



## 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 vehicles.



### Overview

To ensure that high standards are embedded across the business and form 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. Details of our Board governance framework and policies can be found in the Governance section (page 58 onwards).

As an online marketplace, cyber security and protecting customer and consumer data are primary areas of focus. They are fundamental to our future success and to build trust with our customers and consumers. As we shift to an accelerated adoption of digital retailing it is paramount that our cyber and data security and infrastructure evolve with our business priorities.

### Cyber security

Attempts to breach our systems to access our data and the threat of an unauthorised malicious attack on our systems pose a significant and perpetual threat. The nature of cyber-attacks has continued to evolve and changes in ways of working have created more opportunities for cyber criminals, increasing in both frequency and sophistication. 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 (see page 57).

Whilst cyber security risks cannot be fully mitigated, having an effective cyber security risk and governance framework can help to significantly reduce the impact of such events. We have a security programme in place that covers both our corporate systems and the Auto Trader platform which includes a defined security governance framework, overseen by our Chief Technology Officer.

### NIST Cybersecurity Framework

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.

### Internal Audit function

We operate a rolling internal audit programme (outsourced to a third party) which includes annual reviews of cyber security. As part of this programme, a review of our NIST Framework has been carried out to validate the status and perform an operating effectiveness review, the purpose of which is to provide confidence that the framework is robust, appropriate and effective.

## How we govern this area



### 1. BOARD RESPONSIBILITY

Material ESG topics are discussed by the Board including cyber security and GDPR.

The Corporate Responsibility Committee assists the Board in fulfilling its oversight responsibilities in respect of governance and compliance, where topics have not been covered by the Board.

### 2. EXECUTIVE RESPONSIBILITY

Responsibility for assessing and managing our governance and compliance sits at both Executive and Board level. Our Executive Directors have responsibility for ensuring we conduct ourselves with the highest standards of honesty and integrity.

### 3. OPERATIONAL LEADERSHIP TEAM

The Group's Chief Technology Officer, Chris Kelly, is responsible for setting the Group technology strategy, including our cyber security framework. The Group's Director of Governance, Claire Baty, is responsible for regulatory compliance, customer security, procurement, legal services and risk management. Her remit includes compliance with GDPR and FCA regulation.

### 4. AUDIT COMMITTEE

Internal audit reports are reported to the Audit Committee and monitored to ensure recommendations are actioned.

### 5. SECOND LINE FORUMS & COMMITTEES

We operate the following second line forums and committees:

- Risk Forum.
- FCA Governance Committee.
- GDPR Steering.
- Cyber Security working group.
- Trust forum.
- Health & Safety Committee.

### 6. INTERNAL AUDIT PROGRAMME

We operate a rolling internal audit programme which provides independent and objective assurance activities relating to the Group's governance, risk management and internal control processes. The programme includes regular reviews of cyber security, enterprise risk management, GDPR compliance and FCA compliance.

We have successfully adopted the practical elements of the NIST CSF effectively.

#### Policies and procedures

- A proactive awareness programme to educate all employees on cyber security risks.
- A dedicated security operations team to detect and respond to security incidents in line with our cyber security incident management procedures.
- Enhanced backup solutions have been implemented across consumer facing and internal systems, to guard against the increasing threat of ransomware.
- All employee accounts are protected by multi-factor authentication ('MFA') regardless of device and location, providing enhanced authentication protection.
- Major incident response simulations and business continuity tests are carried out periodically.
- System vulnerability and penetration testing is carried out regularly by both external and internal resources, including: application vulnerability testing; penetration testing of our platform and infrastructure; and Red team testing to ensure our processes for responding to a cyber incident are robust and fit for purpose.

- All aspects of our applications are designed and deployed with security in mind so that Auto Trader can deliver a secure and trusted platform for our customers.

#### Protecting our customer and consumer data

Data is at the heart of everything we do and data compliance and protection is therefore of critical importance to Auto Trader. We operate a structured framework which supports us in meeting our compliance obligations, the expectations of customers and clients, fulfil privacy rights and mitigate the risks of a data breach. We comply with the Data Protection Act 2018 ('DPA 2018'), and the UK General Data Protection Regulation ('UK GDPR') 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 act as data processor for our customers and a data controller for the personal data of our people.

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.

To ensure we are meeting our compliance obligations we have a dedicated team that is responsible for data privacy, data breach prevention and reporting, policy compliance, record keeping and data subject rights. We have an assurance framework in place to monitor compliance with data privacy laws and to ensure any breaches are dealt with in a robust manner.

We hold GDPR Steering meetings bimonthly, attended by data owners from all business areas. The meeting is a central point of communication and coordination and provides guidance on the governance of our data strategy and ongoing compliance with relevant data security and privacy regulations.

All Auto Trader employees, including part-time employees, contractors and all Board members, are required to complete annual data privacy and security training 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 processing 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 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.

### 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 retailers or commercial partners. We are developing and trialling consumer journeys for some of our regulated activities as part of the business's wider digital retailing proposition using the technology of Blue Owl Limited (trading as 'AutoConvert'), a wholly owned subsidiary. AutoConvert became an Authorised Representative of Auto Trader Limited in 2022 in respect of consumer credit activities.

Autorama UK Limited (trading as 'Vanarama'), acquired in 2022, is authorised by the FCA for consumer credit and insurance activities. The activities relate to brokering vehicle leasing to retail and trade customers and we also arrange General Insurance Services under the trading name Vanarama Insurance Services. We are developing and trialling consumer journeys where consumers start their journey on Auto Trader and complete an onward journey with Vanarama.

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 Certified Functions. Senior Managers at Vanarama are members of the company's board and other members of the Vanarama senior leadership team. All of 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.

We also have in place a comprehensive implementation plan in respect of ensuring our compliance with the FCA's forthcoming Consumer Duty.

## 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 80,453 reviews), iOS App Store (4.8/5 based on 165,159 reviews) and Android Play Store (4.7/5 based on 67,967 reviews).

### TAG verification

We have 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.

### 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. 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, the 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. We do not conduct business with any service provider, customer or supplier which does not meet the principles of our policies with respect to these areas.

### 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 are paid in excess of the Real Living Wage, ensuring that all employees and contractors working in our offices receive at least the Living Wage. We are an accredited 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.

### Modern slavery

We are committed to preventing slavery and human trafficking in our business and supply chains. We require the highest standards of honesty and integrity in all our business dealings and relationships. We will not tolerate the mistreatment of people in our employment and, wherever possible, employed in our supply chain. During 2023, no incidents of modern slavery or human rights abuse have been identified in our business or supply chain.

### 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 2023, our total tax contribution was £175.4m (2022: £143.5m). Taxes borne by the Group totalled £69.4m (2022: £63.8m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £106.0m (2022: £79.7m) and consist of PAYE deductions, employees' NICs and net VAT collected.

### 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. We have an established supplier engagement strategy and the information we collect through our supplier engagement/onboarding process provides us with greater insight into numerous aspects of our suppliers' performance, including Environmental, Social and Governance practices such as: 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. As part of our environmental strategy, 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 journey. We have published a supplier code of conduct which outlines Auto Trader's stance on important matters and our expectations of our suppliers.

### Grievance reporting or escalation procedures

We aim to create a working environment in which all individuals enjoy coming to work, where they can perform at their best, 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 are directed to the Audit Committee Chair and the Company Secretary or via the independent hotline.

### Further information

To find out more about all of our governance & compliance policies, please go online:

