Shape the government's policies surrounding the mass adoption of EVs.	2022	<ul style="list-style-type: none"> • Our data has influenced the OZEV policy team in their development of the recent charging infrastructure plan.
		Issue data-led insight report, Road to 2030, to whole industry.	2022	<ul style="list-style-type: none"> • Launched first Road to 2030 report at COP26 via panel event with MP present.



Our people and communities

At Auto Trader, we recognise that our people are fundamental to our success. In order to attract, retain and develop the best people we focus on creating a highly collaborative culture where people feel motivated, valued and supported to succeed in their careers.

Overview

We pride ourselves on being a workplace where differences are celebrated and where everyone can thrive and progress in their careers based on their true potential. Diverse teams are key to our success, fuelling innovation, driving engagement and attracting talent, which benefits our people, our local communities, and our industries.

We are committed to supporting the communities and industries in which we operate and we actively engage with charities, community groups and industry bodies to support their goals.

Our values shape our culture and underpin what we stand for. Our culture is an important part of our strategy as we know it makes us a stronger, more dynamic and collaborative business.

Engaging our employees

We welcome open and honest feedback from our employees and employee surveys are conducted on a regular basis. We aim to understand job satisfaction, measure opinion and find where changes may be necessary. Summary results are made available and feedback acted upon by management, which is then presented to the Board. In our most recent survey we were pleased that 95% of our employees agreed or strongly agreed with the statement "I am proud to work for Auto Trader", a measure which we view as a proxy for engagement.

We have continued to strengthen our internal communications to ensure our employees stay connected and feel engaged. Slack proved a great tool for people to use to stay connected. We have held frequent CEO-led virtual updates: whole Company meetings led by relevant members of our OLT to ensure employees are kept up to date with strategic updates, business performance and key business activities. We also host bi-monthly AT Talks where people from across the business are able to update on what they are working on. The diversity and inclusion and sustainability networks also use that forum to share news about initiatives they are all working on, as well as using internal Slack channels. This year we also delivered our all-employee conference virtually due to social distancing restrictions in place at the time of hosting.



OUR VALUES



BE DETERMINED

We are passionate, resilient and have the conviction to do the right thing. We roll up our sleeves to get the job done.

BE RELIABLE

We are outcome-oriented and we do what we say we will do. We perform under pressure and have a strong work ethic.

BE COURAGEOUS

We are bold in our thinking, overcoming fears, challenging convention and embracing change.

BE HUMBLE

We are open, honest, approachable and we treat each other fairly. We recognise success in ourselves and others but admit and learn from mistakes.

BE CURIOUS

We are always learning. We question why, we search for better ways, ask questions and actively listen.

BE COMMUNITY-MINDED

We look after each other, respect diversity and advocate inclusion. We are committed to making a difference to the communities around us and think of others before ourselves.

Our Board Engagement Guild is the primary mechanism for our Board to engage with our employees and for them to understand their experiences and views, as well as providing the opportunity for employees to ask questions directly of Non-Executive Directors. The Board Engagement Guild has representatives from across different parts of the business and canvasses views and opinions from their colleagues to share with the Board. This year the Guild met three times and discussed topics including digital retailing, employee engagement, Connected Working, sentiment around restructures and sustainability.

Wellbeing and safety of our employees

We are committed to supporting our employees in all aspects of their health and wellbeing. This means supporting their physical, mental and financial wellbeing and also ensuring our employees' physical safety while working in the office or at home. We aim to do this by positively engaging our employees with the tools, education and supportive pathways to empower them to have more good days.

Health benefits include private healthcare for employees and their families, subsidised gym memberships, subsidised health assessments and free flu jabs. All people leaders attend a training course on mental health awareness to assist them in identifying and supporting issues that relate to people's mental health, and learn practical skills that can be used every day to help support team members. Access to mental health support and services is made available to all employees via trained Mental Health First Aiders or our Employee Assistance Programme. We provide access to financial guidance, tools and resources so our employees feel confident about the financial choices they make. Every Group employee can join the Group's Save As You Earn Scheme which allows employees to save money from their salary with the option to purchase shares at a discount after three years. 66% of Group employees currently participate in one of the current schemes.

We are committed to creating a safe space for our colleagues in the office environment, protecting our staff and others affected by our operations. We have a fully compliant Health and Safety policy

and appropriate insurance for all employees. Whilst we recognise that the nature of our business is low risk relative to many in relation to health and safety, it is still a focus and we look to driving continuous improvement. Our principal objective is to prevent or minimise accidents, injury, and ill health to staff working at our premises or remotely. This includes contractors, and others, who work at, or visit our premises. We can report that we have had no fatalities or serious injuries during the year, and there was no impact to our operations due to work-related incidents or work-related occupational disease.

During the year, we introduced Connected Working, which offers all employees greater flexibility in where and when they work. This approach allows people to stay connected with their team and the wider Auto Trader community and maintains our collaborative culture. A programme of ergonomic assessments was carried out to review homeworking arrangements and equipment was provided to those who needed it to support an effective and safe homeworking environment.

Investing in and supporting our talent

Our ambition is to make sure that everyone's career is supported by learning opportunities, including self-learning, mentoring, coaching and innovative programmes. Our learning academy platform provides a range of opportunities to support careers at Auto Trader and during the year 100% of our employees (including part time and contractors) were offered training.

Year	FY22
Hours of mandatory training (see page 55 for more information)	2,657
Hours of non-mandatory training	19,739
Annual cost of training ¹	£379k
Average cost per employee	£378
Employees studying for professional qualification	6
Employees on an apprenticeship/early careers	61

1. This includes external trainer and platform costs, but excludes the employment costs of our in-house L&D team.

Our non-mandatory training covers a broad range of learning and development, including awareness, technical skills, and more generic training of soft skills like coaching and presentation training. We also provide sponsorship for professional qualifications and access to continuing professional development for our finance, legal and compliance teams. The majority of the training was provided by our in-house L&D team but we also use external training where required.

Towards the end of the year we launched a programme of continuous leadership development within Auto Trader which supports our senior leaders and people managers. The programme is made up of a range of training interventions, including classroom training, self learning modules, psychometrics, executive coaching and sponsorship. To increase our representation across all levels of the organisation, we aim to stimulate the flow of diverse talent from early careers through to senior leadership by both targeted development programmes and equipping our leaders to get the very best out of everyone on their team and support their development through the organisation.

We have continued with our two talent programmes; one focusing on Inclusive Leadership for all leaders across our organisation, and the second a Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues. We have continued investing in our early career programmes, welcoming new graduates and apprentices to our business, as well as forming a new partnership with Ambitious About Autism to host two internships. Our mentoring and coaching programmes are available to all employees and we currently have six colleagues working towards their coaching qualification to build internal coaching capability.

We have relaunched our quarterly appraisal process and pride ourselves on having a community focused on development where everyone can be successful. Despite challenging times we still retain a strong level of retention and employee engagement. Our attrition rate remains low at 11% when compared to industry and national averages.

Diversity & inclusion

We are committed to creating a diverse and inclusive work community that enhances our culture and improves our business through our ability to attract, identify and develop talent. We have made significant progress on ensuring everyone at Auto Trader can bring their authentic and best selves to work and thrive as a result.

We define diversity as any classification that can be used to differentiate groups or individuals from one another, including: gender; sex; age; sexual orientation;

disability & neurodiversity; race and ethnic origin; religion & faith; marital status; and social/educational background and way of thinking. We define inclusion as a state of being valued, respected and supported for who you are. We, and our people, strongly believe in pursuing this aim authentically and systemically, expecting to see improvements in metrics, but not being driven solely by the pursuit of metrics.

We appointed Jasvinder Gakhal as an Independent Non-Executive Director to the Board, taking us to over half the Board being women. Our representation of women at a total Company level increased by 1%, taking us to 40% of women overall. During the year, the percentage of women on our Operational Leadership Team ('OLT') increased from 40% to 44% although this was due to a member of the OLT leaving during the year. We also increased the percentage of women in leadership roles to 38% as at 31 March 2022 (March 2021: 34%), as defined by the FTSE Women Leaders Review (formerly the Hampton-Alexander review).

During the year we continued with our focus on ethnicity. We have met the Parker Review recommendation that all FTSE100 Boards should have at least one director from an ethnically diverse background by 2021. The percentage of the total Company who are from an ethnically diverse background has increased from 11% to 14% during the year, with the percentage of those from an ethnically diverse background in leadership remaining at 6%.

As at 31 March 2022	Men	Women	Non-binary/ other	Men as a % of total	Women as a % of total
Board	4	5	0	44%	56%
OLT	5	4	0	56%	44%
OLT direct reports ¹	57	34	0	63%	37%
Total Company	599	400	3	60%	40%

As at 31 March 2022	White	Ethnically diverse	Not disclosed	White as a % of total	Ethnically diverse as a % of total
Board	8	1	0	89%	11%
OLT	9	0	0	100%	0%
OLT direct reports ¹	79	6	6	87%	7%
Total Company	739	139	124	74%	14%

1. This includes three divisional leaders and their direct reports.

Gender and ethnicity pay gap

We released our second combined Gender and Ethnicity Pay Gap Report 2021 (published in March 2022, reporting the pay gap as at 5 April 2021).



Find out more online

plc.autotrader.co.uk/media/2388/april-2021-gender-pay-report-published-march-2022.pdf

Our gender pay gap in 2021 reduced due to better retention of women in our upper quartiles and the return of several women in the upper quartile, who were excluded from the reported figures for 2020 due to taking a period of leave, such as maternity. In addition to this we have made good progress in terms of recruitment. For the reported period, we welcomed 81 new starters between April 2020 and March 2021, 42% of whom were women, of whom approximately a third (31%) were in early career roles. One area in which we acknowledge more work is required is the recruitment of women within the upper middle and upper quartiles.

The mean and median ethnicity pay gaps in 2021 increased by 2.7% and 0.7% respectively. The key reason being that ethnically diverse colleagues in the upper quartiles left the business during the reporting period and many of the new ethnically diverse recruits were earlier on in their careers. Of the 81 new starters, 20% were ethnically diverse. The data is representative of 83% of people in our business who have disclosed their ethnicity. Our representation of ethnically diverse colleagues, reported for the purpose of the ethnicity pay gap 2021, is 14.5% (2020: 13.7%). While close to reflecting national demographics, these numbers are not yet reflective of the areas in which Auto Trader operates (London and Manchester).

Accreditations

We have received a number of accreditations over the year, most notably:

- Race at Work Charter
- Social Mobility Top 75
- Change the Race Ratio
- Disability Confident Leader
- Inclusive Companies
- Stonewall Champions

Our diversity and inclusion strategy

Diversity and inclusion is at the heart of everything we do. Our strategy and initiatives are focused on driving long-term changes, so we don't expect to see immediate results and we are prepared for our numbers to fluctuate whilst our plans take hold. Our Board Corporate Responsibility Committee and our OLT oversee the progress we make against our commitments. We review the cultural KPIs which are reported externally in our results, but also a broader culture scorecard on a quarterly basis.

Our diversity and inclusion strategy has two key commitments:

- foster an environment where everyone feels included with high levels of engagement, especially across the different diversity focus areas.
- have a representative workforce of the communities we operate in with a focus on: women, ethnic diversity, LGBT+, disability & neurodiversity, social mobility and age.

IN ORDER TO ACHIEVE OUR DIVERSITY AND INCLUSION STRATEGIC COMMITMENTS WE WILL:

TAKE ACTION

- Recruit more diverse individuals concentrating on our focus areas
- Support our people to grow through our Inclusive Culture Development programmes
- Educate each other and increase awareness via our training and employee network activities

MEASURE IMPACT








- Analyse and act on employee feedback through our guilds, networks and surveys
- Monitor the make up of our workforce across our focus areas
- Calculate the different pay gaps and report on our gender and ethnicity pay gap

DO MORE

- Keep increasing representation of diverse individuals across all levels of the organisation at a steady pace every year
- Improve the employee experience, remove systematic barriers and reduce the gender and ethnicity pay gaps
- Make a difference in our industries and communities

Driving our D&I strategy through our internal networks

We have a number of internal networks that support and align with our diversity and inclusion strategy. Everyone at Auto Trader is encouraged to join one of our employee-driven networks. These employee-driven networks and their leaders are a core part of our culture, helping to welcome employees when they join our organisation, empowering team members to thrive and spearheading outreach programmes that support our local communities. These networks feed into a wider Diversity and Inclusion Guild which helps to oversee Auto Trader’s various networks to ensure they drive real change across our organisation.

	<p>Our BAME (Building A Multi-cultural Environment) Employee Network is a well-established group of Black, Asian and minority ethnic colleagues, and allies, that work to tackle inequalities and celebrate inclusivity.</p>
	<p>Our Women’s Network is focused on improving and evolving representation of women at all levels in Auto Trader, the automotive industry and the digital communities within which we operate, by recruiting, retaining and developing female talent.</p>
	<p>In its fourth year, our Disability & Neurodiversity Network continues to create a more accessible and inclusive environment for our colleagues. 12.8% of our colleagues have disclosed a disability or neurodiverse condition. The network partners with various charities including Leonard Cheshire, the Royal National Institute for Deaf People and the Business Disability Forum to educate colleagues and raise awareness.</p>
	<p>The Career Kickstart Network brings together colleagues from across the business to learn and grow together through shared experiences, resources and discussion.</p>
	<p>Our LGBT+ representation is currently 8.3% and, for a fourth consecutive year, our LGBT+ Network has continued to support our colleagues and connect with local LGBT+ charities, including The Proud Trust and the George House Trust.</p>
	<p>Last year, we launched a new employee network that focuses on creating an inclusive environment for the multigenerational workforce of Auto Trader.</p>
	<p>Supporting parents and carers across our business, our Family Network works closely with our other networks, our People team and with charities such as Carers UK.</p>

Making a difference to our communities

Our Make a Difference Guild is committed to empowering our employees to support our local communities and national charities. During the year we celebrated the fifth anniversary of the Auto Trader Community Fund at Forever Manchester that provides support for a wide range of volunteer-led community projects across Greater Manchester. The social investment from Auto Trader delivers meaningful social impact to a wide range of grassroots community projects. These range from support for Reach Out to the Community which assists homeless and rough sleepers to access help, Can-Survive, a cancer support group for Black, Asian and other ethnically diverse communities, Forget Me Not Buddies, who support those living with dementia, Wythenshawe Good Neighbours scheme and Cycling without Age amongst many others receiving funding awards.

We also continue to support a number of charities and community groups local to our London office, including Camden Giving and New Horizons Youth Centre.

During the year we launched our new make a difference platform, Alaya (which replaces our previous volunteering platform). The Alaya platform facilitates various ways for our employees to make a difference, including volunteering, completing purpose challenges, fundraising for charities and causes as well as providing a platform for employees to make donations.

We are pleased to report that community-based funding during the year, including charitable donations, employee matched funding and sponsorship, totalled £356k (2021: £263k).

Making a difference to the industries we operate in

We operate in both the automotive and technology industries. BEN is a key charity supporting the automotive industry with the aim to offer life changing support which empowers people to take control of their mental health and physical health and wellbeing. As with all charities, BEN was heavily impacted by the pandemic making it even more important that we continue to support them.

We remain committed to driving long-term change to reach gender parity in both the technology and automotive industries. Our focus is on developing the next generation of women in these industries by investing in our early career strategy, as well as supporting several initiatives and partnerships, including DigitalHer with Manchester Digital, AUTO30% and our STEM Ambassador Programme. A number of our employees working in IT systems and product development are STEM ambassadors, giving their time to mentor and support individuals who want to pursue STEM careers.



Our governance and compliance

The Board recognises that the management of safety, wellbeing, environmental, social and ethical matters forms a key element of effective corporate governance, which in turn supports our strategy, long-term performance and the sustainability of our business.

Overview

We aspire to conduct ourselves with the highest standards of honesty and integrity. To ensure that these standards are embedded across the business and are part of our culture, we have a compliance framework in place, consisting of policies, processes, guidance and training focused on a number of core compliance topics.

As an online marketplace, cyber security and protecting customer and consumer data is a primary area of focus for Auto Trader. As we shift to an accelerated adoption of digital retailing it is paramount that our data security and infrastructure evolve with our business priorities.

Cyber security

Attempts to breach our systems and access our data pose a significant and perpetual threat. Threats are increased given our digital presence and as the use of third-party cloud platforms grows. Furthermore, changes in ways of working, driven by the pandemic, have created more opportunities for cyber criminals. Therefore, our cyber security preparedness must continue to evolve to address the ever-changing environment. A successful breach could lead to significant impairment of our reputation with customers and regulators and could be costly in terms of fraud losses, regulatory sanction or remediation activity - one of our viability scenarios reflects the risk of a data breach. Whilst cyber security risks cannot be fully mitigated, an effective cyber security risk and governance framework help to significantly reduce the impact of such events.



NIST CYBER SECURITY FRAMEWORK



Over the last 12 months we have adopted the NIST Cybersecurity Framework ('NIST CSF') to help us understand and define our existing policies, processes, and technical measures in place with the aim to better govern our cyber security position. It enables us to identify areas of improvement and focus our efforts by agreeing and setting a target state, with the understanding that the NIST CSF is designed to complement and enhance existing business and cyber security operations.

The goal of introducing a cyber security framework into Auto Trader is to provide a commonly understood structure, reduce our exposure to cyberattacks, and identify the areas most at risk for data breaches and other compromising activity perpetrated by cyber criminals. We endeavour to increase awareness of risks at all levels and ensure that they are owned and reviewed in line with our risk strategy. A review of our critical and high risks is completed quarterly and other risks are reviewed at least annually. Our principal risks drive our efforts in remediation or mitigation. Our internal auditor, Deloitte, has carried out a review of our NIST framework to validate the status and perform an operating effectiveness review, the purpose of which is to provide confidence that it is robust, appropriate and effective. As we continue work towards full implementation of the framework, we will ensure robust governance and will engage with our internal auditor to perform regular reviews.

Protecting our customer and consumer data

Data is at the heart of everything we do and for that reason we take the protection of it very seriously. We have adopted the EU and UK Data Protection Act 2018 as our benchmark for data protection. When it comes to collecting and storing personal data, be that for consumers, customers or our employees, we have a comprehensive set of policies which reflect the applicable privacy legislation and abide by a clear set of principles. We are committed to ensuring that the personal information we collect is used for the appropriate purpose, which does not constitute an invasion of privacy and is held securely, responsibly and transparently in accordance with our Privacy Notices which govern all our platforms and subsidiaries.



Read more online

www.autotrader.co.uk/privacy-notice
plc.autotrader.co.uk/privacy-and-cookies
www.carzone.ie/terms-and-conditions/privacy-policy

All Auto Trader employees, including part-time employees, contractors and all Board members, are required to complete annual training for GDPR and we have established processes to cover all aspects of the GDPR: Data Protection Impact Assessments ('DPIAs'). These are conducted to help identify and minimise any data protection risks for new or changed products or services; and all processes are recorded and records of processing activity ('ROPAs') are reviewed quarterly by data owners. These include the lawful basis for process and data retention periods; our privacy notices are reviewed and updated regularly. We have separate notices for consumers, employees and retailers; and we have processes in place to respond to Subject Access Requests ('SAR') and Erasure requests.

Where required, Auto Trader obtains consent from consumers to gather personal data to service their enquiries for products, services or vehicles advertised on the site. Explicit consent (gathered separately) is also obtained to contact consumers for marketing purposes. Where we pass personal data to third-party service providers contracted to Auto Trader in the course of dealing with customers or employees, we carefully vet any third parties that we share data with, and they are obliged to keep it securely, and to use it only to fulfil the service they provide on our behalf.

We record all instances of data loss and have a rigorous incident management process in the unlikely event a breach occurs. This includes reporting notifiable breaches to the relevant regulatory authorities without undue delay and within stipulated deadlines. Where required we take remedial action as soon as possible.

Business ethics and compliance

We have a zero tolerance approach to bribery, corruption and other financial crime within our business and/or in any dealings with our customers, suppliers and other third parties who we deal with in the course of our business and do not conduct business with any service provider, customer or supplier which does not meet the principles of our Anti-Bribery Policy. We require regular compliance training for all Auto Trader employees and contractors, including all Board members. We have a well established online training and awareness programme which includes compliance modules for information security, GDPR, anti-bribery and corruption, corporate criminal offence of facilitating tax evasion, anti-money laundering, modern slavery and whistleblowing to ensure all employees uphold our ethical standards in their day-to-day decision making and actions, remain up to date and are alert to unethical practices and potential risks to our consumers or customers.

OUR DATA SECURITY PRACTICES

- Rolling internal audit programme (outsourced to Deloitte) which includes annual reviews of cyber security.
- Dedicated security teams conduct application vulnerability testing and penetration testing.
- Enhanced backup solutions have been implemented across consumer facing and internal systems, to guard against the increasing threat of ransomware.
- Payment Card Industry Data Security Standards ('PCI DSS') compliant since 2013. Independent audits conducted every year to review our information security policies and processes. To maintain best practice, we use an external Quality Security Assessor to conduct annual audits.
- All user accounts are protected by multi factor authentication ('MFA') regardless of device and location, providing enhanced authentication.
- Privileged user accounts exist using a least privilege approach, all of which have MFA enabled on them.
- We have a number of third-party monitoring and security systems that monitor and manage security incidents.
- Fully documented processes to respond to any security or data incident and a variety of incident response exercises have been completed, with tests to ensure our processes for responding to a cyber incident are robust and fit for purpose.

MAINTAINING A TRUSTED MARKETPLACE

As a leading online marketplace, we strive to provide a marketplace that is relevant, reliable and fair. It is important to our customers and our consumer audience that adverts displayed on Auto Trader are accurate and genuine. Our goal is also to provide a valuable service for our customers and consumers and provide an engaging user experience.

Retailer feedback

We actively seek retailer feedback in all aspects of product and service development to ensure that we continue to provide market-leading solutions and support to our retailer partners. We also actively monitor consumer sentiment across our various products and channels, and our teams review thousands of items of feedback a week.

Product research and testing

When we bring a product to market, we go through a rigorous process of discovery to ensure solutions meet the varied needs of both our retailer partners and consumers. Retailers are involved at all stages of product development, including beta testing prior to scaling solutions.

Sentiment tracking

We survey retailers on a monthly basis through marketing channels to capture structured feedback on our relationship with retailers to ensure we're meeting their needs and gauge sentiment towards our brand. This ensures we can keep an eye on overall satisfaction, value for money and the partnership we aim to foster.

Voice of the customer

We actively monitor feedback which our Retailer Development and Support teams capture from retailers during the course of the thousands of inbound and outbound calls we field per week, ensuring we keep a good gauge on retailer sentiment and can react to market challenges facing our retailers quickly.

Consumer sentiment

We've maintained extremely positive feedback scores across external review platforms including Trustpilot (4.7/5 based on 69,205 reviews), iOS App Store (4.8/5 based on 108,904 reviews) and Android Play Store (4.7/5 based on 60,665 reviews).

TAG verification

This year we achieved verification by TAG ('Trustworthy Accountability Group'), achieving the Brand Safety Recognition seal. TAG is the world's leading programme to fight criminal activity and protect brand safety in digital advertising. They have established best in class global standards that protect the industry from potentially harmful threats around fraud, malware, and brand safety. Obtaining our TAG status is recognition that we meet the high standards required by TAG and our contribution towards fighting criminal activity and increasing trust and transparency in digital advertising.

VSTAG forum

We continue to actively participate in the Vehicle Safe Trading Advisory Group ('VSTAG'), an industry forum we founded over 15 years ago. The forum brings together the UK's leading online automotive advertising companies, advisors from the Metropolitan Police, Get Safe Online and Action Fraud to work together to reduce online vehicle crime and help protect buyers and sellers of pre-owned vehicles from fraud.

Human rights

We are opposed to all forms of discrimination with respect to employment and occupation, modern slavery, human trafficking, forced or compulsory labour and child labour, in our business and our supply chain. We are committed to supporting human rights through our compliance with national laws and through our internal policies which adhere to internationally recognised human rights principles. In line with our commitment to creating a diverse and inclusive culture, our internal policies require respect and equal and fair treatment of all persons we come into contact with. All employees have historically been paid in excess of the Real Living Wage, ensuring that all employees and contractors working in our offices receive at least the Living Wage. This year we received accreditation as a Living Wage Employer. We safeguard our employees through a framework of policies and statements including Modern Slavery, Gender Pay, Flexible Working, Equal Opportunities and Inclusion Policies.



Read more online

plc.autotrader.co.uk/media/2388/april-2021-gender-pay-report-published-march-2022.pdf

plc.autotrader.co.uk/media/2341/autotrader_modernslaverypolicy_2021.pdf
careers.autotrader.co.uk/how-we-hire

Grievance reporting or escalation procedures

We aim to create a working environment in which all individuals enjoy coming to work, where they can make best use of their skills, and where they are free from discrimination or harassment.

We foster a culture of open and healthy conversations, mutual appreciation and respect. We treat any behaviour that undermines this aim as totally unacceptable and it will not be tolerated. We are committed to a culture where staff can freely report any issue that needs attention and access support via the escalation procedures we have in place. Our grievance policy sets out both informal and formal avenues for addressing concerns.

Whistleblowing

We are committed to carrying out all business activities in an honest and open manner and strive to apply high ethical standards in all our business dealings. We actively cultivate a transparent and open culture, encouraging our employees to

speak up whenever they have concerns, if they suspect anything inappropriate or experience any serious malpractice or wrongdoing in our business. We believe this contributes to a fairer and transparent marketplace where customers and consumers know that we can be trusted. We have an internal reporting facility for employees to discuss concerns and we also operate an anonymous and confidential whistleblowing helpline through an independent organisation. Reports can be directed to the Audit Committee Chair and the Company Secretary or via the independent hotline.



Read more online

plc.autotrader.co.uk/media/1961/autotrader-whistleblowing-statement.pdf

Tax transparency

Auto Trader is committed to being a responsible taxpayer acting in a transparent manner at all times. Our detailed tax policy includes further transparency on our approach to risk management and governance. In 2022, our total tax contribution was £144m (2021: £106m). Taxes borne by the Group totalled £63m (2021: £34m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £80m (2021: £72m) and consist of PAYE deductions, employees' NICs and net VAT collected.



Read more online

plc.autotrader.co.uk/media/2387/group-tax-policy.pdf

Supplier ESG engagement

We hold ourselves and our suppliers to the highest standards of behaviour. We want to engage suppliers that share our values and collaborate with them to build a stronger, more responsible supply chain. During the year, we developed a new supplier engagement strategy. The information we collect through the new supplier engagement/onboarding process will provide greater insight into numerous aspects of our suppliers' performance, including Environmental, Social and Governance practices. We have engaged and shared our own experiences with our highest spending suppliers to understand: how they are engaging the communities they are based in; what charitable activities they are undertaking; how they identify and improve diversity and inclusion; what governance they have in place to ensure good practice and limit instances of modern slavery, bribery or breaches of other relevant legislation;

and sustainability. This year we have expanded our discussions on sustainability with our highest spending suppliers to deep dive into understanding where our suppliers are on their own sustainability journeys, recording if they are monitoring and reporting emissions, what scopes are reported and calculating our own emissions related to the engagement. We have published a supplier code of conduct which outlines Auto Trader's stance on important matters and our expectations of our suppliers. All new suppliers are requested to review this at the onboarding stage, or a copy is issued directly to them.



Read more online

plc.autotrader.co.uk/media/1836/ethical-procurement-2019.pdf

plc.autotrader.co.uk/media/2192/1797_at_supplierconductcode_policy.pdf

FCA compliance

Auto Trader Limited, the main trading subsidiary of the Group, is authorised by the FCA for consumer credit and insurance intermediary activities. Our activities primarily relate to providing finance and insurance introductions to consumers for third parties, be it dealers or commercial partners. We have specialist internal resource within our Governance, Risk and Compliance team with significant experience of working in FCA regulated businesses, and we have developed a detailed governance framework to ensure that we comply with the principles, rules and guidance applicable to our activities. We have implemented the Senior Managers & Certification Regime, which came into effect in December 2019. Senior Managers at Auto Trader are Nathan Coe, Catherine Faiers, Jamie Warner and Claire Baty. Certain members of the Operational Leadership Team hold Certificated Functions. These individuals have been assessed and certified as Fit and Proper. All employees are subject to the Conduct Rules and have received appropriate training and guidance. We have a comprehensive suite of policies, training and monitoring procedures to ensure awareness of and compliance with the requirements, including financial promotions, product change management, complaint handling, vulnerable customers and transparency. Our Customer Charter outlines our commitment to Treating Customers Fairly.



Read more online

plc.autotrader.co.uk/media/1909/autotrader-customer-charter-2020.pdf

HOW WE MANAGE RISK

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk management and internal control

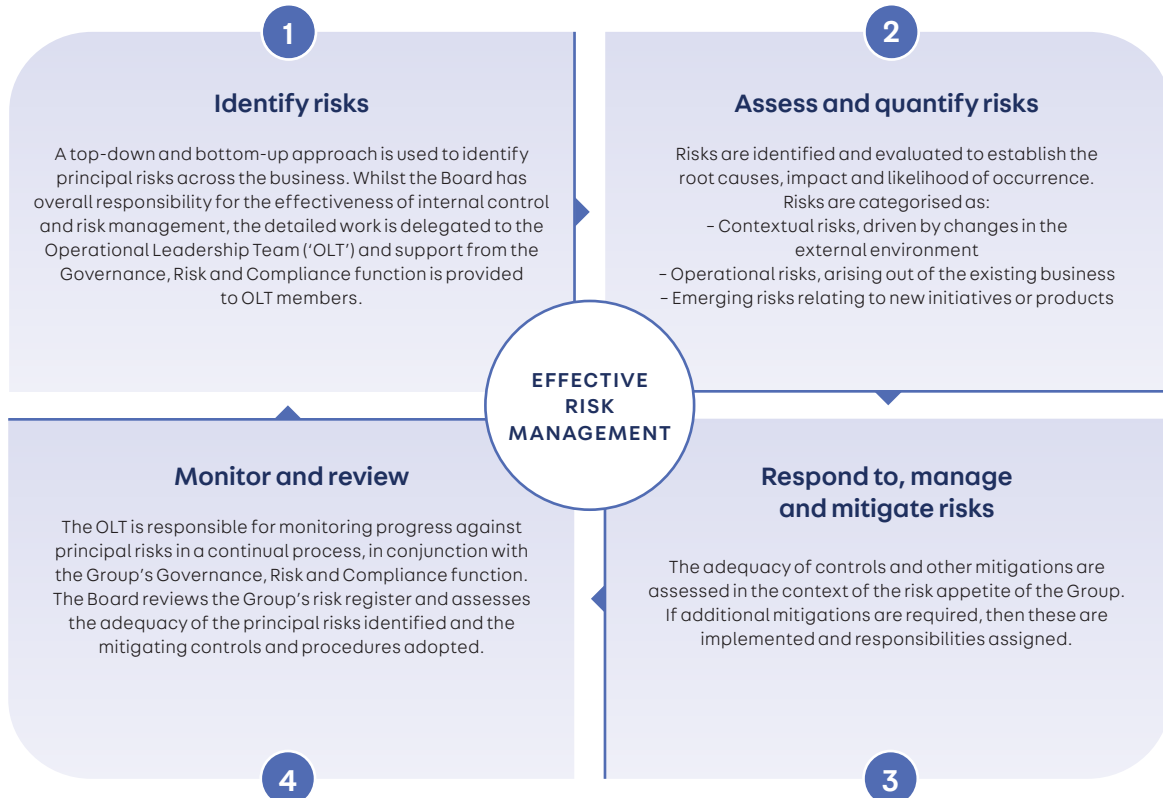
The Company does not have a separate Risk Committee; instead we consider the Board as a whole collectively responsible for determining the nature and extent of the principal risks Auto Trader is willing to take in achieving its strategic objectives.

The Board is also responsible for establishing and maintaining the Group's system of risk management and internal controls. It receives regular reports from management identifying, evaluating, and managing the risks within the business. The risk management framework is described opposite.

OUR RISK MANAGEMENT PROCESS

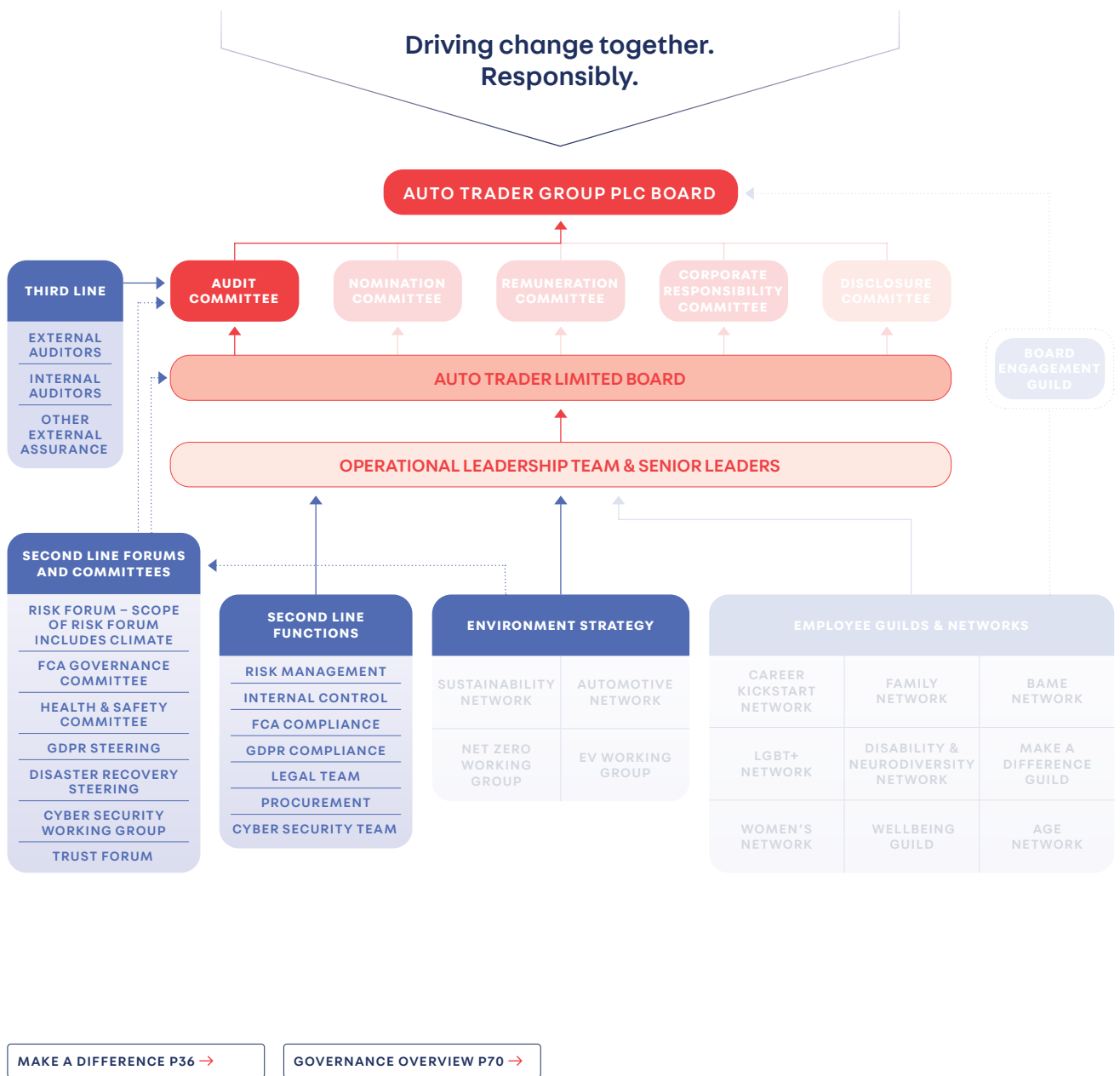
Effective risk management is critical to enable us to meet our strategic objectives, to achieve sustainable long-term growth, and ultimately to achieve our purpose to Drive change together. Responsibly.

A four-step process has been adopted to identify, monitor and manage the risks to which the Group is exposed. OLT members are responsible for identifying, assessing, monitoring, and reporting against their risks. The Governance, Risk and Compliance function facilitates this process and supports the OLT in designing responses to risks, thereby ensuring that the response is aligned to the Group's risk appetite. The risk management process can be summarised as follows:



OUR RISK MANAGEMENT FRAMEWORK

Principal risks are identified, assessed, and monitored on a continuous basis and are recorded within a risk register. Within the risk register are fields capturing: details of the risk; likelihood of the risk occurring; the impact if it does occur; and details of the actions being taken to manage the risk to a level consistent with our risk appetite. The Board’s role is to consider whether, given the risk appetite of the Group, the level of risk is acceptable in accordance with the overall strategy.



RISK APPETITE

The Board has considered the nature and extent of the principal risks Auto Trader currently faces, the potential risks we expose ourselves to as we proceed with our digital retailing strategy, and the wider market, economy, and business environment. The Board has set its risk appetite accordingly, which can be summarised as follows:

Risk appetite

Flexible

Auto Trader acknowledges that, in some circumstances, fast-paced and innovative development of new products within the technology space presents significant opportunities and exploiting these opportunities may result in financial loss. We consider the opportunities can outweigh the downside risks, and we are therefore flexible about taking risks in pursuit of our strategic objectives, including product innovation, addressing competitive threats, and/or exploiting market opportunities.

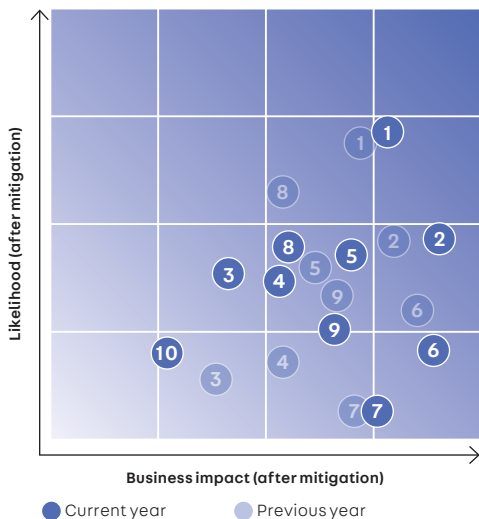
Cautious

As we pursue our strategic objectives, we must remain cognisant of the potential for them to have conflicting impacts on our stakeholders, including employees, suppliers and third parties, and the environment. We are cautious about taking risks in relation to such decisions and the risks that they generate.

Averse

We are averse to taking risks which conflict with our values or damage our reputation; risks where their impact could breach laws, regulations, or financial covenants; and/or risks where their impact could compromise the organisation's going concern status. Operationally, our business activities have not given rise to significant risk of damage to our stakeholders, and we are averse to taking on higher levels of risk knowingly.

OUR RISK ASSESSMENT MATRIX



- 1. Economy, market and business environment
- 2. Climate change
- 3. Employees
- 4. Reliance on third parties
- 5. IT systems and cyber security
- 6. Failure to innovate: disruptive technologies and changing consumer behaviours
- 7. Regulatory risks
- 8. Competition
- 9. Brand and reputation
- 10. External catastrophic and geo-political events

The risk landscape has changed over the last 12 months, and we expect changes to continue in the coming year. Out of the 10 risks we reported in 2021, our view in 2022 is that four have increased in risk, three have decreased, two are unchanged, and one has been replaced. The most significant increases in risks relate to employees in the wake of COVID-19, and the threats posed by climate change. Factors such as the recent cost of living crisis and shortage of skills in the market, as well as an acceleration in demand for EVs and the ongoing carbon emissions within the automotive industry, are leading to increased risk in these areas.

The threat from competitors, brand and reputation, and failure to innovate remain as three of our principal risks. However, over the last year we have seen the threat posed by these risks reduce. For example, we have increased our market share and number of customers, and are progressing well on our journey to introduce digital retailing.

Overall, we consider the biggest area of risk relates to the economy, market and business environment. Most notably, significant threats remain from the ongoing shortage of semi-conductors and an increasing appetite for OEMs to move to an agency sales model.

Finally, by comparison to 2021 we no longer consider COVID-19 in isolation to be a principal risk. Instead, we consider there to be a broader risk to the Group posed by external catastrophic and geo-political events. As a result, we have added this as a new risk, replacing COVID-19, meaning there is no year-on-year comparison.

The following pages provide detail on each of our 10 principal risks and how we are responding to each risk.

PRINCIPAL RISKS AND UNCERTAINTIES

Identifying, monitoring and managing the Group’s principal risks.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.

The principal risks and uncertainties identified are detailed in this section. Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group’s business, results of operations and/or financial condition.

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

1. Economy, market and business environment	↑ Increasing	Relevant strategic pillars  
Risk and potential impact	Key changes and outlook	How we manage the risk
<p>Adverse economic conditions could lead to shrinking of the used and/or new car market, available used car stock, and reduction in retailer wallets. These could result in reduced retailer profitability, leading to a fall in advertising spend or a contraction in the number of retailers. It could also lead to a reduction in manufacturers’ spend on digital display advertising. In addition, we are seeing an increasing appetite by OEMs to move to an agency model whereby sales are made direct to consumers, rather than via retailers. This could lead to a loss of revenue from retailers.</p>	<ul style="list-style-type: none"> • There remains a global shortage of semi-conductors which is having an adverse impact on production for many vehicle brands. This has resulted in a shortage of new car stock which dealers have available to advertise. Furthermore, the current new car shortage is likely to result, in the coming years, in a reduction in used car stock. Nevertheless, during the last year, we saw that consumer sentiment towards vehicle ownership remains strong, and we saw the average price of a used car increase 22% year-on-year. • In the wake of COVID-19 and other ongoing events (including the conflict in Ukraine), inflation is resulting in a sharp rise in the cost of living. This increase in the cost of living has the potential to be a catalyst for changes in the ownership model of vehicles, potentially with a lower volume of vehicles per household. • We have been proactive in mitigating the threat of changes in how consumers might look to buy a new car. Most notably, our acquisition of Autorama (subject to regulatory approval) will help us remain relevant if more buyers opt for a lease. • As previously noted, we are making significant progress with our digital retailing strategy which aims to bring more of the car buying journey online by allowing consumers to reserve, part exchange, and access finance via our website. • The ongoing challenges in the supply chain, the global and UK economy, and customer and consumer sentiment have all contributed to increased risk in this area, which we expect to continue in the coming year. 	<ul style="list-style-type: none"> • We monitor new and used car transactions closely, using data from SMMT, DVLA, and observing behaviour on our marketplace, and from engaging closely with our customers. • We use our own Auto Trader Retail Price Index and valuations data to monitor the pricing trends of used cars by trade sellers. • We continue to diversify into related and adjacent activities to reduce our reliance on core advertising listings and to improve the resilience of our business model. We have progressed significantly with our digital retailing strategy, helping our existing customer base leverage a more digital car buying journey. • The acquisition of Autorama (subject to regulatory approval) will improve our capabilities in providing leasing capabilities, as well as helping us to achieve our strategy relating to digital retailing on new cars. • The structure and culture of Auto Trader also provide us with natural mitigations to threats posed by changes in the economy, market and business environment. Our agile culture enables us to respond quickly to new and emerging threats, which could include reducing our cost base quickly, if needed. We have also maintained a strong balance sheet, and our low leverage should enable us to respond in the event of major threats crystallising.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

2. Climate change		↑ Increasing	Relevant strategic pillars
Risk and potential impact	Key changes and outlook		
<p>The impacts of climate change are emerging as a significant threat to the long-term resilience of our business and execution of our strategy.</p> <p>Externally, regulatory and legislative changes, and consumers' environmental concerns, are having an impact on the automotive market, including an accelerated demand for electric vehicles ('EVs'). Additionally, the impacts of climate change on key stakeholders, including our employees, suppliers, and customers, pose a threat to our business resilience (see 'External catastrophic and geo-political events' for details).</p> <p>Internally, risks arising from our own impact on the climate are growing. Our strategic objectives include a move towards net zero emissions, and failure to achieve this in a timely manner could impact adversely on our ability to operate and/or remain relevant to our customers and consumers. Failure to deliver our environmental commitments would undermine our reputation as a responsible business and may result in legal exposure or regulatory sanctions.</p>	<ul style="list-style-type: none"> We have seen over the last year an accelerated demand for EVs which can be attributed, at least in part, to the government ban on new petrol and diesel cars by 2030, as well as increased awareness of climate change amongst the general public, spikes in fuel prices during 2021 and 2022, and improved EV charging infrastructure. We believe that further regulation and legislation relating to climate and the environment are likely, as are changes in consumer demand. Key to our strategic objectives is positioning Auto Trader as front-runners in industry-wide changes prompted by climate change. A move to EVs could mean that OEMs alter their business model to sell direct to consumers. As the second-hand market moves steadily towards newer electric models, our customers will have to evolve their forecourt mix accordingly. The growing demand for electric vehicles and the continued advancement of technology and improved infrastructure could change the vehicle ownership model. Consumer demand for short-term access to cars as and when they need them could increase, including through subscription deals and car-sharing apps. Subject to regulatory approval, our acquisition of Autorama adds digital retailing and leasing capabilities on new cars, including EVs. Overall, we consider the risks associated with climate change to be increasing, and managing these risks effectively is one of our key strategic pillars. 	<ul style="list-style-type: none"> We are evolving our product offering to help consumers when they are considering purchasing an EV. A working group has been established which focuses on leveraging our position in the industry to help consumers make environmentally friendly choices, and to identify key risks and opportunities in respect of climate change to both Auto Trader and to wider stakeholders (including customers and consumers). We have partnered with a local charity to deliver Carbon Literacy training to our employees and 50% of employees have now completed the training and submitted a personal commitment to reduce their own carbon footprint. Going forward, we are offering this training to third parties, including customers. Our Corporate Responsibility Committee oversees our environmental commitments. We have integrated KeeResources which has enabled us to make use of data tools to enable manufacturers to promote their electric vehicles as a viable alternative to petrol and diesel cars by highlighting the total cost of ownership. We actively support the industry's efforts to increase the consumer adoption of AFVs. We regularly meet with various government departments, including HM Treasury and the Department for Transport's Office for Zero Emission Vehicles, to share our data and insights to help guide policy around the topic; we also support the industry trade bodies with their initiatives and are working with academic institutions to develop our understanding around electrification. We have implemented the recommendations of the TCFD and further details can be found in the 'Our environment' section of the Annual Report on page 42. 	

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference


OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

3. Employees ↑ Increasing		Relevant strategic pillars
<p>Risk and potential impact</p> <p>To enable us to achieve our strategic objectives it is important that we attract, retain, and motivate a highly skilled workforce, including those with specialist skillsets in data and technology.</p> <p>Delivery of our strategy is also dependent on us building a diverse and inclusive workforce, and a supportive, collaborative culture, in a safe environment, all of which will enable optimum performance from all our employees.</p> <p>Risks relating to employees could result in reduced employee engagement, reduced productivity, and loss of key talent, all of which could adversely impact on business performance.</p>	<p>Key changes and outlook</p> <ul style="list-style-type: none"> Our Glassdoor rating based on anonymous reviews is 4.5 out of 5. In 2021 our workforce was mostly working remotely, although our offices remained open at a reduced capacity for those who were unable to work at home safely and effectively. We adhered to all relevant government guidance regarding COVID-19 protocols and kept employees updated on any changes to the guidance during the year. In March 2022 we began Connected Working where guidance to employees was to be “in more than you are out”. This aimed to bring our employees into the office to increase collaboration and innovation. We continue to monitor the impact Connected Working is having on engagement, inclusion, employee safety, and productivity, with reference to both pandemic and pre-pandemic levels. The recent increases in costs of living, and skills shortages in the market, could expose us to the risk of heightened workforce costs. We are monitoring the market proactively to ensure that our salaries are fair, proportionate, and aligned to market rates. In the marketplace, we are also seeing employees having higher expectations of their employers to act in a fair, responsible and sustainable manner, and we too are committed to ensuring that we conduct our business in a morally responsible way. 	<p>How we manage the risk</p> <ul style="list-style-type: none"> A values-led culture which is embedded throughout the recruitment, induction, training and appraisal processes. Long-term incentive plans for senior and key staff, including incentives with respect to diversity and inclusion. Regular employee engagement surveys and monitoring of Glassdoor ratings. We have regular business updates, networks, guilds and all-employee conferences. Regular health and safety updates provided to all employees, including in relation to the ongoing threats posed by COVID-19 and hybrid working. Active succession planning and career development plans to retain and develop our executives. Talent development is part of the Terms of Reference of the Nomination Committee. Diverse Talent Accelerator for colleagues reaching their mid-career with aspirations to progress into leadership roles.

4. Reliance on third parties ↑ Increasing		Relevant strategic pillars
<p>Risk and potential impact</p> <p>We rely on third parties to support our technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products. Consequently, it is important that we manage relationships with, and performance of, key suppliers. If these suppliers were to suffer significant downtime or fail, this could lead to a loss of revenue from retailer customers and a loss of audience due to impaired consumer experience.</p>	<p>Key changes and outlook</p> <ul style="list-style-type: none"> We have performed a review of our critical suppliers and have revised our processes for supplier onboarding and monitoring thereafter. Despite the threats posed to our suppliers in the external environment, we have not experienced any material disruptions. As we progress further into digital retailing we are likely to see an increased reliance on third parties, including physical services to support our online journeys. Ensuring that we manage these third parties appropriately will be crucial. Within our crisis management and business continuity arrangements, we have identified key suppliers and have plans in place to respond to disruption. Whilst we have not experienced any material risks crystallise in respect of our reliance on third parties, we consider there to be an increasing trend in the risks associated with them as we progress towards achieving our strategic objectives. 	<p>How we manage the risk</p> <ul style="list-style-type: none"> Where possible, we limit reliance on a single supplier to reduce potential single points of failure. Contracts and service level agreements are in place with all key suppliers. New relationships go through a robust procurement and legal review process, and are subject to regular review. We carry out due diligence on our key suppliers and partners at the onset of the relationship and throughout the life of these relationships. This includes financial viability, resilience and alignment with our values and culture. We seek to develop strong commercial relationships with our partners and regularly explore ways of working together even more effectively. We monitor the performance of partners and suppliers to ensure continued quality and uptime.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

5. IT systems and cyber security	— Unchanged	Relevant strategic pillars 
Risk and potential impact	Key changes and outlook	How we manage the risk
<p>As a digital business, we rely on our IT infrastructure to continue to operate. A disruptive event leading to significant downtime of our existing systems and IT infrastructure would cause a major interruption to the services we provide.</p> <p>As we progress through delivery of our digital retailing strategy, it is crucial that we invest in appropriate IT systems to enable us to deliver the services needed, as well as ensuring that there are appropriate IT and cyber security safeguards over these systems. Failure to invest in appropriate IT and safeguards could lead to us failing to achieve our objectives relating to digital retailing.</p> <p>Delivery of our strategic objectives also relies on us using data to provide valuable insights to customers. A significant data breach, whether because of our own failures or a malicious cyber-attack, would lead to a loss in confidence by the public, car retailers and advertisers.</p> <p>This could result in reputational damage, loss of audience, loss of revenue and potential financial losses in the form of penalties.</p>	<ul style="list-style-type: none"> • We have made significant progress in migrating our applications to the cloud, which increases the resilience of our systems and the security of our data. Our aim is to get all applications migrated to the cloud in the next year. • Our Connected Working policy began in March 2022, where employees are working both on- and off-site. Under this policy, we are still exposed to data and cyber security risks associated with remote working. We continue to monitor the level of risk and implement mitigations. • As we move further along the digital retailing journey, our exposure to a cyber attack and the impact of a data breach is likely to increase. As part of our plans for digital retailing we are identifying the systems which will provide the best customer and consumer experience, as well as ensuring that there is all necessary security over these systems to ensure they are resilient to the threats of cyber-attack. • The constantly evolving threat of a cyber-attack means that overall the risk level is unchanged. • We have adopted the NIST Cybersecurity Framework with the aim of reducing our exposure to cyber attacks, and to identify the area's most at risk for data breaches and other compromising activity perpetrated by cyber criminals. 	<ul style="list-style-type: none"> • We have a disaster recovery and business continuity plan in place which is regularly reviewed and tested. • We are continuing to migrate our key systems onto the cloud to reduce risks associated with on-site data centres. • We continuously monitor the availability and resilience of processing systems and services. If required, we can restore the availability of, and access to, systems and data in a timely manner in the event of a physical or technical incident. • We have dedicated security teams, including white hat hackers, and carry out regular penetration testing of key systems to identify vulnerabilities. • We are investing in our IT and cyber security infrastructure to ensure it remains robust. • All employees are required to undergo IT security awareness training on at least an annual basis. • We use two-factor authentication for all our car retailers and employees to access our network. • We have been PCI DSS (Payment Card Industry Data Security Standards) compliant since 2013 and use an external Quality Security Assessor to maintain best practice. • We have now adopted the National Institute of Standards and Technology ('NIST') Cybersecurity Framework to manage and reduce cyber security risks. • We have a rolling internal audit programme which is outsourced to Deloitte, and includes regular reviews of cyber security. • Our digital retailing teams regularly review the IT systems and infrastructure required to deliver our strategy.

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

6. Failure to innovate: disruptive technologies and changing consumer behaviours

↓
Decreasing

Relevant strategic pillars



Risk and potential impact

Failure to develop and implement new products, services, and technologies, and/or failure to adapt to changing consumer behaviour towards car buying and ownership, could lead to us failing to deliver our strategic objectives. Failure to provide both customers and consumers with the best possible products and online journey, including an online buying experience, could lead to reduced website traffic and loss of revenue.


Key changes and outlook

- We continue to focus on developing new products in both our core business and in respect of our digital retailing strategy. Doing so will enable more of the car buying process to be completed online.
- Central to our strategy is launching digital retailing on our platform and we are continuing to develop and test new products to ensure that they maximise value for customers and consumers.
- Our acquisition of Autorama (subject to regulatory approval) will enable us to respond to changing consumer behaviours, including in respect of an increasing trend towards leasing of new EVs.
- In the last year we have launched new innovations including Market Extension, which enhances the reach of retailers whereby they can advertise stock within selected locations in the UK, meaning they no longer need to be constrained by their geographical location.
- We also enhanced our package offerings with two new package levels which focused on providing customers with new ways of gaining prominence in the search listings.
- Our existing products were enhanced through our Retailer Stores innovation, which enabled retailers to create a bespoke brand destination on the Auto Trader platform, helping to drive buyer engagement around both the retailer's stock and their brand.

How we manage the risk

- Continuous research into changing consumer behaviour, regular horizon scanning and monitoring of emerging trends, use of external resources where needed, and regular contact with similar businesses around the world.
- An inclusive and diverse workforce enables us to maximise creativity and performance, leading to innovation.
- An agile and collaborative culture, as well as continuous investment in technology, maximises innovation.
- Dedicated workstreams as part of our digital retailing strategy aimed at developing the best products to meet the needs of the consumer and customer.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

7. Regulatory risks		Relevant strategic pillars
— Unchanged		
Risk and potential impact	Key changes and outlook	How we manage the risk
<p>The Group operates in a complex regulatory environment. There is a risk that the Group, or its subsidiaries, fail to comply with these requirements or to respond to changes in regulations, including GDPR and the Financial Conduct Authority's rules and guidance. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.</p>	<ul style="list-style-type: none"> Our strategic focus area to bring more of the car buying journey online has the potential to increase the Group's exposure to regulatory risks, in particular the amount of personal information that will be collected and in the execution of the online finance application journey. As we move further into digital retailing and following the acquisition of Autorama (subject to approvals), in the future we are likely to be exposed to increased risks in relation to FCA and GDPR. In the last year, in both response to, and anticipation of, changes in regulatory risk, we have increased our resource in relation to risk and compliance monitoring, and increased headcount in our Governance, Risk and Compliance function. Overall, we consider the level of risk unchanged. 	<ul style="list-style-type: none"> We have dedicated internal expertise within the business who are responsible for identifying, assessing and responding to upcoming changes in laws and regulations, and we utilise external specialists where necessary. We have a mature governance framework to oversee our legal and regulatory risks. The various governance forums receive regular internal reporting on our compliance with the principles, rules and guidance applicable to our regulated activities. We have a comprehensive suite of policies, training and monitoring procedures to ensure awareness of, and compliance with, regulatory requirements, including Information security, Data protection, Financial promotions, Product change management, Complaints handling and Vulnerable customers. We review these regularly to ensure that they remain relevant and in line with the latest laws and regulations. Auto Trader Limited has implemented the FCA's Senior Managers & Certification Regime, which came into effect in December 2019. The relevant individuals have been assessed and certified as Fit and Proper. All employees are subject to the FCA's Conduct Rules, and have received appropriate training and guidance. We review the SMCR framework regularly to ensure that any internal changes are captured in our framework. We have increased headcount in our Governance, Risk and Compliance function. Outsourced internal audit services provided by Deloitte regularly include internal audits of FCA and GDPR related areas.

8. Competition		Relevant strategic pillars
↓ Decreasing		
Risk and potential impact	Key changes and outlook	How we manage the risk
<p>There are several online competitors in the automotive classified market, and alternative routes for consumers to sell cars, such as car buying services or part-exchange. If competitors develop a superior consumer experience or superior retailer products, we may lose our market share. Competitors could also influence change in consumer focus, expand their range of stock and provide products/services we are unable to compete with.</p>	<ul style="list-style-type: none"> Data insights suggest that competitors are not taking significant market share. For example, our data shows that we have c.90% prompted brand awareness with consumers. We also maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader. Nevertheless, the competitive landscape continues to develop, with low barriers to entry to the market. Previous concerns, however, over big players entering the market, such as Facebook, have not led to any notable decrease in our market share over the last year, albeit we do still consider this to be a threat. It therefore remains imperative that we are innovative in both our strategic initiatives as well as improving our existing, core advertising business. We continue to see retailers and manufacturers evolving their online offerings, and as we diversify our own product offering we broaden our competitive landscape, potentially leading to exposure to increased competition. 	<ul style="list-style-type: none"> Our data shows that we have the largest and most engaged audience of any UK automotive site. Our continued investment in our brand helps us to protect and grow our audience, to ensure that we remain the most influential website for consumers when purchasing a vehicle. We monitor competitor activity closely through monthly reporting and formal quarterly competitor reviews, and regularly review this at OLT and Board level. We continue to invest in and develop our product offering to improve the value we offer to consumers, retailers and manufacturers. We work in an agile way which enables us to respond quickly to emerging competitive threats.

OUR STRATEGIC PILLARS



Marketplace



Digital retailing



Data as a platform



Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

9. Brand and reputation

↓
Decreasing

Relevant strategic pillars



Risk and potential impact

Our brand is one of our biggest assets. Our research shows that we are the most trusted automotive classified brand in the UK.

Failure to maintain and protect our brand, or negative publicity affecting our reputation, such as from a data breach, could diminish the confidence that retailers, consumers and advertisers have in our products and services, and result in a reduction in audience and revenue.

Key changes and outlook

- Our research shows that Auto Trader has c.90% prompted brand awareness with consumers. We are also voted regularly as the most influential automotive website by consumers in the car buying process.
- As we venture further with our digital retailing strategy we will need to ensure that our branding positions us as the most suitable place to transact online.
- We continue to see very low levels of fraudulent and misleading adverts, due to additional measures and monitoring techniques used by our security team. We also make use of a customer watch list which aims to manage our platforms proactively in line with our values and relevant regulations, to identify and stop customer behaviour that could harm consumers, retailers or the Auto Trader brand.
- Overall, we consider there to be a decreasing risk to our brand and reputation.

How we manage the risk

- We have a clear and open culture with a focus on trust and transparency.
- We have a dedicated customer security team, who closely monitor our site to identify and quickly remove fraudulent or misleading adverts.
- We invest in new and innovative marketing campaigns and new ways of engaging car buyers to continue to maintain brand awareness, and to change perceptions of Auto Trader to be a destination for new cars as well as used.
- Our approach to cyber security and data protection helps to protect us from the adverse impact of a significant data breach or cyber attack.
- We have well developed breach reporting and crisis management programmes that enable us to identify, escalate and appropriately handle any emerging issues that could result in reputational damage.

10. External catastrophic and geo-political events

↓
Decreasing

Relevant strategic pillars



Risk and potential impact

In a connected, global industry, we are increasingly prone to the impacts of external events around the globe on our business, as are our customers. We consider there to be a threat to the short-to-mid-term performance of our business posed by external, unpreventable, catastrophic and geo-political events. Such events could result in our customers being unable to trade, leading to loss of revenue, stock, audience, and loss of market share.

Key changes and outlook

The impacts of unpreventable external catastrophic and geo-political events can be widespread and long-lasting for us and our customers. We consider the increasingly connected world to be more susceptible than ever to the knock-on impacts of these events.

Examples of some external events in recent times which have, and continue to, impact adversely on our business include the following:

- COVID-19 pandemic;
- Supply shortages from the Suez Canal obstruction;
- Brexit;
- Military conflict in Ukraine;
- Extreme weather events; and
- Global semi-conductor shortage.

It is of paramount importance to the resilience of our business that we can anticipate, and respond quickly to, the impacts of external events, particularly those which impact on our customers adversely. We are therefore continuously reviewing our business continuity and crisis management arrangements to ensure that they consider the impacts of external events.

We have responded well to the impacts of COVID-19 and the government has removed most restrictions. We therefore consider that the threat posed by external catastrophic and geo-political events to be decreasing compared to last year. Nevertheless, we remain wary of the threats posed by external events and we continue to review our crisis and business continuity arrangements regularly.

How we manage the risk

- We monitor external events continuously and assess proactively the ways in which our business could be impacted, both in the short term, but also in the longer term.
- Our PR team are responsible for liaising externally in the event of a crisis.
- We have a business continuity plan, IT disaster recovery plan, and wider crisis management arrangements, all of which set out the key steps required for us to respond to the risk and restore operations in the event of downtime.
- We have identified the key internal stakeholders who are responsible for crisis management across all areas of the business. We have also nominated delegates to minimise single person dependencies.
- Our crisis management arrangements are tested regularly via simulated 'war games' scenarios. All key stakeholders within the organisation are involved and we capture lessons learned to continually improve our crisis management arrangements.

Viability statement.

In accordance with the UK Corporate Governance Code 2018 (the 'Code'), the Directors have assessed the prospects and viability of the Group over a period significantly longer than 12 months from the approval of these financial statements.

Assessment of prospects

The Group's overall strategy and business model, as set out on pages 12 to 15, and pages 10 and 11, respectively, are central to assessing its future prospects. The Group's aim is to grow both its car buying and selling audiences, thereby strengthening its core advertising business. It will change how the UK shops for cars by providing the best online car buying experience and enabling all retailers to sell online.

As such, key factors likely to affect the future development, performance and position of the Group are:

- data and technology: continuous investment is made in developing platform technologies which leads to improvements for consumers, retailers and manufacturers;
- market position: the Group is the UK and Ireland's largest digital automotive marketplace, with the largest volume of in-market car buyers and the most influential website a consumer visits when purchasing a vehicle; and
- people: continued success and growth are dependent on the ability to attract, retain and motivate a highly skilled workforce, with a particular focus on specialist technological and data skills.

The Board has determined that a period of five years to March 2027, which was previously a period of three years, is the most appropriate period to provide its viability statement due to:

- it allows consideration of the longer-term viability of the Group;
- it being more aligned with the Group's strategic planning process;
- it reflects reasonable expectations in terms of the reliability and accuracy of operational forecasts.

The Group's prospects are assessed primarily through its strategic planning process. This process includes an annual review of the ongoing plan, led by the Group CEO and CFO through the Operational Leadership Team and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macro-economic changes.

The output of the annual review process is a set of objectives which collectively form our three strategic pillars and our make a difference strategy, an analysis of the risks that could prevent the plan being delivered, and the annual financial budget. The latest updates to the plan were finalised in March 2022, which considered the Group's current position and its prospects over the forthcoming years.

Detailed financial forecasts that consider customer numbers, stock levels, ARPR, revenue, profit, cash flow and key financial ratios have been prepared for the five-year period to March 2027. Funding requirements have also been considered, with particular focus on the ongoing compliance with the covenants attached to the Group's Syndicated revolving credit facility ('Syndicated RCF').

The first year of the financial forecasts is based off the Group's 2023 annual financial budget. The following years are prepared in detail and are flexed based on the actual results in year one. Progress against financial budgets, forecasts and strategic objectives are reviewed monthly by both the Operational Leadership Team and the Board.

The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- continued growth in our core marketplace, as we develop our advertising platform and we continue to invest in our search experience;
- growth in digital retailing, as we continue to evolve both our products and consumer experience, bringing more of the car buying journey online;
- growth in the use of our data, being the industry standard platform and further embedding our data into the industry, giving buyers and retailers up-to-date insight;

- increase in costs through salaries as the Group continues to grow, supporting and developing new products; and
- the initial consideration of the Autorama acquisition has been included but no impact on revenue or profit as the transaction is still waiting for regulatory approval.

These key assumptions are reflected in the Group's principal risks and uncertainties, which are set out on pages 61 to 67. The purpose of the principal risks is primarily to summarise those matters that could prevent the Group from delivering on its strategy. A number of other aspects of the principal risks - because of their nature or potential impact - could also threaten the Group's ability to continue in business in its current form if they were to occur. This was considered as part of the assessment of the Group's viability, as explained below.

Assessment of viability

The output of the Group's strategic and financial planning process detailed previously reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, however, additional scenarios have been modelled over and above those in the ongoing plan, based upon a number of the Group's principal risks and uncertainties which are documented on pages 61 to 67. These scenarios were overlaid into the plan to quantify the potential impact of one or more of these crystallising over the assessment period.

While each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment, only those that represent severe but plausible scenarios have been modelled through the plan. These were as follows:

Scenario 1: returning pandemic

[Link to risks: Economy, market and business environment](#)

The COVID-19 global pandemic and the impact to the UK economy have been considered. Government restrictions resulted in the temporary closure of retailer forecourts and impacted on consumer buying behaviour for large portions of FY21. Through the lockdown periods, the Group provided free advertising for retailers to support our customers and maintain live stock on site.

In this scenario, we assume COVID-19 or a similar infectious disease returns resulting in a further lockdown, closing retailer forecourts, that lasts for a three-month period from December 2022 to February 2023. Through this period, we have assumed that retailer advertising is once again made free of charge, resulting in a 99% decrease in Retailer revenue across those months.

We have also assumed an 80% decrease in Consumer Services revenue and a 75% decrease in revenue from Manufacturer and Agency.

Following this period, it is assumed that there is a recovery and the Group reverts to its normal charging model. Minimal long-term impact is expected on retailer numbers as seen in previous lockdowns due to the support given.

Scenario 2: data breaches

[Link to risks: IT systems and cyber security, Regulatory risks, Brand and reputation](#)

The impact of any regulatory fines has been considered. The biggest of these is the General Data Protection Regulation ('GDPR') fine for data breaches, which was enacted in May 2018. This scenario assumes a data breach resulting in the maximum fine, coupled with a significant level of reputational damage to the Group's brand.

As a result of the data breach, a severe reduction in revenue was modelled through Trade, resulting in an initial 50% decrease in revenue driven by lost retailers. An initial 40% decrease in Consumer Services and a 60% decrease in Manufacturer and Agency revenue was also assumed through the loss of consumer and partner confidence. Modest recovery was assumed after the data breach for the remainder of the financial year to March 2023. Marketing costs were increased to model a potential need to increase traffic in H2 2023.

Scenario 3: banning the sale of diesel cars

[Link to risks: Economy, market and business environment, Climate change and Failure to innovate](#)

The impact of climate change has been considered, through the potential ban of diesel cars. The government has outlined plans to ban the sale of new conventional petrol and diesel cars from 2030. This scenario assumes the government brings

forward the ban of diesel cars, and also applies it to used cars, in the financial year to March 2026. This would result in a significant impact on stock available as well as a loss of retailers who cannot operate viably without the sale of diesel cars.

As a result of the ban on diesel cars, approximately one third of retailers are lost, with underlying ARPR reducing through a loss of stock resulting in a 45% decrease in Trade revenue. A 35% decrease in Consumer Services was assumed through lost private diesel car volumes. A modest impact to Manufacturer and Agency was assumed with Manufacturers well progressed into the transition to selling electric vehicles. Modest recovery was assumed through retailers beyond the financial year to March 2026. Minimal cost impact was assumed due to the nature of the event and how the Group operates.

Scenario 4: a combination of all three scenarios above

[Link to risks: All of the above](#)

This is seen as a worst-case scenario, and highly unlikely.

The Russian invasion of Ukraine

The Russian invasion of Ukraine has the potential to materially impact the automotive value chain. As Russia is an exporter of key metals and other materials used in parts production, and Ukraine makes components used in production such as wiring harnesses, there is a direct disruption and rising price risk. The supply chain is already impacted by semi-conductor supply issues, and there could be a further impact to new car transactions. This scenario has not been modelled, as the Group does not feel there is currently sufficient plausible impact, however it will continue to monitor the situation.

Rising levels of inflation

Inflation is resulting in a sharp rise in the cost of living. This cost of living rise has the potential to impact short-term demand for vehicles and be a catalyst for longer-term changes in the ownership model of vehicles, potentially including a rise in subscription-based models. In the period of the viability assessment, the Group believes the scenarios modelled would have a more significant impact and therefore there is no specific scenario on changing inflation and cost of living.

Credit facility

The above scenarios consider the biannual covenants attached to the Group's Syndicated RCF ensuring thresholds are met. The scenarios are hypothetical and severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group.

The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, it would be able to withstand the impact of any of these scenarios, remain cash generative and meet the obligations of the debt facility.

Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending March 2027.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in note 1 to the financial statements.

The Company's Strategic report, set out on pages 2 to 69, was approved by the Board on 26 May 2022 and signed on its behalf by:

Nathan Coe
Chief Executive Officer
26 May 2022