These reports explain our governance policies and procedures in detail and describe how we have applied the principles contained in the UK Corporate Governance Code 2018 (the 'Code').

Key areas in this section

Board leadership and company purpose

Read more P78

Division of responsibilities

Read more P79

Composition, succession and evaluation

Read more P80

Audit, risk and internal control

Read more P83

Remuneration

Read more P83

57%
Board independence as at 31 March 2021 (excluding the Chairman)

50%
female representation on our Board as at 31 March 2021

Compliance with the Corporate Governance Code

The Company complied with all provisions set out in the Code for the period.

Impact of COVID-19

Board meetings were held virtually throughout the entire year. We continued to operate under our modified governance arrangements throughout the earlier months of the financial year, with weekly calls enabling the Board to react quickly to unfolding events. Later in the year we returned to a more normal way of operating, with the return of monthly meetings.

Board composition

The composition of the Board is kept under continual review to ensure that it has the skills, experience and balance, including gender and ethnic diversity, required.

The Board comprises four independent Non-Executive Directors, three Executive Directors and myself as Chairman. We continue to meet our goal of having a Board with equal numbers of men and women. However, we acknowledge that we do not currently have a Director of Colour on the Board, and we are taking steps to address this. We have decided to appoint an additional NED, partly to address the lack of ethnic diversity on the Board, but also to prepare for the succession cycle that will result in two of our Non-Executive Directors reaching the end of their nine-year terms in 2024. The recruitment process is currently underway, led by the Nomination Committee, and we will announce the appointment as soon as we are able to.

All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

Board evaluation

Our Board evaluation was externally facilitated by Independent Audit Limited, who carried out our previous review in 2018. The review included observation of our virtual Board and Committee meetings, review of the papers, and completion of a detailed questionnaire by each Board member and other key stakeholders. The results were discussed with the Board and are summarised in more detail on page 83.

Corporate Responsibility Committee

During the year, we created a new Corporate Responsibility Committee, which is a Board Committee, to support our increasing focus on the environmental, social and governance aspects of our business. This new Committee is tasked with assisting the Board in fulfilling its oversight responsibilities in respect of corporate responsibility and sustainability for the Company and the Group. The Committee's report is on pages 90 to 93.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Friday 17 September 2021 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. We currently intend to hold the AGM as a physical meeting as usual, however, we will be closely monitoring restrictions over public gatherings and will communicate any necessary changes. Myself and other Directors will join the meeting either in person or by telephone. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to **ir@autotrader.co.uk**.

Ed Williams
Chairman
10 June 2021

A robust framework

Enabling the Board and its Committees to operate efficiently and focus on the right areas of responsibility.

The Board

Main responsibilities include:

- Providing leadership for the long-term success of the Group.
- Overall authority for the management and conduct of the Group's business, strategy, objectives and development.
- Monitoring delivery of business strategy and objectives; responsibility for any necessary corrective action.
- Oversight of operations including effectiveness of systems of internal controls and risk management.
- Approval of changes to the capital, corporate and/or management structure of the Group.
- Approval of the Annual Report and Financial Statements, communications with shareholders and the wider investment community.
- Approval of the dividend policy and capital policy.

Committees of the Board

The Board has established the following Committees and has delegated certain functions and tasks within their approved Terms of Reference. This allows the Board to operate efficiently and focus on relevant areas of its responsibilities.

The membership of each Committee and a summary of its role is below. The full Terms of Reference of each Committee are published on the Company's website at **plc.autotrader.co.uk/investors**.

Nomination Committee

Members
- Ed Williams (Chair)
- David Keens
- Jill Easterbrook
- Jeni Mundy
- Sigga Sigurdardottir

Role and Terms of Reference

Reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board. Also covers diversity, talent development and succession planning.

Read more P84

Audit Committee

Members
- David Keens (Chair)
- Jill Easterbrook
- Jeni Mundy
- Sigga Sigurdardottir

Role and Terms of Reference

Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors.

Read more P86

Corporate Responsibility Committee

Members
- Jeni Mundy (Chair)
- Nathan Coe
- Jill Easterbrook
- Catherine Faiers
- David Keens
- Sigga Sigurdardottir
- Jamie Warner
- Ed Williams

Role and Terms of Reference

Assists the Board in fulfilling its oversight responsibilities in respect of corporate responsibility and sustainability for the Company and the Group as a whole.

Read more P90

Remuneration Committee

Members
- Jill Easterbrook (Chair)
- David Keens
- Jeni Mundy
- Sigga Sigurdardottir

Role and Terms of Reference

Responsible for all elements of the remuneration of the Executive Directors, the Chairman and senior employees.

Read more P94

Disclosure Committee

Members
- Nathan Coe
- Jamie Warner
- Claire Baty

Role and Terms of Reference

Assists the Board in discharging its responsibilities relating to monitoring the existence of inside information and its disclosure to the market.

Go online

plc.autotrader.co.uk/investors

Board of Directors

Ed Williams
Chairman

Biography
Ed was appointed as Chairman of Auto Trader Group plc in February 2015. Prior to this, Ed was a Non-Executive Director of Auto Trader Holding Limited from November 2010 and Chairman from March 2014.

He was the founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006. Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to PLC Board
February 2015
Independent on appointment?
Yes
External appointments
- Baltic Classifieds Group plc

Committee memberships
- Nomination (Chair)
- Corporate Responsibility

Nathan Coe
Chief Executive Officer

Biography
Nathan was first appointed to the Board as Chief Operating Officer ('COO') in April 2017 and as Chief Financial Officer ('CFO') in July 2017. Nathan was appointed Chief Executive Officer ('CEO') in March 2020, following the announcement of former CEO Trevor Mather's retirement.

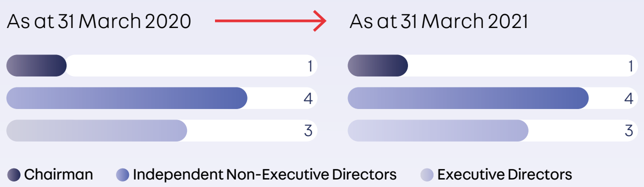
Nathan joined Auto Trader in 2007 to oversee the transition from a magazine business to a pure digital company. Prior to his appointment to the Board, Nathan was the joint Operations Director, sharing responsibility for the day-to-day operations of the business.

Prior to joining Auto Trader, Nathan was at Telstra, Australia's leading telecommunications company, where he led Mergers and Acquisitions and Corporate Development for its media and internet businesses. He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com (Hons).

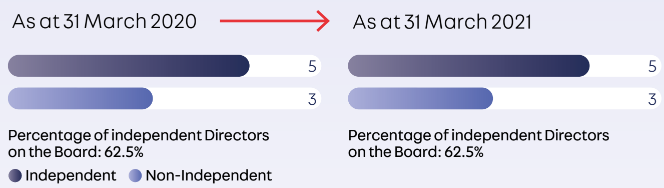
Appointed to PLC Board
April 2017
Independent on appointment?
N/A
External appointments
None
Committee memberships
- Corporate Responsibility
- Disclosure

Continued focus on balanced Board representation

Composition



Independence



The dates of appointment shown are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc. Any reference to pre February 2015 refers to the Group's previous parent company, Auto Trader Holding Limited.

Catherine Faiers
Chief Operating Officer

Biography
Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer ('COO') in May 2019. Catherine is responsible for the day-to-day operations of Auto Trader's business. She is also focused on guiding the Group's strategy and development.

Prior to this, Catherine was Chief Operating Officer at Addison Lee, Corporate Development Director at Trainline and a Director at Close Brothers Corporate Finance.

Catherine graduated from the University of Durham with a BA in Economics and is a qualified Chartered Accountant, training at PwC.

Appointed to PLC Board
May 2019
Independent on appointment?
N/A
External appointments
None
Committee memberships
- Corporate Responsibility

Jamie Warner
Chief Financial Officer

Biography
Jamie was appointed Chief Financial Officer ('CFO') in March 2020. Prior to this he was Auto Trader's CFO-Designate and Deputy CFO. During his time at Auto Trader, Jamie has worked in a variety of different roles across finance, covering commercial finance, financial reporting, pricing and investor relations.

Jamie initially worked as a freight derivatives broker for inter-dealer broker GFI. Jamie left to join a start-up company, Swapit, developing a children's online swapping and trading community, that was subsequently acquired by Superawesome. He then joined Auto Trader in 2012.

Jamie graduated from Bristol University with a BSc in Economics and Economic History and is a qualified Chartered Management Accountant.

Appointed to PLC Board
March 2020
Independent on appointment?
N/A
External appointments
None
Committee memberships
- Corporate Responsibility
- Disclosure

Gender diversity

As at 31 March 2020 → As at 31 March 2021

Percentage of women on the Board: 50%

Percentage of women on the Board: 50%

● Men ● Women

Length of tenure[1]

As at 31 March 2020 → As at 31 March 2021

● 0–3 years ● 3–7 years

1. Refers to period since appointment to the PLC Board.

David Keens
Senior Independent Non-Executive Director

Biography
David was appointed as a Non-Executive Director on 1 May 2015.

David was previously Group Finance Director of NEXT plc (1991 to 2015) and its Group Treasurer (1986 to 1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977 to 1986) and prior to that seven years in the accountancy profession.

David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

Appointed to PLC Board
May 2015
Independent on appointment?
Yes
External appointments
- J Sainsbury plc
- Moonpig Group plc

Committee memberships
- Audit (Chair)
- Corporate Responsibility
- Nomination
- Remuneration

Jill Easterbrook
Independent Non-Executive Director

Biography
Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill is also a Non-Executive Director of Ashtead Group plc, the FTSE100 international equipment rental company, and a Non-Executive Director of UP Global Sourcing Holdings plc, a FTSE small cap consumer goods business.

Jill brings strong digital experience within retail environments to the Board. Previously, Jill was a member of the Executive Committee at Tesco Plc where she held a variety of senior roles, and was the Chief Executive Officer of JP Boden & Co. She also spent time as a management consultant having started her career at Marks & Spencer.

Appointed to PLC Board
July 2015
Independent on appointment?
Yes
External appointments
- Ashtead Group plc
- UP Global Sourcing Holdings plc

Committee memberships
- Remuneration (Chair)
- Audit
- Corporate Responsibility
- Nomination

Jeni Mundy
Independent Non-Executive Director

Biography
Jeni was appointed as a Non-Executive Director on 1 March 2016.

Jeni is currently the Regional Managing Director UK & Ireland of Visa Inc. She was previously at Vodafone Plc (1998 to 2017). She held Group Director roles across product management and sales, as well as serving as Chief Technology Officer on the UK and New Zealand Executive Boards.

Jeni started her career as a Telecommunications Engineer in New Zealand and holds an MSc in Electronic Engineering from Cardiff University.

Appointed to PLC Board
March 2016
Independent on appointment?
Yes
External appointments
- UK Finance Board
- Visa UK Ltd

Committee memberships
- Corporate Responsibility (Chair)
- Audit
- Nomination
- Remuneration

The dates of appointment shown are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc. Any reference to pre February 2015 refers to the Group's previous parent company, Auto Trader Holding Limited.

Sigga Sigurdardottir
Independent Non-Executive Director

Biography

Sigga was appointed as a Non-Executive Director to the Board effective 1 November 2019.

Sigga joined Tesco Bank as Chief Customer Officer in November 2019. Sigga has worked in the financial services industry for 18 years, pioneering digital transformation at both American Express and Santander UK. Most recently, she was responsible for the development and launch of Asto, a Santander Fintech business, providing innovative cash flow solutions to small businesses.

Sigga holds a doctorate in Leadership and Innovation from Manchester Business School, an MBA from IESE Business School as well as a BS degree in Marketing from the University of South Carolina.

Appointed to PLC Board
November 2019

Independent on appointment?
Yes

External appointments
- Tesco Bank
- Frumtak Ventures

Committee memberships
- Audit
- Corporate Responsibility
- Nomination
- Remuneration

Claire Baty
Company Secretary

Biography

Claire joined Auto Trader in July 2015 and is Company Secretary and Director of Governance. She is responsible for corporate governance; legal services; regulatory compliance; customer security; procurement; and risk management.

Claire was previously Deputy Company Secretary at Betfair Group plc and prior to that was Company Secretary at Centaur Media plc.

Claire is a qualified accountant, a member of the Institute of Chartered Secretaries and Administrators and holds an MBA from Manchester Business School.

This corporate governance statement explains key features of the Company's governance framework and how it complies with the UK Corporate Governance Code published in 2018 by the Financial Reporting Council.

Introduction

This statement also includes items required by the Listing Rules and the Disclosure Guidance and Transparency Rules ('DTRs'). The UK Corporate Governance Code (the 'Code') is available on the Financial Reporting Council website at **frc.org.uk**.

Compliance with the 2018 Code

The Company has complied in full with all provisions of the 2018 Corporate Governance Code during the year. This report is structured to follow each of the sections of the Code:

Board leadership and company purpose

Strategy

The Board is responsible for setting the Group's purpose, for determining the basis on which the Group generates value over the long term and developing a strategy for delivering the objectives of the Group. The Strategic report, which can be found on pages 2 to 71, sets out the Group's purpose, strategy, objectives and business model.

Culture

Auto Trader has a distinctive culture that is values-oriented and underpinned by a diverse and inclusive workforce. The Board plays an important role in ensuring that this culture remains aligned with our long-term strategy, in setting values, demonstrating behaviours consistent with these values, and in monitoring the culture and behaviours of the organisation.

All employees have worked remotely since the start of the COVID-19 pandemic in March 2020 (other than for those employees for whom remote working poses challenges, who have been permitted to work from the Group's COVID-19 secure offices). The Board has discussed on a regular basis the impact of remote working on the Group's culture, and in particular on our highly collaborative ways of working, and how this may be adapted in future as and when employees begin to return to the office.

The Board receives a regular Cultural Scorecard, designed to allow monitoring of various cultural indicators such as staff retention, diversity, investment in training, absences, employee engagement and customer feedback. The Board receives and discusses this on a regular basis during Board meetings.

Workforce engagement

A Board Engagement Guild has been established as the core mechanism by which the Board engages with the workforce. The Board Engagement Guild comprises members from across different parts of the business and canvasses views and opinions from their colleagues to share with the Board. They are all active members of the Company's other existing guilds, which cover areas such as family & wellbeing, diversity & inclusion and sustainability.

The Board has decided that it is not appropriate to designate a specific NED to carry out this role and instead shares this role across all NEDs, and so the Guild meets with the Chairman and all Non-Executive Directors (without Executive Directors or any members of senior management present). Despite the restrictions in place as a result of the COVID-19 pandemic, the Board recognised the importance of continuing to engage directly with the workforce, and so met with the Guild over videoconference four times during the year, covering topics such as the impact of COVID-19 on employees, the plans for eventual return to office working, remuneration (including gender and ethnicity pay gaps), and also received updates from the LGBT+, BAME and Women's network guilds. The Board also all took part in a "reverse mentoring" event with members of our BAME guild in January 2021.

As well as the Guild there are already a number of established ways in which the Company engages with the workforce, for example, an annual employee engagement survey; an annual conference (held virtually during 2020/21); regular sharing of information from the CEO via regular business updates, emails and videos; and informal open forums. During the COVID-19 pandemic, regular check-in surveys have been conducted, and the results shared with the Board and discussed with the Employee Engagement Guild.

Engagement with shareholders

The Board has a comprehensive investor relations programme to ensure that existing and potential investors understand the Company's strategy and performance. As part of this programme, the Executive Directors give formal presentations to investors and analysts on the half-year and full-year results in November and June respectively. These updates are webcast live and then posted on the Group's investor relations website and are available to all shareholders.

The results presentations are followed by formal investor roadshows, taking place virtually during 2020/21, and covering UK and overseas shareholders.

There is also an ongoing programme of attendance at conferences, one-to-one and group meetings with institutional investors, fund managers and analysts. These meetings, which continued to be held on a virtual basis throughout the year, cover a wide range of topics, including strategy, performance and governance, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time. Meetings which relate to governance are attended by the Chairman or another Non-Executive Director as appropriate. Private shareholders are encouraged to give feedback and communicate with the Board through **ir@autotrader.co.uk**.

The Board receives regular reports on issues relating to share price, trading activity and movements in institutional investor shareholdings. The Board is also provided with current analyst opinions, forecasts and feedback from its joint corporate brokers, Bank of America and Numis, on the views of institutional investors on a non-attributed and attributed basis, and on the views of analysts from its financial PR agency, Powerscourt. Any major shareholders' concerns are communicated to the Board by the Executive Directors.

The Chairman, the Senior Independent Director and other Non-Executive Directors are available to meet with shareholders and arrangements can be made through the Company Secretary.

Annual General Meeting

At the 2020 Annual General Meeting, all resolutions were passed with votes in support ranging from 96.08% to 99.99%. In light of the restrictions over public gatherings due to COVID-19, the meeting was held as a closed meeting, but shareholders were encouraged to submit questions in advance, and to cast their votes by proxy.

The 2021 AGM will take place at 10:00am on Friday 17 September 2021 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. We currently intend to hold the AGM as a physical meeting as usual, however, we will be closely monitoring restrictions over public gatherings and will communicate any necessary changes. Myself and the other Directors will join the meeting either in person or by telephone. We encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to **ir@autotrader.co.uk**.

All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. At the meeting itself, voting on all the proposed resolutions is conducted on a poll rather than a show of hands, in line with recommended best practice. Shareholders are encouraged to send any questions in respect of the AGM by email to **ir@autotrader.co.uk**. Following the meeting, responses to questions will be published on the website at **plc.autotrader.co.uk/investors**.

The Notice of the AGM can be found in a booklet which is being mailed out at the same time as this Annual Report. The Notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

Results of resolutions proposed at the AGM will be published on the Company's website: **plc.autotrader.co.uk/investors** following the AGM.

Whistleblowing

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on an entirely confidential basis. Reports are directed to the Audit Committee Chair and the Company Secretary. The Audit Committee receives regular reports on the use of the service, any significant reports that have been received, the investigations carried out and any actions arising as a result.

Conflicts of interest

In accordance with the Company's Articles of Association, the Board has a formal system in place for Directors to declare conflicts of interest and for such conflicts to be considered for authorisation.

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors has any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not create any conflict of interest.

Concerns over operation of the Board

All of the Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Division of responsibilities

Board roles

To ensure a clear division of responsibility at the head of the Company, the positions of Chairman and Chief Executive Officer are separate and not held by the same person.

The division of roles and responsibilities between the Chairman and the Chief Executive Officer is set out in writing and has been approved by the Board.

David Keens is the Senior Independent Director.

Board and Committee responsibilities

The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. The schedule sets out key aspects of the affairs of the Company which the Board does not delegate and is reviewed at least annually.

Each Committee has formally approved Terms of Reference which are reviewed and approved at least annually, or more frequently as circumstances require.

Details are published on our website at **plc.autotrader.co.uk/investors**.

CHAIRMAN

- Leadership and governance of the Board.
- Creating and managing constructive relationships between the Executive and Non-Executive Directors.
- Ensuring ongoing and effective communication between the Board and its key shareholders.
- Setting the Board's agenda and ensuring that adequate time is available for discussions.
- Ensuring the Board receives sufficient, pertinent, timely and clear information.

CHIEF EXECUTIVE OFFICER

- Responsible for the day-to-day operations and results of the Group.
- Developing the Group's objectives, strategy and successful execution of strategy.
- Responsible for the effective and ongoing communication with shareholders.
- Delegates authority for the day-to-day management of the business to the Operational Leadership Team (comprising the Executive Directors and senior management) who have responsibility for all areas of the business.

NON-EXECUTIVE DIRECTORS

- Scrutinise and monitor the performance of management.
- Constructively challenge the Executive Directors.
- Monitor the integrity of financial information, financial controls and systems of risk management.

SENIOR INDEPENDENT DIRECTOR

- Acts as a sounding board for the Chairman.
- Available to shareholders if they have concerns which the normal channels through the Chairman, Chief Executive Officer or other Directors have failed to resolve.
- Meets with the other Non-Executive Directors without Executive Directors present.
- Leads the annual evaluation of the Chairman's performance.

COMPANY SECRETARY

- Available to all Directors to provide advice and assistance.
- Responsible for providing governance advice.
- Ensures compliance with the Board's procedures, and with applicable rules and regulations.
- Acts as secretary to the Board and its Committees.

Composition, succession and evaluation

At the date of this report, the Board consists of the Non-Executive Chairman, four independent Non-Executive Directors and three Executive Directors.

Ed Williams was considered to be independent on appointment. All of the Non-Executive Directors (David Keens, Jill Easterbrook, Jeni Mundy and Sigga Sigurdardottir) are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement. The Chairman's fees and the Non-Executive Directors' fees are disclosed on page 108, and they received no additional remuneration from the Company during the year. Therefore, at 31 March 2021 and to the date of this report, the Company is compliant with the Code provision that at least half the Board, excluding the Chairman, should comprise independent Non-Executive Directors.

Board and Committee activities in 2021
The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders, such as employees, consumers, customers and suppliers, and other factors as required of it under s172 of the Companies Act 2006. Board meetings are one of the mechanisms through which the Board discharges this duty, and in order to formalise this process, a stakeholder framework has been established which is applied to all Board papers and discussions. Further information about engagement with the Group's stakeholders is included on pages 20 and 21.

The Board's activities are structured through the year to develop and monitor the delivery of the Group's strategy and financial results; to receive feedback from and engage with stakeholder groups such as employees, customers and suppliers; and to maintain a robust governance and risk management framework. The table opposite sets out some of the Board's key activities during the year.

Year		Strategy	Operational
	Regular reports received		**Monthly operational report with key achievements and issues in the month, view of the industry, competitors and customers.**
2020	April		
2020	May		• **Focus area:** Guaranteed Part-Exchange and Finance/ Online transactions. • **Focus area:** New car opportunities.
2020	June	• Review and approval of the mid-term financial plan for viability scenarios. • Acquisition of AutoConvert.	
2020	July	• Purpose and strategy review. • Review of property strategy.	• **Deep dive:** Large customers and our approach.
2020	September	• Alternative business models discussion. • Strategy off-site focusing on digital retailing, including the impact on consumers, customers, employees and resources.	• **Focus area:** Stock and prominence.
2020	November		• **Review:** Update on Dealer Auction. • **Review:** Competitive landscape. • **Focus area:** Guaranteed Part-Exchange.
2020	December	• Property strategy.	• **Focus area:** Data strategy.
2021	February	• 2021 focus areas and operating plan. • Acquisitions retrospective review.	• **Review:** Audience and marketing activities. • **Focus area:** Launch of Retailer Stores.
2021	March		• **Focus area:** Digital Retailing.

	Financial	People and culture	Employee engagement	Shareholders and other stakeholders	Risk and governance
	Monthly financial report with results, KPIs, current forecast and external analyst consensus.	**Monthly report of people changes, recruitment, resourcing needs and employee engagement.** **Quarterly Culture Scorecard monitoring.**		**Regular feedback from investor meetings.** **Quarterly shareholder analysis.**	**Approval of material contracts.** **Governance and regulatory updates.**
	Each meeting also included an update on the impact of COVID-19 on the business, customers, consumers and employees.				
	• Update on year end position and debt refinancing. • Impact of COVID-19 on the financial results.	• Review FY21 modified Remuneration Policy for Executive Directors and senior management.	• **Board Engagement Guild:** Impact of COVID-19 on employees.	• ESG strategy and governance.	
	• Approval of COVID-19 customer discounts.	• Review results of shareholder consultation for FY21 modified Remuneration Policy for Executive Directors.			
	• Approval of Annual Report and Preliminary Results.	• Approval of 2017 PSP out-turn, and Single Incentive Plan vesting for senior management. • PSP and Single Incentive Plan targets and grants. • Decision to repay furlough.		• Decision in respect of the recommendation not to pay a final dividend. • Review of future dividend policy and capital structure.	• Review and approval of Group risk register. • Review and approval of viability statement.
			• **Board Engagement Guild:** LGBT+ and BAME.	• Review of feedback from analysts and investors from results roadshows.	• Update in respect of Competition Law. • **Audit Committee:** internal audit update.
	• Review of financial re-forecast and scenario plans.	• Future ways of working post-COVID-19. • Diversity and inclusion progress and actions. • Succession planning and Board diversity. • Initial review of Remuneration Policy.	• **Board Engagement Guild:** Women's network and return to the office.	• Reviewed feedback from investors and proxy advisory agencies in advance of Annual General Meeting ('AGM'). • ESG strategy and governance including TCFD, climate change and GHG emissions.	• Review and approval of modern slavery statement. • Review of insurance programme. • Retrospective review of the handling of the COVID-19 crisis.
	• Approval of half-yearly report. • Approval of COVID-19 customer discounts.	• Further consideration of Remuneration Policy.		• Decision in respect of the recommendation not to pay an interim dividend.	• Review and approval of Group risk register. • Audit planning.
	• Pricing strategy for 2022.	• Further consideration of Remuneration Policy.		• Review of future dividend policy and capital structure.	• External legal and regulatory update. • Review of crisis management framework. • Business continuity planning.
	• Review of tax compliance.	• Finalise review of remuneration framework prior to shareholder consultation.			• **Internal audit update:** Cyber and third party management. • Review of internal and risk management framework and internal controls. • Review of external audit effectiveness.
		• Director and senior management salary and fee reviews. • Gender and ethnicity pay gap reporting.	• **Board Engagement Guild:** Employee check-in surveys; remuneration; and gender and ethnicity pay gap.	• ESG KPIs, strategy and governance.	• External Board evaluation feedback and action plan.

Board and Committee meetings and attendance
Board meetings are planned around the key events in the corporate calendar, including the half-yearly and final results, the Annual General Meeting ('AGM'), and a strategy meeting is held each year.

In months where there is no Board meeting, a financial update call is held at which the Board discusses results with operational management. Directors usually spend a day visiting customers; however, this was not possible in 2020/21, due to COVID-19 restrictions, and so instead there was a customer in attendance at one of the Board meetings.

During the year, the Chairman and Non-Executive Directors have met without Executive Directors present. In addition, the Non-Executive Directors have met without the Chairman and the Executive Directors present.

Attendance at meetings

	Board	Nomination Committee	Audit Committee	Corporate Responsibility Committee	Remuneration Committee
Number of scheduled meetings held	11	4	4	2	9
Director					
Ed Williams	11/11	4/4	N/A	2/2	N/A
Nathan Coe	11/11	N/A	N/A	2/2	N/A
Catherine Faiers	11/11	N/A	N/A	2/2	N/A
Jamie Warner	11/11	N/A	N/A	2/2	N/A
David Keens	11/11	4/4	4/4	2/2	9/9
Jill Easterbrook	11/11	4/4	4/4	2/2	9/9
Jeni Mundy	11/11	4/4	4/4	2/2	9/9
Sigga Sigurdardottir	11/11	4/4	4/4	2/2	8/9[1]

1. Sigga Sigurdardottir was unable to attend one meeting due to other commitments; but had an opportunity to feed comments in to the Remuneration Committee Chair prior to the meeting.

During 2020/21, there were two additional scheduled Board meetings, in order for the Board to consider key financial decisions in respect of the impact of COVID-19. Furthermore, in addition to the scheduled Board meetings detailed above, regular weekly Board calls and ad hoc calls took place throughout the year relating to COVID-19.

Time commitment
Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not impact on the time that any Director devotes to the Company.

Induction and development
All newly appointed Directors receive an induction briefing on their duties and responsibilities as Directors of a publicly quoted company. There is a formal induction programme to ensure that newly appointed Directors familiarise themselves with the Group and its activities, either through reading, meetings with the relevant member of senior management or through sessions in the Board meetings.

The majority of Board meetings contain a presentation from senior management on one of the focus areas for the year. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate – refer to the table of activities on pages 80 and 81.

All Directors are offered the opportunity to meet with customers and take part in sales calls to understand the business from a customer's perspective, or to take part or observe focus groups with consumers who use our website. All Directors receive regular newsletters from our sales and service team to ensure they are kept informed of the latest customer dialogue and sentiment.

The Board as a whole is updated, as necessary, in light of any governance developments as and when they occur, and there is an annual Legal and Regulatory Update provided as part of the Board meeting. All Directors are required to complete our annual compliance training modules covering anti-bribery, anti-money laundering, data protection, information security and other relevant subjects. As part of the Board evaluation, the Chairman meets with each Director to discuss any individual training and development needs.

Information and support available to Directors
Full and timely access to all relevant information is given to the Board. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular operational and financial reports, provided to Directors in a timely manner in advance of meetings.

All Directors have access to the advice and services of the Company Secretary, Claire Baty. The appointment or removal of the Company Secretary is a matter for the whole Board.

Appointments to the Board
The Board has established a Nomination Committee, chaired by Ed Williams, with all other members comprising independent Non-Executive Directors. The main responsibilities of this Committee are to keep under review the structure, size and composition of the Board and its Committees; to identify and nominate candidates for appointment to the Board; and to ensure that there are formal and orderly succession plans in place. The work of the Committee is described on pages 84 and 85.

The Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively in accordance with main principle K of the Code. Biographies of all members of the Board appear on pages 74 to 77.

Election of Directors
The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next AGM and shall then be eligible for election by the shareholders. The AGM Notice sets out the specific reasons for reappointing each Director.

Tenure of Chair
The 2018 UK Corporate Governance Code contains a provision that the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. Ed Williams joined the Auto Trader business as a Non-Executive Director in November 2010 when it was under private ownership. He joined the Auto Trader Group plc Board in February 2015 and the Company listed on the London Stock Exchange in March 2015.

As disclosed in previous Annual Reports, the Nomination Committee, led by David Keens as Senior Independent Director, considered this change in the Code and consulted with the FRC. The understanding of the Committee and the Board is that the nine-year period commences on the date that Auto Trader listed on the London Stock Exchange. The nine-year period for Ed Williams therefore runs to March 2024. However, it should be noted that these comments are made in reference to the maximum term stipulated in the new Code and do not commit the Company or Ed Williams to him remaining as Chairman until 2024.

Letters of appointment
The Chairman and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the AGM from at least 15 minutes before and until the end of the meeting; or on request from **ir@autotrader.co.uk**. These letters set out the expected time commitment from each Director. Non-Executive appointments to the Board are for an initial term of up to three years. Non-Executive Directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period.

Board evaluation and effectiveness

The Board engaged Independent Audit Limited to facilitate an external evaluation of the Board, Committees and individual Directors during the year. This included review of Board and Committee papers, observation of Board and Committee meetings and completion of a questionnaire by each of the Board Directors and members of senior management. The draft findings were discussed with the Chairman and then presented to the Board in March 2021.

In addition, an assessment of the Chairman's performance was carried out, led by the Senior Independent Director, and feedback was provided to him individually. Overall, the results showed that the Board and its Committees continue to operate well, and that each individual Director continues to make an effective contribution.

AREAS OF STRENGTH	AREAS FOR IMPROVEMENT
The Board is good at overseeing how far the culture is in line with its expectations, and the positive impact of the Employee Engagement Guild was noted.	There were certain areas identified where the focus of agenda and discussions could be increased, including ESG, talent development, oversight of the regulated business and cyber risks. These will be built into future agenda planning.
The Board has successfully set out clear strategic goals, and does a good job at balancing its focus on the short- versus the long-term strategy. The Board is good at monitoring performance against strategy and assessing Auto Trader's underlying financial health.	Whilst the Operational Leadership Team do regularly attend Board and Committee meetings, participation could further improve by bringing the right managers into the room so that the Board hears directly from those responsible. Attendance will be widened in future meetings.
The Board navigated the COVID-19 pandemic well, meeting frequently and flexibly to react to events, with the risk management and oversight of risk working well.	Whilst in general, the Board has adapted to virtual meetings well, these could be improved further. Post-pandemic, the Board will adopt a hybrid approach to make the best use of technology, maintain flexibility and optimise in-person time.
The Board has a non-traditional, informal approach to Board meetings and a high level of trust, transparency and open debate.	The structure of Board discussions could be improved, by ensuring that the papers set out upfront the main areas that management would like the Board to consider, by upfront gathering of questions from the Board, and by reviewing the balance of time between presentations and debate.

Audit, risk and internal control

The Board has established an Audit Committee, chaired by David Keens and comprised entirely of independent Non-Executive Directors. The Chairman is not a member of the Committee. The Committee has defined Terms of Reference which include assisting the Board in discharging many of its responsibilities with respect to financial and business reporting, risk management, internal control, internal audit and external audit. The work of the Committee is described on pages 86 to 89.

Financial and business reporting

Assisted by the Audit Committee, the Board has carried out a review of the 2021 Annual Report and considers that, in its opinion, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Refer to the Report of the Audit Committee on pages 86 to 89 for details of the review process.

See pages 70 and 71 for the Board's statement on going concern and the viability statement.

Risk management and internal control

The Company does not have a separate Risk Committee; 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.

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The processes in place for assessment, management and monitoring of risks are described in Principal risks and uncertainties on pages 64 to 69.

The Audit Committee reviews the system of risk management and internal controls through reports received from management, along with others from internal and external auditors. Management continues to focus on how internal controls and risk management can be further embedded into the operations of the business and on how to deal with areas of improvement which come to the attention of management and the Board.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during the year ended 31 March 2021 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board considered the weaknesses identified and reviewed the developing actions, plans and programmes that it considered necessary. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

Remuneration

The Board has established a Remuneration Committee, chaired by Jill Easterbrook and comprised entirely of independent Non-Executive Directors. The Remuneration Committee is responsible for determining the Remuneration Policy, and for setting remuneration for the Executive Directors, the Chairman and senior employees; for monitoring the remuneration policies for the wider organisation; and for ensuring the alignment of reward with the culture of the organisation.

The work of the Committee is described on pages 94 to 113.

Reviewing the Board's size and composition, and ensuring effective succession planning for the business

We have a continual formal succession planning process to ensure orderly succession for the Board and senior management.

4
meetings were held during the year

100%
meeting attendance by all Committee members

Ed Williams
Chair of the Nomination Committee

Overview

- Composed of the Chairman and four independent Non-Executive Directors.
- At least one meeting held per year.
- Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation.

Our progress in 2021

- Review and updating of formal succession plans for the Chairman, Non-Executive Directors, Executive Directors and senior management.
- Decided to start the recruitment process to appoint an additional independent Non-Executive Director.
- Held an externally facilitated Board evaluation and reviewed the results.

Focus areas for 2022

- Appointment of an additional Non-Executive Director.
- Following up on the Board evaluation recommendations.
- Continue to monitor Board and senior management succession in the context of the Company's long-term strategy.

Member	Meetings attended/ total meetings held	Percentage of meetings attended
Ed Williams (Chair)	4/4	100%
David Keens	4/4	100%
Jill Easterbrook	4/4	100%
Jeni Mundy	4/4	100%
Sigga Sigurdardottir	4/4	100%

Board of Directors P74

For more information on the Committee's Terms of Reference, visit:
plc.autotrader.co.uk/investors

Dear shareholders,

I am pleased to present the Report of the Nomination Committee for 2021.

Role of the Committee

The Committee reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board for appointments to the Board. The Committee is responsible for ensuring that there are formal and orderly succession plans in place for the members of the Board.

How the Committee operates

All members of the Committee are independent Non-Executive Directors. The Chairman of the Board chairs all meetings of the Committee unless they relate to the appointment of his successor or such other matters in which he may have a potential conflict of interest. For those meetings, the Senior Independent Director ('SID') is invited to take the Chair unless the SID is in contention for the role or also has a potential conflict of interest.

The Committee meets at least once a year, and on an ad hoc basis as required. Only members of the Committee have the right to attend meetings; however, the Chief Executive Officer attends for all or part of meetings so that the Committee can understand his views, particularly on key talent within the business.

Succession planning

The Committee believes that effective succession planning is critical to the Company's long-term success. We have a continual formal succession planning process to ensure orderly succession for the Board and senior management.

During the year, the Committee has updated and developed the formal succession plans for the Board, including the Chairman, Non-Executive Directors, Executive Directors and senior management. In reviewing our succession plans for Non-Executive Directors, the Committee has looked ahead to 2024 which is nine years after our IPO and will therefore represent a time of inevitable change. The Committee plans to enlarge the Board and stagger new appointments over the coming years in order to maintain the independence of our Non-Executive Directors, to achieve a more staggered renewal cycle in future and to provide opportunities to increase diversity on the Board.

Appointment of Non-Executive Director

The Committee keeps under continual review the size and composition of the Board including its gender and ethnic diversity, and the skills, knowledge and experience required of the Board in the context of the Group's strategy. Taking into consideration the need to enlarge the Board as part of an orderly succession plan for the current Non-Executive Directors, and the need to improve the ethnic diversity of the Board, the Committee has identified a need to appoint an additional independent Non-Executive Director during 2021, and has commenced a search, which is being led by the Committee. A comprehensive candidate search brief has been agreed, including the industry skills, knowledge and experience required, and taking into consideration the benefits of diversity on the Board, and an external executive recruitment consultant, Ivy Street, has been engaged (with whom the Group has no other relationship).

The shortlisted candidates will meet with members of the Board, which will include an assessment of candidates in the context of the expected values and behaviours of Board members. At the date of this report, this process is underway, and the Committee hopes to be able to recommend its preferred candidate to the Board shortly.

Policy on appointments to the Board

A priority for the Committee has been, and will continue to be, ensuring that members of the Board collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. The Committee takes account of a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity, including gender and ethnic diversity.

At the end of our financial year, 50% of the Board Directors were women, in excess of the target set by the Hampton-Alexander Review. At a leadership level, 40% of the Operational Leadership Team ('OLT') and 34% of the OLT's direct reports were women, a combined total of 35%, which means that we were close to meeting the Hampton-Alexander Review recommendations in its final year. We acknowledge that we do not currently have a Director of Colour on the Board, and therefore we do not currently meet the recommendations of the Parker Review. We are taking steps to address this as described above.

We are committed to improving diversity at all levels of the business. However, we recognise that there is more work to be done, and that women and employees from a BAME background continue to be underrepresented in senior management positions and throughout the organisation, and to this end we have now set a three-year PSP target to improve the gender and ethnic diversity of our leadership and the organisation as a whole, as described more fully in the remuneration report on page 107.

Board evaluation

During the year, there was an externally facilitated Board evaluation. The review and recommendations are described in detail on page 83 of the corporate governance statement.

Election and re-election of Directors

In accordance with the UK Corporate Governance Code, all Directors will retire and offer themselves for election or re-election to the Board. Since the last report, David Keens, Jill Easterbrook and I have all entered into our third three-year term, following confirmation by the Committee and Board that they are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company. The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2021 AGM relating to the election and re-election of the Directors.

I welcome any questions in respect of the work of the Committee, which can be submitted to **ir@autotrader.co.uk**.

Ed Williams
Chair of the Nomination Committee
10 June 2021

Monitoring the integrity of financial reporting, related internal controls and the effectiveness of the internal and external audit

"We reviewed the content of the Annual Report, including the impact of COVID-19 on the recognition of revenue; recoverability of receivables; impairment of assets; and the assumptions and scenarios in the viability statement.

4
meetings were held during the year

100%
meeting attendance by all Committee members

David Keens
Chair of the Audit Committee

Member	Meetings attended/ total meetings held	Percentage of meetings attended
David Keens (Chair)	4/4	100%
Jill Easterbrook	4/4	100%
Jeni Mundy	4/4	100%
Sigga Sigurdardottir	4/4	100%

Overview

- Composed of four independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant experience. All members have significant commercial and operating experience in consumer and digital businesses.
- At least three meetings held per year.
- Meetings are attended by the Chairman, CEO, COO, CFO, internal auditors and external auditors by invitation.

Activities in 2021

- Assess the Group's going concern and viability statements, including the impact of COVID-19.
- Review the impact of COVID-19 on the financial statements, including revenue recognition, recoverability of receivables and impairment of assets.
- Discuss key areas of financial judgement, including the acquisition of AutoConvert.
- Change of external audit partner and evaluation of the effectiveness and independence of audit.
- Review the effectiveness of internal audit, internal controls and risk management.

Planning for 2022

- Agree with KPMG any changes for their 2022 audit.

How we manage risk P62

For more information on the Committee's Terms of Reference, visit:
plc.autotrader.co.uk/investors

Dear shareholders,

This is my seventh report to shareholders since the IPO of Auto Trader in 2015. The Committee is comprised entirely of independent Non-Executive Directors. I fulfil the requirement for a Committee member to have recent and relevant financial experience, and all members (and therefore the Committee as a whole) have competence in consumer and digital businesses.

The Board approves the Terms of Reference and duties of the Committee, which include monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and risk management framework; internal audit; and the independence and effectiveness of external audit. Our internal audit function is outsourced to Deloitte LLP, who provide us with specialist expertise in delivering a risk based rolling review programme.

Our external auditors, KPMG LLP, and internal auditors regularly attend Audit Committee meetings. Our Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other members of management attend by invitation.

The Committee has reviewed the content of the Annual Report, including the impact of the Group's response to COVID-19 on the recognition of revenue; recoverability of receivables; impairment of assets; and the assumptions and scenarios in the viability statement. The Annual Report explains our strategy, financial performance and position in a way which we believe is fair, balanced and understandable.

Whilst this Report of the Audit Committee contains some of the matters addressed during the year, it should be read in conjunction with the external auditor's report starting on page 118 and indeed the Auto Trader Group plc financial statements in general.

At the 2020 AGM, shareholders approved the re-appointment of KPMG as our external auditors. During the year, there was a change of audit partner, who I made enquiries of and met with prior to the transition. The Committee has carried out a review of the effectiveness and independence of KPMG and has recommended to the Board that they are re-appointed at the 2021 AGM.

David Keens
Chair of the Audit Committee
10 June 2021

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, result announcements, dividend proposals and any other formal announcement relating to the Group's financial performance.

The Committee assessed the accounting principles and policies adopted, and whether management had made appropriate estimates and judgements. In doing so, the Committee considered management reports and the basis of judgements made. The Committee reviewed external audit reports on the 2021 half-year statement and 2021 Annual Report.

Description of significant area	Audit Committee action
Going concern and viability statement The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.	The Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group's medium-term plan and cash flow forecasts for the period to March 2024. The Committee discussed with management the appropriateness of the three-year period, and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 64 to 69. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered, including the impact of COVID-19. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.
Revenue recognition Revenue recognition for the Group's revenue streams is not complex. However, this remained an area of focus due to the large volume of transactions and as revenue is the largest figure in the income statement.	The Committee reviewed the assumptions and disclosure around revenue recognition made by management, particularly in relation to offers given to customers as a response to the disruption caused by COVID-19 as set out on page 25.This resulted in reduced revenue during the year and increased uncertainty over the recoverability of receivables. The Committee was satisfied with the explanations provided and conclusions reached in relation to revenue recognition.
Acquisition accounting Management's assessment of the allocation and valuation of goodwill and intangible assets as part of the acquisition of Blue Owl Network Limited ('AutoConvert').	AutoConvert is a small business relative to the Group. The Committee reviewed the assumptions made by management in respect of the identification and valuation of intangible assets, and the allocation of consideration, and was satisfied that these were appropriately accounted for under IFRS 3.
Investment value in joint venture The Group has a joint venture with Cox Automotive UK, Dealer Auction. Management's assessment of the recoverability of the investment value, given the infancy of the investment and the impact of COVID-19, is based on future cash flow forecasts.	The Committee reviewed the assumptions made by management, particularly in relation to cash flow forecasts to support the carrying value, and was satisfied that these were appropriately accounted for given the infancy of Dealer Auction and the potential for further impact of COVID-19.

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2021 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with a draft of the Annual Report and the opportunity to comment where further clarity or information should be added. The final draft was then recommended for approval by the Board. When forming its opinion, the Committee had regard to discussions held with management and reports received from internal and external auditors.

Is the report fair?	• Is a complete picture presented and has any sensitive material been omitted that should have been included? • Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? • Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?
Is the report balanced?	• Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report? • Do you get the same messages when reading the front end and the back end independently? • Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence? • Are the key judgements referred to in the narrative reporting and significant issues reported in the Report of the Audit Committee consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements? • How do these compare with the risks that KPMG include in their report?
Is the report understandable?	• Is there a clear and cohesive framework for the Annual Report? • Are the important messages highlighted and appropriately themed throughout the document? • Is the report written in accessible language and are the messages clearly drawn out?

Following the Committee's review, the Directors confirm that, in their opinion, the 2021 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal control

The Committee's responsibilities include a review of the risk management systems and internal controls to ensure that they remain effective and that any identified weaknesses are properly dealt with. The Committee:

- reviews annually the effectiveness of the Group's internal control framework;
- receives reports from the Group's outsourced internal audit function and ensures recommendations are implemented where appropriate; and
- reviews reports from the external auditors on any issues identified in the course of their work, including any internal control reports received on control weaknesses, and ensures that there are appropriate responses from management.

The Group has internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include the elements described below.

Element	Approach and basis for assurance
Risk management	Whilst risk management is a matter for the Board as a whole, the day-to-day management of the Group's key risks resides with the Operational Leadership Team ('OLT') and is documented in a risk register. A review and update of the risk register is undertaken twice a year and reviewed by the Board. The management of identified risks is delegated to the OLT and regular updates are given to executive management at monthly Risk Forum meetings.
Financial reporting	Group consolidation is performed on a monthly basis with a month-end pack produced that includes an income statement, balance sheet, cash flow and detailed analysis. The pack also includes KPIs and these are reviewed by the OLT and the Board. Results are compared against the Plan or re-forecast and narrative provided by management to explain significant variances.
Budgeting and re-forecasting	An annual Plan is produced and monthly results are reported against this. The Plan is prepared using a bottom up approach, informed by a high-level assessment of market and economic conditions. Reviews are performed by the OLT and the Board. The Plan is also compared to the top down Medium Term Plan ('MTP') as a sense check. The Plan is approved by the OLT and the Board. Given the ongoing uncertainty as a result of the COVID-19 pandemic, the annual Plan was replaced by a re-forecast which was updated as conditions changed. This included scenario analysis for various potential outcomes.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions is maintained beyond the Board's Terms of Reference. This is reviewed regularly by management to ensure it remains appropriate for the business.
Segregation of duties	Procedures are defined to segregate duties over significant transactions, including procurement, payments to suppliers, payroll and discounts/refunds. Key reconciliations are prepared and reviewed on a monthly basis to ensure accurate reporting.

Internal audit

Deloitte has been appointed as the Group's outsourced internal audit function. They are accountable to the Audit Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit work plan for 2021 was approved by the Audit Committee and covers a broad range of core financial and operational processes and controls, focusing on specific risk areas, including:

- Third-party risk management.
- Cyber risk framework.
- Payroll.

Management actions that are recommended following the audits are tracked to completion and reviewed by the Committee to ensure that identified risks are mitigated appropriately.

The Committee met with representatives from Deloitte without management present and with management without representatives of Deloitte present. There were no issues of significance raised during these meetings.

External auditors

The Committee oversees the relationship with the external auditor, KPMG, and reviews their findings in respect of audit and review work. The Committee received and discussed KPMG's review of the half-year report to 30 September 2020 and their audit of the financial statements for the year to 31 March 2021. The Committee met with representatives from KPMG without management present and with management without representatives of KPMG present, to ensure that there were no issues in the relationship between management and the external auditor to be addressed. There were none.

During the year, there was a change in external audit partner. The Audit Committee Chair, together with the CFO, met with the prospective incoming partner and carried out reasonable enquiries prior to the changeover.

One of the Committee's roles is to evaluate the effectiveness of audit services provided and ongoing independence. The Committee has carried out a review based on discussion of audit scope and plans, materiality assessments, review of auditors' reports and feedback from management on the effectiveness of the audit process. The review concluded that the external auditor remained effective and independent.

The Committee has reviewed, and is satisfied with, the independence of KPMG as the external auditor. In particular, discussions have been held with KPMG's senior management to verify the Group's audit partner's performance and standing within KPMG. There were no conflicts or matters of concern conveyed.

Non-audit services provided by the external auditor

The external auditor is primarily engaged to carry out statutory audit work. There may be other services where the external auditor is considered to be the most suitable supplier by reference to their skills and experience. It is the Group's practice that it will seek quotes from more than one firm, which may include KPMG, before engagements for non-audit projects are awarded. Contracts are awarded based on individual merits. A policy is in place for the provision of non-audit services by the external auditor, to ensure that the provision of such services does not impair the external auditor's independence or objectivity and will be assessed in line with FRC Ethical and Auditing Standards.

Non-audit service	Policy
Audit-related services directly related to the audit For example, the review of interim financial statements, compliance certificates and reports to regulators.	Considered to be approved by the Committee up to a level of £100,000 for each individual engagement, and to a maximum aggregate in any financial year of 70% of the average audit fees paid to the audit firm in the last three consecutive years. Any engagement of the external auditor to provide permitted services over these limits is subject to the specific approval in advance by the Audit Committee.
Prohibited services In line with the EU Audit Reform, services where the auditor's objectivity and independence may be compromised. Prohibited services are detailed in the FRC Revised Ethical Standard 2019 and include tax services, accounting services, internal audit services, valuation services and financial systems consultancy.	Prohibited, with the exception of certain services which are subject to derogation if certain conditions are met and will be assessed going forward in line with the new FRC Ethical and Auditing Standards.

Refer to **plc.autotrader.co.uk/investors** for full details of the policy. During the year, KPMG charged the Group £37,370 for audit-related assurance services directly relating to the audit.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 – statement of compliance

A competitive tender was carried out in 2016 and KPMG LLP were first appointed as statutory auditors for the year to March 2017. We have therefore complied with the requirement that the external audit contract is tendered within the 10 years prescribed by UK legislation and the Code's recommendation. The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

David Keens
Chair of the Audit Committee
10 June 2021

Providing oversight, scrutiny and challenge on matters relating to our sustainability strategy

We are pleased to have established our Corporate Responsibility Committee to ensure the Board maintains focus on corporate responsibility and sustainability matters, especially those that support our strategy.

2
meetings were held during the year

100%
meeting attendance by all Committee members

Jeni Mundy
Chair of the Corporate Responsibility Committee

Member	Meetings attended/ total meetings held	Percentage of meetings attended
Jeni Mundy (Chair)	2/2	100%
Nathan Coe	2/2	100%
Jill Easterbrook	2/2	100%
Catherine Faiers	2/2	100%
David Keens	2/2	100%
Sigga Sigurdardottir	2/2	100%
Jamie Warner	2/2	100%
Ed Williams	2/2	100%

Overview

- All the current Board members have been appointed as members of the Committee.
- Other relevant individuals are invited to attend the meetings when appropriate.
- The Assistant Company Secretary acts as secretary to the Committee.
- At least two meetings held per year.

Our progress In 2021

- Formation of the Committee in October 2020.
- Provided guidance on cultural KPIs that will be used to assess how we are progressing against our make a difference priorities.
- Signed up to the Science Based Targets initiative ('SBTi').
- Signed up to the UN's 'Climate Neutral Now' Pledge.

Focus areas for 2022

- Review of scenario analysis and risks and opportunities identified.
- Continuing to work towards establishing Science Based Targets with the business to be approved by the SBTi.
- Review our approach to the UN Sustainable Development Goals ('SDGs') and identify where we can make a meaningful contribution to advancing.
- Continue to develop meaningful disclosures in all material areas of ESG reporting in line with the TCFD and SASB frameworks.

Make a difference P46

For more information on the Committee's Terms of Reference, visit:
plc.autotrader.co.uk/investors

Dear shareholders,

I am pleased to present our first Report for our newly formed Corporate Responsibility Committee for the year ended 31 March 2021.

We recognise that our activities – and the way we carry them out – have impacts that reach beyond our financial performance. There is increasing evidence that sustainable business drives profit and long-term value. With this in mind, this year we established our Corporate Responsibility Committee. The Committee forms an important part of the Board's governance structure. It plays a crucial role in overseeing the progress towards fulfilling the goals of our make a difference strategy, which encompass our environmental, social and governance ('ESG') responsibilities.

Role of the Committee

It is the role of the Corporate Responsibility Committee to develop and implement a centralised framework for how corporate responsibility is governed across the Group. The Committee shall assist the Board in fulfilling its oversight responsibilities in respect of corporate responsibility and sustainability for the Company and the Group as a whole.

Our existing guilds and networks will remain empowered to drive change and have an impact within the organisation. The Committee's role is to lend support, to monitor progress and provide guidance on our priority areas, ensuring that our targets are ambitious, realistic, and in the long-term interests of the Group, our stakeholders and the environment.

How the Committee operates

The Committee is composed of the Chairman, four independent Non-Executive Directors and three Executive Directors. Whilst make a difference 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 meets at least twice a year, and on an ad hoc basis as required. Only members of the Committee have the right to attend meetings; however, the Committee extends invitations to relevant attendees.

Our progress in 2021

The Committee has met twice since its formation in October 2020 and we will continue with this rhythm into the next financial year. The focus of the meetings has been to establish the Committee's purpose and understand the ESG landscape in relation to Auto Trader, including the current scores by the various ESG ratings agencies. Whilst we have made good progress, we are still early on in our ESG corporate reporting journey and there is more that we can do to evidence how ESG is embedded into our strategy; how we assess and manage risks and opportunities; and what metrics and targets we are using. We aim to report comprehensively and transparently about ESG topics and we are developing our disclosures in line with both the Sustainability Accounting Standards Board ('SASB') standards and Task Force on Climate-related Financial Disclosures ('TCFD') recommendations to provide our investors and other stakeholders with information about our approach.

The Committee has reviewed the Group's make a difference strategic priorities (which encompass ESG) for the coming year and support the focus on improving diversity and inclusion within the organisation (especially in leadership roles) and the drive to make a difference to the environment both within and outside our organisation. Six cultural KPIs have been identified that we currently consider to be the most relevant in assessing how we are progressing against our make a difference priorities. These cover diversity and inclusion, employee engagement and also our carbon emissions. The Committee will monitor these KPIs on a regular basis to ensure we are making meaningful progress and that the KPIs remain relevant.

Although ESG issues have always been a priority to us, the COVID-19 pandemic has highlighted the importance of our resilience and the role that ESG matters play in our strategic priorities. Therefore, to help define the most important ESG issues for Auto Trader, this year the business started work on a materiality analysis to understand the issues that matter most to our internal and external stakeholders; to capture our impact in a non-financial manner; and to inform our strategic thinking by helping us to prioritise matters on which to focus. Although this work is still ongoing the results so far have helped shape the Group's make a difference strategy for the coming year and the Committee is satisfied that the business is focusing on the right material issues.

We feel it is important to assess the progress we are making with our commitments and goals, so we have introduced a set of cultural KPIs to sit alongside our existing financial and operational KPIs. This year we also signed up to the UN's 'Climate Neutral Now' Pledge and the Science Based Targets initiative, committing to set ambitious emission reduction targets, so we can play our part in making a critical contribution to limiting the worst impacts of climate change.

Committee aims for 2022

Over the next year the Committee will continue to oversee and monitor the business's commitments in relation to ESG and make a difference as these evolve. As the business continues to explore and understand its material sustainability issues through materiality analysis and scenario analysis, the Committee will seek to ensure that the business is responding to the risks and opportunities identified as well as reporting comprehensively under the relevant frameworks.

The business will formulate its roadmap to achieving net carbon zero in the coming year and also seek to understand how Auto Trader aligns to the UN Sustainable Development Goals ('UNSDGs'). The Committee looks forward to seeing progress in these areas and working with the business to set ambitious targets.

I will be available at the AGM to answer any questions on the work of the Committee.

Jeni Mundy
Chair of the Corporate Responsibility Committee
10 June 2021

TCFD alignment at a glance

TCFD

The Group Risk Register incorporates risks relating to the impact of climate change on our business, and this is now disclosed as a principal risk. The disclosure below outlines the work we have started to align our climate risk disclosure with the TCFD recommendations.

	Group progress
Governance Disclose the organisation's governance around climate-related risks and opportunities.	• Corporate Responsibility Committee established which plays a crucial role in overseeing the progress towards fulfilling the goals of our make a difference strategy. The Committee is responsible for reviewing progress against our ESG targets. • Members of the OLT are responsible for overseeing delivery of our environmental commitments, covering the impact of climate change on the Group's operations as well as our strategy to influence our customers, consumers and the industry. • A working group has been established focused on helping consumers make more environmentally friendly choices and identifying risks and opportunities in respect of climate change. • Sustainability network comprised of passionate employees with a goal of making life at Auto Trader more sustainable through increasing employee awareness and driving impactful changes towards our journey to becoming carbon neutral and net zero. • Our performance is assessed externally by ESG rating agencies and we annually complete the CDP climate change questionnaire.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	• The global threat of climate change and the Paris Agreement are forcing action and car buyers want to make the shift to AFVs. Public policy is pushing de-carbonisation, e.g., Road to Zero. In response, we have strengthened our climate strategy to focus on four pillars: our operations, our customers, our consumers and our industry.
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	• We have a well-established risk management framework that separates responsibilities into three lines of defence – our OLT, oversight functions and committees and independent assurance. • Group Risk Register now includes risk of climate change as a risk to the Group. • A working group has been established focused on helping consumers make more environmentally friendly choices and identifying risks and opportunities in respect of climate change.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	• To help us accurately assess and develop strategies to reach carbon net zero, we have broadened the reporting of our GHG emissions to include a full inventory of Scope 3. We will use the outcome of this work to inform our goal to set a net zero target with clear interim targets to measure our progress. • Committed to the Science Based Targets initiative committing to set ambitious emission reduction targets. We aim to submit our targets to the SBTi within the two-year time frame set out by the SBTi. • We have signed up to the UN's "Climate Neutral Now" Pledge. This provides us with a framework to measure, reduce and offset our GHG emissions and to report annually on our progress.

SASB Disclosure Topics & Accounting Metrics

We have set out below our progress against the Internet & Media Services SASB standards – we have reported progress against 8 of the 15 relevant standards. We acknowledge that we have not fully disclosed against all metrics. We will undertake work in FY22 and plan to report additional progress and metrics in our next Annual Report.

Topic	Accounting Metric	Group progress
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed. (2) Percentage grid electricity. (3) Percentage renewable.	Scope 1,2, & 3 GHG emissions disclosed. See page 54 for further information.
	Discussion of the integration of environmental considerations into strategic planning for data centre needs.	This year, we made a 50% reduction in our primary physical data centre space. See page 56 for further information.
Data Privacy, Advertising Standards & Freedom of Expression	Description of policies and practices relating to behavioural advertising and user privacy.	See pages 59 and 60 for further information on our data privacy policy.
Data Security & Privacy	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards.	See pages 59 and 60 for further information on our approach to Data Security & Privacy. We are currently in the process of adopting the National Institute of Standards and Technology ('NIST') cybersecurity framework to manage and reduce cybersecurity risks.
Employee Recruitment, Inclusion & Performance	Percentage of employees that are foreign nationals.	The Group has a total of 54 foreign nationals, representing 5.7% of the total employees as at 31 March 2021.
	Employee engagement as a percentage.	See page 52 for further information.
	Percentage of gender and racial/ethnic group representation for: (1) Management. (2) Technical staff. (3) All other employees.	See page 49 for further information.
Intellectual Property Protection & Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations.	No monetary losses as a result of legal proceedings.

Annual statement by the Chair of the Remuneration Committee

In these uncertain times, it is important that remuneration arrangements continue to align Executive Directors with the long-term interests of shareholders.

9
meetings were held during the year

97%
average attendance by Committee members

Jill Easterbrook
Chair of the Remuneration Committee

Member	Meetings attended/ total meetings eligible to attend	Percentage of meetings attended
Jill Easterbrook (Chair)	9/9	100%
David Keens	9/9	100%
Jeni Mundy	9/9	100%
Sigga Sigurdardottir	8/9[1]	89%

1. Sigga Sigurdardottir was unable to attend one meeting due to other commitments; but had an opportunity to feed comments in to the Chair prior to the meeting.

Ed Williams was in attendance at all meetings by invitation.

For more information on the Committee's Terms of Reference, visit: **plc.autotrader.co.uk/investors**

Key performance indicators P32

Overview

- Composed of four independent Non-Executive Directors.
- The Company Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other relevant individuals are invited to attend the meetings when appropriate – no person is present during any discussion relating to their own remuneration.

Our progress in 2021

- Reviewed our approach to remuneration to ensure it remains aligned with our strategy and the creation of sustainable long-term value and that it is appropriate in the context of evolving shareholder guidance and corporate governance. An updated Directors' Remuneration Policy will be put to a binding shareholder vote at the 2021 AGM.
- Consulted with shareholders on the proposed minor changes to the Remuneration Policy, most notably the introduction of ESG metrics in our PSP.
- From 1 April 2020 to 1 July 2020, the Chairman and SID voluntarily waived their Board fees, and the remainder of the Board waived 50% of their salaries or Board fees. Salaries/fees returned to normal levels from 1 July 2020 following a return to charging customers and the unfurloughing of all employees.
- For FY21, in response to the impact of COVID-19 on the business, no annual bonus was operated, but a larger grant was made under the PSP which will vest based on TSR performance over three years. In FY22, we will return to the normal annual bonus and PSP structure.
- Assessed the achievement of targets for the 2018 PSP awards.
- Set appropriate targets for the FY22 annual bonus and the PSP awards to be granted in 2021.

Focus areas for 2022

- Develop the carbon footprint target to be used in the 2022 PSP award, which will follow on from our detailed plan to move towards a net zero carbon footprint position that is currently in development.
- Assess the achievement of targets for the FY22 bonus and 2019 PSP awards.
- Continue to monitor our remuneration arrangements in the context of our approach to the wider workforce, executive pay environment, governance developments and market practice.

Dear shareholders,

I am pleased to present, on behalf of the Board, the Report of the Remuneration Committee (the 'Committee') for the year ended 31 March 2021.

Performance and reward in 2021

Salary reductions

As announced on 1 April 2020, the Chairman and SID voluntarily waived their Board fees, and the remainder of the Board waived 50% of their salaries or Board fees during the first quarter of FY21. With a return to higher levels of revenue and profit and the unfurloughing of all employees, salaries and fees were returned to normal levels from 1 July 2020.

Annual bonus

As announced in last year's Directors' remuneration report, we operated a modified approach to remuneration in FY21 in response to the uncertainty caused by the COVID-19 outbreak to focus on long-term recovery and alignment with shareholders rather than short to medium-term performance. For FY21, no annual bonus was operated. This means that executives will not receive any bonus payment for the two years as they voluntarily waived their bonus for FY20. For FY22, the Board intends to resume the annual bonus plan. Further details are provided on page 106.

Performance Share Plan ('PSP')

PSP awards granted in 2018 will vest in August 2021 based on performance over the three years to 31 March 2021. The award was based 75% on Operating profit growth and 25% on total Group revenue growth. Due to the impact of COVID-19 on Operating profit and revenue performance during the year, the stretching targets set have not been met. This award will therefore lapse.

The Committee carefully considered this outcome and, notwithstanding the exceptional performance from management over the year managing the business through the pandemic, determined that the lapsing of the award was appropriate given the lower levels of financial performance during the year and therefore that it was not necessary to exercise discretion to adjust payouts.

Remuneration review

During the year, the Committee undertook a thorough review of our remuneration framework in the context of the ongoing uncertainty in the marketplace and our evolving business strategy. After careful consideration, the Committee is not proposing to make any changes to the structure and quantum of executive pay as we believe that the existing framework (comprising an annual bonus and PSP) continues to be a simple, clear approach which incentivises participants to drive performance and rewards the delivery of long-term sustainable success for our shareholders.

In line with the normal three-year renewal cycle, our updated Directors' Remuneration Policy will be put to a shareholder vote at the 2021 AGM.

As part of the review, the Committee took the opportunity to review the performance measures for our annual bonus and PSP awards. As a result of this review, the Committee has decided to evolve our metrics to be more closely aligned with our strategy going forward and the interests of our shareholders and broader stakeholders as detailed below.

Introduction of ESG metrics in the PSP

The Committee is proposing to introduce ESG-related metrics into the PSP. Although we considered including ESG in the annual bonus, we ultimately feel that as our ESG strategy is long term in nature, the PSP is the most appropriate place given it spans a multi-year performance period. This gives us a better opportunity to make demonstrable and meaningful progress towards these objectives.

COVID-19 pandemic

The COVID-19 pandemic has posed significant unforeseen challenges for all businesses, including our own and those of our retailer customers. However, the Board acted swiftly at the height of the pandemic and took a number of steps to strengthen the balance sheet and protect its employees, customers and long-term priorities during this time of uncertainty.

- Advertising was free of charge in April, May, December and February, and at a discount in June. Payment terms were also deferred in order to provide our customers with certainty over their cash flows.
- We carried out a non-pre-emptive capital raise of £183m net of fees, representing approximately 5% of the Company's issued share capital.
- We furloughed a number of employees in April and May but topped up the majority to full salary. We returned the furlough monies in full later in the year and we did not furlough any employees in the second or third lockdowns.
- We reduced discretionary spending, but returned to more normal levels later in the year.

As recognised elsewhere in this report, the performance of our management team has been exceptional during this period. However, the support we provided to our retailer customers has inevitably had a significant impact on our financial results, with revenues declining by 29% and Operating profit by 38%.

The year has started well, with consumer demand for cars, audience metrics and retailer numbers all remaining strong, and as described elsewhere in this report, we have declared a final dividend, payable in September 2021.

75% of the PSP will continue to be based on Operating profit and over the course of the next two years, ESG metrics will be phased in for the remaining 25%. We are currently developing our ESG strategy and it is intended that the focus for the performance measures in the PSP will be on two core areas: i) the diversity of our workforce from 2021 and ii) reducing our carbon footprint from 2022. More information on our make a difference (ESG) strategy can be found on page 46.

The FY22 PSP award will be based on the following measures:

- 75% linked to Operating profit growth.
- 12.5% linked to Revenue growth.
- 12.5% linked to progress made in respect of Diversity.

For a number of years, the Board and the business have been focused on building a diverse and inclusive culture at Auto Trader, one that reflects the composition of the communities we serve and offers all our employees the opportunity to realise their full potential. We have put in place a number of initiatives over the past few years to address our diversity and inclusivity ambitions, and we are proud of what we have achieved to date. We now want to accelerate our progress in building a culture where inclusivity can thrive, thereby making Auto Trader a better business in the long-run. We strongly believe that increasing the diversity of our workforce is the right thing to do and will enable us to attract and retain high calibre talent, underpin employee engagement and therefore business performance, and improve Group decision-making, all of which will drive the execution of our strategy and generate shareholder value.

The Board and management believe so strongly in this that management want to take personal risk in including stretching targets related to our progress in the PSP. Through embedding diversity in our PSP, we hope to send an important message to employees and other stakeholders about the priorities of the business.

The FY22 PSP award will be assessed by the Committee in the round in relation to the progress made against the following basket of Diversity measures considering 'how' performance has been achieved as well as 'what' performance has been achieved.

- The proportion of women employees in the Group.
- The proportion of leadership who are women.
- The proportion of BAME employees in the Group.
- The proportion of leadership who are BAME.

The PSP targets are disclosed in full on page 107. We have applied the same principles as we use in setting our financial targets to setting our ESG targets. Our Diversity targets have been set taking into account our internal ambitions as well as historical performance and wider sector trends. The Committee considers that the targets set are stretching and for all measures represent a meaningful improvement on our current position while allowing for critical appraisal at the end of the performance cycle. The Committee will determine the payout in relation to the Diversity measures in the round taking into account the progress made against the key objectives outlined above in the round, taking into account 'how' the progress was achieved as well as 'what' progress is achieved.

During the course of the next 12 months we will be developing a carbon reduction plan to set out our move towards a net zero carbon emissions position. Once this is complete, and to further emphasise the importance of ESG to our business, it is intended that for PSP awards granted in FY23 a carbon reduction measure will be included in place of the Revenue measure. Auto Trader, like many other companies, is on a journey in respect of its ESG strategy and therefore the Committee fully recognises that we may need to evolve and iterate our approach to setting PSP performance targets over the next few years as we learn and develop. In line with best practice and shareholder expectations the Committee has discretion to adjust the vesting outcome. The Committee recognises that we may need to adjust the vesting outcomes in relation to ESG measures as part of our learning journey to ensure that payout on these elements is appropriate.

Strategic metrics in the annual bonus

The pandemic has accelerated the drive to consumers doing more online. We have even stronger conviction that our strategy of bringing more of the car buying journey online is the right one. This strategy has seen the launch of a number of new ventures offering an entirely or predominantly online car buying experience.

In order to align with this strategic area of focus, the Committee has decided that 25% of the annual bonus will be determined based on measures relating to the take up of our digital retailing products by retailers. This will be measured by the number of instances paid for by retailers, related to supporting consumers in finding finance for their next car, getting a guaranteed trade in for their existing car as well as further offerings under development. The remaining 75% of the bonus will still be based on Operating profit. Performance against these key objectives and the resulting bonus payout will be disclosed in next year's Directors' remuneration report to the extent that they are no longer considered commercially sensitive.

Additional elements to the Policy

The Committee has made a number of governance updates over the last couple of years in line with the UK Corporate Governance Code and guidance from investors. These changes have been formalised in the new Policy as summarised below:

- Introduction of a post-employment shareholding guideline in line with best practice and the requirements of the 2018 Code. Any Executive Director who leaves will be expected to retain an interest in shares with a value of 200% of salary (or their actual shareholding if lower) for a period of two years following departure. This guideline applied to Trevor Mather, our former CEO, on his departure.
- Discretion for the Committee to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.
- Malus and clawback provisions have been expanded to reflect evolving best practice.

2022 salary review

Salary increases of 2% are proposed for the Executive Directors. This is in line with the general increase received for other senior employees across the Group and lower than the average Company-wide pay increase of c.5%. In FY22, salary increases will become effective from 1 July, rather than 1 April as in previous years, to align with the approach for the wider workforce.

Pension

During the year we have undertaken a review of our pension provision throughout the organisation to ensure that it continues to provide the right level of benefits to enable our employees to save for their retirement. We have increased the maximum pension opportunity for the wider workforce from 5% of salary to 7% of salary. To maintain alignment with the wider workforce the pension allowance provided to Executive Directors will also be increased to 7% of salary.

Engagement with shareholders

We contacted our top 20 shareholders as well as the major proxy bodies to explain our proposed approach for the renewal of our Policy. We were pleased with the level of support for the proposals put forward. The Committee is grateful to shareholders for the time they have given to the consultation process and the feedback provided, all of which have helped facilitate a more robust decision-making process.

I hope that you will support our 2021 Remuneration Policy and 2021 Directors' remuneration report at the AGM in September. I will be available at the AGM to answer any questions. In the meantime, I welcome any feedback that you may have, which can be submitted to **ir@autotrader.co.uk**.

Jill Easterbrook
Chair of the Remuneration Committee
10 June 2021

Remuneration at a glance: How executives will be paid in future years

We are seeking shareholder approval for a revised Policy at the 2021 AGM. The key elements of the Policy will remain unchanged. An overview of our Policy and how it is proposed to apply in 2021/22 is set out below.

Fixed pay: to recruit and reward executives of high calibre

Remuneration for the year ending 31 March 2022

Salary	CEO: £579,360 COO: £321,300 CFO: £336,600	A 2% increase in line with the general increase received by senior employees and below the average Company-wide increase of c.5%. From 2021, the salary review date has been moved to 1 July (from 1 April) to align with the approach for the wider workforce. Note that the COO's salary has been pro-rated to reflect that she works 4.5 days per week. Her full-time equivalent salary is £357,000.
Pension	7% of salary	Following a review, we have increased the maximum pension opportunity for the wider workforce from 5% of salary to 7% of salary. To maintain alignment with the wider workforce, the pension allowance provided to Executive Directors will also be increased to 7% of salary.
Benefits	Includes private medical cover, life assurance and income protection insurance.	

Annual bonus

To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.

Cash element | **50%** of bonus deferred into shares for two years

Maximum opportunity
CEO: 150% of salary
COO and CFO: 130% of salary

Malus and clawback provisions apply.

FY22 bonus metrics

- **75%** Operating profit
- **25%** Strategic: milestones linked to our digital car buying strategy

Performance share plan

To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executive Directors with those of shareholders.

3-year performance period | **2-year** holding period

Maximum opportunity
CEO: 200% of salary
COO and CFO: 150% of salary

Malus and clawback provisions apply.

FY22 PSP metrics

Refreshed to align with our evolving strategy.

- **75%** Operating profit growth
- **12.5%** Revenue growth
- **12.5%** Diversity progress, assessed in the round and including the following basket of measures:
  - Proportion of women employees in the Group being 40%
  - Proportion of leadership who are women being 38%
  - Proportion of BAME employees in the Group being 14%
  - Proportion of leadership who are BAME being 10%

Shareholding guidelines

Guidelines apply in-post, and extend beyond tenure

In-post guidelines:
200% of salary

Post-employment guidelines:
100% of in-post shareholding guideline (or actual shareholding if lower) for a period of two years following departure

Updates to the Policy

The new Policy formalises a number of good governance features in line with evolving best practice.

- Introduction of a post-employment shareholding requirement in line with best practice
- Discretion for the Committee to adjust formulaic outcomes where it is deemed appropriate
- Expansion of the malus and clawback provisions

Directors' Remuneration Policy

This Remuneration Policy will be put to shareholders for approval in a binding vote at the AGM on 17 September 2021 and will be effective from this date.

Policy overview

As outlined in the Remuneration Committee Chair's statement, in light of the requirement to seek shareholder approval for a new Remuneration Policy, the Committee undertook a thorough review of the current remuneration arrangements for Executive Directors, considering a range of potential approaches. The Committee concluded that the current framework remains appropriate and therefore the Policy will be re-submitted to shareholders largely unchanged from the version approved by shareholders at the 2018 AGM. Minor changes have been made to the Policy to reflect changes made over the last few years to reflect the 2018 UK Corporate Governance Code, to reflect prevailing market practice and to clarify the Policy's practical operation.

The Policy is structured so as to ensure that the main elements of remuneration are linked to Company strategy, in line with best practice and aligned with shareholders' interests. The Policy is designed to reward Executive Directors by offering competitive remuneration packages, which are prudently constructed, sufficiently stretching and linked to long-term profitability. In promoting these objectives, the Policy aims to be simple in design, transparent and structured so as to adhere to the principles of good corporate governance and appropriate risk management.

A further aim of the Remuneration Policy is to encourage a culture of share ownership by colleagues throughout the Company, and in support of this we have both a SIP and a SAYE scheme. Around 60% of our employees participate in a share scheme and benefit from share price increases alongside shareholders.

Summary of decision-making process

As described in the Chair's statement, the Committee engaged with its major shareholders as part of its review of the executive Remuneration Policy. We wrote to 20 of our largest shareholders and the major shareholder representative bodies in March 2021 to consult on our proposed approach to executive pay going forward.

Shareholders were offered the opportunity to discuss the proposals with the Committee Chair and the Group Company Secretary and overall we were encouraged by the number of shareholders who took the time to engage with us and are satisfied that, having taken into account both supporting views and key concerns, we have developed an appropriate way forward.

In addition to the specific feedback received from our consultation with major shareholders, we also considered input from the management team and our independent advisors, as well as latest market practice and corporate governance developments. To manage any potential conflicts of interest arising, the Committee ensured that no individual was involved in discussions on their own remuneration arrangements and all changes proposed aligned to the business's core strategy and values.

In reaching its decisions, the Committee also considered the following principles as recommended in the revised 2018 UK Corporate Governance Code.

Clarity: The Policy is designed to allow our remuneration arrangements to be structured such that they clearly support, in a sustainable way, the financial and strategic objectives of the Company. The Committee remains committed to reporting on its remuneration practices in a transparent, balanced and understandable way.

Simplicity: The Policy consists of three main elements: fixed pay (salary, benefits and pension), an annual bonus and a long-term incentive award. The metrics used in our incentive plans directly link back to our key strategic ambitions and values and provide a clear link to the shareholder experience. The Committee may change measures for future years to ensure they continue to be aligned with our strategy.

Risk: The Policy is in line with our risk appetite. A robust malus and clawback policy is in place, and the Committee has the discretion to reduce pay outcomes where these are not considered to represent overall Company performance or the shareholder experience. Furthermore, our bonus deferral, post-cessation shareholding requirement, and PSP holding period ensure that Executive Directors are motivated to deliver sustainable performance.

Predictability: The Committee considers the impact of various performance outcomes on incentive levels when determining quantum. These can be seen in the scenario charts on page 103.

Proportionality: A substantial portion of the package comprises performance-based reward, which is linked to our strategic priorities and underpinned by a robust target-setting process. We are mindful of the alignment with our workforce, the shareholder experience and our values and culture when considering the right and proportional approach to pay.

Alignment to culture: When developing the Policy, the Committee reviewed our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of the wider workforce. The themes considered include workforce demographics, engagement levels and diversity to ensure that executive remuneration is appropriate from a cultural perspective. This year, we have introduced a basket of Diversity targets into our PSP and intend to further incorporate Carbon reduction objectives in next year's PSP award.

How the views of shareholders and employees are taken into account

The Committee engages with the wider workforce through an Employee Engagement Guild, which all Non-Executive Directors attend. During the year, this included remuneration topics and also gender and ethnicity pay gaps. The Committee also receives regular updates regarding remuneration arrangements across the Group. These updates and the feedback received at the Employee Engagement Guild are taken into consideration when determining the Remuneration Policy for the Executive Directors and in particular when considering any changes to policy and increases in the level of fixed remuneration. The Company also regularly undertakes an employee engagement survey which includes questions to understand employees' views on their own remuneration and benefits, which the Committee also reviews.

As demonstrated in the decision-making process behind our Policy review this year, the Committee is committed to a constructive dialogue with our shareholders in order to ensure that our Remuneration Policy is aligned with their views. The Committee consulted with shareholders in advance of submitting our revised Policy to the shareholder vote and carefully considered the feedback received. In conjunction with any additional feedback received from time to time, this will be considered as part of the Committee's annual review of how we intend to implement our Remuneration Policy.

If any significant changes to our Remuneration Policy which require shareholder approval are proposed, the Committee will seek to engage with major shareholders to explain our proposals and obtain feedback.

Remuneration Policy for Executive Directors

Our Policy is designed to offer competitive, but not excessive, remuneration structured so that there is a significant weighting towards performance-based elements. A significant proportion of our variable pay is delivered in shares with deferral and holding periods being mandatory, and with appropriate recovery and withholding provisions in place to safeguard against overpayments in the event of certain negative events occurring. The table below provides a full summary of the Policy elements for Executive Directors.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Salary				
Change from previous policy: Normal salary effective date updated to align with wider workforce approach.	To recruit and reward executives of high calibre. Recognises individual's experience, responsibility and performance.	Salaries are normally reviewed annually with changes effective from 1 July but may be reviewed at other times if considered appropriate. Salary reviews will consider: • personal performance; • Group performance; • the nature and scope of the role; • the individual's experience; and • increases elsewhere in the Company. Periodic reviews of market practice (for example, in comparable companies in terms of size and complexity) will also be undertaken. The Committee considers the impact of any salary increase on the total remuneration package.	There is no prescribed maximum salary level or salary increase; however, any base salary increases will normally be in line with the percentage increases awarded to other employees of the Group. However, increases may be made outside of this policy in appropriate circumstances, such as: • Where a Director is appointed on a salary that is at the lower end of the market practice range, larger increases may be awarded as the executive gains experience to move the salary closer to a more typical market level. • Where there has been a change in the nature and scope of the role. • Where there has been a significant and sustained change in the size and complexity of the business. • Where there has been a significant change in market practice.	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates.
Benefits				
Change from previous policy: None.	To provide competitive benefits to ensure the wellbeing of employees.	Executive Directors are entitled to the following benefits: • life assurance; • income protection insurance; and • private medical insurance. The Committee may determine that Executive Directors should receive additional reasonable benefits if appropriate, taking into account typical market practice and practice throughout the Group. Executive Directors may be reimbursed for all reasonable expenses and the Company may settle any tax incurred in relation to these. Where an Executive Director is required to relocate to perform their role, they may be provided with reasonable benefits as determined by the Committee in connection with this relocation (on either a one-off or ongoing basis), including any benefits such as housing, travel or education allowances.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Pension				
Change from previous policy: Following a review we have increased the maximum pension opportunity for the wider workforce from 5% of salary to 7% of salary. To maintain alignment with the wider workforce the pension allowance provided to Executive Directors will also be increased to 7% of salary.	To provide retirement benefits for employees.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan), a salary supplement in lieu of pension benefits (or combination of the above) or similar arrangement.	Maximum contribution in line with the contribution of other employees in the Group, currently 7% of salary.	N/A
Annual bonus				
Change from previous policy: Updated discretions.	To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.	The annual bonus is based predominantly on stretching financial and operational objectives set at the beginning of the year and assessed by the Committee following the year end. Half of any bonus earned is normally subject to deferral into shares under the Deferred Annual Bonus Plan ('DABP'), typically for a period of two years from the date of award. The deferred shares will vest subject to continued employment, but there are no further performance targets. A dividend equivalent provision applies, as described below. Recovery and withholding provisions apply, as described below. Participation in the bonus plan, and all bonus payments, are at the discretion of the Committee.	Maximum of 150% of salary as determined by the Committee.	Financial measures will normally represent the majority of bonus, with strategic or operational non-financial targets representing the balance (if any). Not more than 20% of each part of the bonus will be payable for achieving the relevant threshold hurdle. Measures and weightings may change each year to reflect any year-on-year changes to business priorities. The Committee has the discretion to adjust targets for any exceptional events (including acquisitions or disposals) that may occur during the year. The Committee also has the discretion to adjust the bonus outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Performance Share Plan ('PSP')				
Change from previous policy: Updated discretions.	To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executive Directors with those of shareholders.	Awards will normally be made annually under the PSP, and will take the form of nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the Policy. Awards normally vest after three years subject to the extent to which the performance conditions specified for the awards are satisfied, and continued service. Recovery and withholding provisions apply, as described below. Executive Directors are required to retain vested shares delivered under the PSP for at least two years from the point of vesting, subject to the terms of the holding period described below. A dividend equivalent provision applies, as described below.	Normal circumstances: maximum of 200% of salary as determined by the Committee. Exceptional circumstances: maximum of 300% of salary as determined by the Committee.	The vesting of awards will be subject to the achievement of performance metrics which may be financial, share price or strategic in nature. The metrics and weightings for each award will be set out in the Annual Report on Remuneration. Any strategic measure(s) will account for no more than 25% of the award. No more than 25% of the award vests for achieving threshold performance. The Committee has the discretion to adjust targets for any exceptional events (including acquisitions and disposals) that occur during the performance period. The Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.
All-employee share plans – SIP & SAYE				
Change from previous policy: None.	To encourage Group-wide equity ownership across all employees, and create a culture of ownership.	The Company operates two all-employee tax-advantaged plans, namely a Save As You Earn ('SAYE') and a Share Incentive Plan ('SIP') for the benefit of Group employees. The operation of these plans will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.	Maximum permitted based on HMRC limits from time to time.	N/A
Share ownership guidelines				
Change from previous policy: Introduction of post-employment shareholding guidelines.	To increase alignment between executives and shareholders.	**In-post:** Executive Directors are expected to build and maintain a holding of shares in the Company. This is expected to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met. The minimum share ownership guideline is 200% of salary for current Executive Directors. **Post-cessation:** Following stepping down from the Board, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.	Not applicable.	N/A

Notes to the Policy table

Recovery and withholding provisions

Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP in the event of the following negative events occurring within three years of the payment of a cash bonus, the grant date of an award under the DABP or the vesting date of PSP awards:

- a material misstatement or restatement to the audited financial statements or other data;
- an error in calculation leading to over-payment of bonus;
- individual gross misconduct;
- serious reputational damage;
- corporate failure; or
- any other circumstance which the Committee considers is similar in nature or effect.

Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the net bonus or PSP vesting and seeking a cash repayment.

Dividend equivalents

Under the DABP and the PSP, the Committee may also pay the value of dividends, at the Committee's discretion, on vested shares (in cash or shares) which may assume the reinvestment of dividends on a cumulative basis.

Discretion available under the Policy

In order to ensure that the Remuneration Policy is capable of achieving its intended aims, the Committee retains certain discretions over the operation of the variable pay policy. These include the ability to vary the operation of the plans in certain circumstances (such as a change of control, rights issue, corporate restructuring event, special dividend or acquisition or disposal) including the timing and determination of payouts/vesting; and making appropriate adjustments to performance measures or targets as necessary to ensure that performance conditions remain appropriate. However, it should be noted that in the event that the measures or targets are varied for outstanding awards in the light of a corporate event, the revised targets may not be materially less difficult to satisfy.

New to this Policy and in line with best practice and shareholder expectations, the Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Should these discretions be used, they would be explained in the Annual Report on Remuneration and may be subject to consultation with shareholders as appropriate.

Operation of the PSP holding period

Executive Directors are required to retain vested shares delivered under the PSP (on a net of tax basis, where applicable) for at least two years from the point of vesting. In exceptional circumstances, the Committee may at its discretion allow participants to sell, transfer, assign or dispose of some or all of the PSP shares before the end of the holding period.

Previously agreed payment

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before 17 September 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Selection of performance measures

Annual bonus performance measures are selected annually to reflect the Group's key strategic initiatives for the year and include both financial and strategic or operational non-financial objectives. A majority weighting will be placed on financial performance, ensuring that payouts are closely linked to the Group's performance and the execution of strategy.

PSP awards to be granted in 2021/22 will be subject to the achievement of Operating profit growth, Total Group revenue growth and a basket of Diversity targets. The Committee believes this combination of measures ensures that rewards are linked to long-term shareholder value creation and the culture and values of the business. The performance metrics used and their weighting may differ for awards to ensure they continue to support the Company's long-term growth strategy.

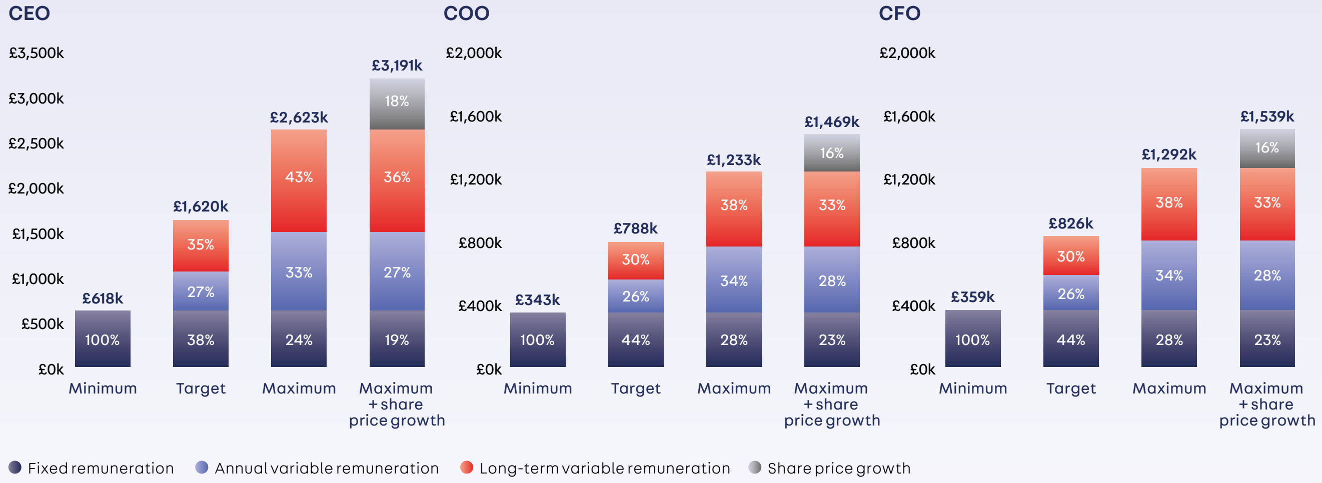
Differences in Remuneration Policy between Executive Directors and other employees

Whilst the Policy described above applies specifically to the Company's Executive Directors, the Policy principles are designed with due regard to employees across the Group.

'At risk, performance-linked pay' is restricted to the most senior employees in the Company, as it is this group that is most influential in driving corporate performance.

The Committee is committed to promoting a culture of widespread share ownership across all levels of the organisation. At senior levels this will predominantly be achieved through participation in performance-based incentive plans, whilst across the rest of the workforce it will be supported via all-employee share plans.

Illustration of application of Remuneration Policy
The charts below illustrate how the composition of the Executive Directors' remuneration packages varies under three different performance scenarios: threshold, on-target and maximum, both as a percentage of total remuneration opportunity and as a total value. It should be noted that these scenarios are for illustrative purposes only and have been determined using the approach specified in the regulations. They should not be construed as profit forecasts or a prediction of share price movements.



Assumptions

- Minimum = fixed pay (base salary, benefits and pension).
- Target = fixed pay plus 50% of maximum bonus payout and 50% vesting under the PSP.
- Maximum = fixed pay plus 100% of bonus payout and 100% PSP vesting.
- Maximum + share price growth = fixed pay plus 100% of bonus payout and 100% PSP vesting with a 50% increase in share price applied to the PSP award.

Salary levels have been pro-rated to reflect the pay increase applying on 1 July 2021. Annual variable remuneration is based on the salary applying from 1 July 2021. Long-term variable remuneration is based on the salary at expected date of grant. The value of taxable benefits is as disclosed in the single figure for the year ending 31 March 2021.

Aside from the maximum + share price growth scenario, no share price increase is assumed and any dividend equivalents payable are not included.

Service contracts and policy for payments on loss of office
The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary and pension. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of 12 months' contractual benefits.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period and will normally be subject to mitigation. The Committee will consider the particular circumstances of each leaver and retains flexibility as to at what point, and the extent to which, payments are reduced.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment. SAYE options will become exercisable on cessation of employment to the extent permitted in accordance with the rules of the SAYE scheme, which does not provide for the exercise of discretion by the Committee. On cessation, a payment may be made in respect of accrued but untaken holiday.

Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

In summary, the contractual provisions on termination where the Company elects to make a payment in lieu of notice are as follows:

Performance measures	Detailed terms
Notice period	12 months by either party.
Termination payments over the notice period	100% of salary and pension contribution for the relevant period. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of 12 months' contractual benefits.
Change of control	No enhanced provisions on a change of control.

The Executive Directors are subject to annual re-election at the AGM. Service contracts are available for inspection at the Company's registered office.

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, for certain leavers, a bonus may become payable at the normal payment date based on performance. Such bonus would normally be pro-rated for time in employment unless the Committee determines otherwise. At its discretion the Committee may also pay such bonus at the time of cessation of employment based on performance to that date. Any bonus paid may be paid 100% in cash for the year of departure or preceding financial year if the bonus for that year has not yet been awarded. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the Annual Report on Remuneration.

DABP awards on termination

Any existing awards under the DABP will lapse on termination unless the termination is due to death, the sale of the employing company from the business or otherwise at the discretion of the Committee. Where an award does not lapse it will vest on cessation (or on such later date as the Committee determines), to the extent determined by the Committee.

PSP on termination

Share-based awards are outside of service contracts provisions. Normally, PSP awards will lapse upon a participant ceasing to hold employment. However, under the rules of the PSP, in certain prescribed circumstances (namely death, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status can be applied. In exercising its discretion as to whether an Executive Director should be treated as a good leaver, the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration. Awards will typically vest on the originally anticipated date, although the Committee has discretion to vest awards sooner (and to assess performance conditions accordingly if vesting occurs before the end of the performance period).

The extent to which PSP awards will vest in good leaver circumstances will depend on:

(i) the extent to which the performance conditions have been satisfied at the end of the performance period (or such other relevant time as the Committee determines); and
(ii) unless the Committee determines otherwise, the pro-rating of the award determined by the period of time served in employment during the vesting period.

Change of control

In the event of a change of control of the Company or other relevant event, awards under the PSP, DABP and SIP and options under the SAYE scheme will vest early. Vesting of awards under the PSP will be determined by applying any relevant performance condition and, unless the Committee determines otherwise, pro-rating the award by reference to the period of time from grant to vest as a proportion of a period of three years. The DABP award shall vest in full, and the extent to which a SAYE option can be exercised will be determined by the Committee in accordance with the rules of the SAYE scheme on the same basis as for other employees.

Approach to recruitment and promotions

The recruitment package for a new Executive Director would normally be set in accordance with the terms of the Company's approved Remuneration Policy. Currently, this would include an annual bonus opportunity of up to 150% of salary and policy PSP award of up to 200% of salary (other than in exceptional circumstances where up to 300% of salary may be made). The Committee, however, retains discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration of 350% of salary (450% of salary in exceptional circumstances) which is in line with current Policy limits. This limit does not include any payment(s) or award(s) made to 'buy-out' remuneration forfeited on leaving a previous employer. The key terms and rationale for any such component would be disclosed as appropriate in that year's Annual Report on Remuneration.

On recruitment, salary will be set so as to reflect the individual's experience and skills. It may be set at a level below the normal market rate, with phased increases greater than those received by others as the Executive Director gains experience.

Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account relevant factors which may include the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the principle would be that awards would be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.

Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).

If an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

In the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on one non-executive position with another company and to retain their fees in respect of such position. Additional appointments may be undertaken in exceptional circumstances.

Remuneration Policy for the Chairman and Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	Fees are reviewed periodically and approved by the Board, with Non-Executive Directors abstaining from any discussion in relation to their fees. Both the Chairman and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits. The Chairman receives a single fee covering all of his duties. The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit, Remuneration and Corporate Responsibility Committees and for performing the Senior Independent Director role. Additional fees may be paid to reflect additional Board or Committee responsibilities or an increased time commitment as appropriate. The Chairman and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties. The Company may meet any tax liabilities that may arise on such expenses. The Board may introduce benefits for the Chairman or Non-Executive Directors if it is considered appropriate to do so.	There is no prescribed maximum annual increase or fee level. The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels (for example in companies of comparable size and complexity).

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-election at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment.

Letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time.

Annual Report on Remuneration

This report has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) and the UKLA's Listing Rules. This report is subject to an advisory shareholder vote at the AGM on 17 September 2021.

Implementation of the Remuneration Policy for the year ending 31 March 2022

The following sets out a summary of how our Remuneration Policy will be implemented for the year ended 31 March 2022.

Base salary

The Executive Directors' salaries were reviewed in early 2021 with the changes becoming effective from 1 July 2021 in line with the wider workforce. The following table sets out the new salaries effective 1 July 2021 compared to those which applied in financial year 2021.

	2022	2021	Percentage change
Nathan Coe	**£579,360**	£568,000	+2%
Catherine Faiers[1]	**£321,300**	£315,000	+2%
Jamie Warner	**£336,600**	£330,000	+2%

1. Note that Catherine Faiers has reduced to 4.5 days per week from September 2020, and her salary has been pro-rated accordingly. Her full-time equivalent salary is £357,000.

The increase for the Executive Directors is in line with the general increase received for other senior employees across the Group, and lower than the average Company-wide pay increase of c.5%.

In previous years salary increases have been effective from 1 April each year, however, from 2021 the salary review date has been moved to 1 July to align with the approach for the wider workforce.

Pension and benefits

Following a review we have increased the maximum pension opportunity for the wider workforce from 5% of salary to 7% of salary. To maintain alignment with the wider workforce the pension allowance provided to Executive Directors will also be increased to 7% of salary. Pension allowance is payable into the Company pension scheme or as a cash alternative. Ancillary benefits are provided in the form of private medical cover, life assurance and income protection insurance.

Annual bonus

The maximum annual bonus opportunity for the CEO will be 150% of salary and the maximum annual bonus opportunity for the COO and CFO will be 130% of base salary. The annual bonus will operate as normal in FY22, after the suspension of the plan in FY21 following the COVID-19 outbreak. Half of any bonus earned will be payable in shares, deferred for two years under the DABP. The metrics and their weightings for the year ending 31 March 2022 are:

Metric	Percentage of total bonus
Operating profit	**75%**
Strategic: milestones linked to our digital car buying strategy	**25%**

Operating profit

Operating profit is a key performance indicator of the business and the Board believes continuing to deliver Operating profit performance will generate long-term value for shareholders.

Strategic: digital car buying

In order to align with this strategic area of focus, the Committee has decided that 25% of the annual bonus will be determined based on measures relating to the take up of our digital retailing products by retailers. This will be measured by the number of instances paid for by retailers, related to supporting consumers in finding finance for their next car, getting a guaranteed trade in for their existing car as well as further offerings under development. Performance against these key objectives and the resulting bonus payout will be disclosed in next year's Directors' remuneration report to the extent that they are no longer considered commercially sensitive.

PSP

PSP awards for the CEO will be made at the level of 200% of base salary and PSP awards for the COO and CFO will be made at the level of 150% of base salary. Awards will be subject to the following performance measures and targets:

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
Operating profit	75%	Operating profit compound annual growth rate for the three years ended 31 March 2024.[1]	5.5%	11%
Revenue growth	12.5%	Revenue compound annual growth rate for the three years ended 31 March 2024.[1]	5%	9%
Diversity	12.5%	Progress made in respect of a basket of Diversity objectives by March 2024, including: • The proportion of women employees in the Group being 40%. • The proportion of leadership[2] who are women being 38%. • The proportion of BAME employees in the Group being 14%. • The proportion of leadership[2] who are BAME being 10%. The Committee will determine the payout in relation to the Diversity measures in the round taking into account the progress made against the key objectives as set out above, considering 'how' performance has been achieved as well as 'what' performance has been achieved.		

1. Compound annual growth rate targets have been set as three-year growth targets with reference to performance for 31 March 2020 as the base year, due to the figures in FY21 being heavily impacted by the pandemic. The Operating profit performance targets therefore equate to £304.0m for threshold vesting and £354.1m for maximum vesting and the Revenue growth performance targets equate to £427.0m for threshold vesting and £477.7m for maximum vesting.
2. Leadership is defined as OLT and OLT-1.

Each element will be assessed independently of the other at the end of the performance period. The Committee will then consider the wider context as discussed further below.

Following a review of the Policy and our approach to remuneration, the Committee has decided to incorporate ESG metrics into the PSP going forward.

The ESG metrics selected are aligned with our developing ESG strategy. From 2021, we will focus on the diversity of our workforce by basing a portion of the PSP on a basket of Diversity metrics. The Board strongly believes that increasing the diversity of our workforce will increase access to external and internal talent, underpin employee engagement, and therefore performance, and improve Group decision-making which we believe will drive execution and therefore shareholder value.

During the course of the next 12 months we will be developing a carbon reduction plan to set out our move towards a net zero carbon emissions position. To further emphasise the importance of ESG to our business, it is intended that for PSP awards in FY23 a carbon reduction measure will be included in place of the Revenue measure.

We have applied the same principles as we use in setting our financial targets to setting our ESG targets. Our diversity targets have been set taking into account our internal ambitions as well as historical performance and wider sector trends. The Committee considers that the targets set are stretching and for all measures represent a meaningful improvement on our current position while allowing for critical appraisal at the end of the performance cycle.

Auto Trader, like many other companies, is on a journey in respect of its ESG strategy and therefore the Committee fully recognises that we may need to evolve and iterate our approach to setting PSP performance targets over the next few years as we learn and develop. In line with best practice and shareholder expectations the Committee has discretion to adjust the vesting outcome. The Committee recognises that we may need to adjust the vesting outcomes in relation to ESG measures as part of our learning journey to ensure that payout on these elements is appropriate.

In terms of the financial metrics, continuing to drive Operating profit is a key strategic objective of the business. Though EPS is widely used by other companies, we believe that the method by which the Company returns cash to shareholders should not affect executive compensation and therefore for Auto Trader the Committee believes that Operating profit is a more appropriate performance measure. Over the last three years, Operating profit has worked well for us and incentivised the right behaviours from our leadership team to grow the business and deliver value to shareholders.

Revenue growth is a key performance indicator of the business. To ensure revenue performance is aligned with long-term value creation the vesting for the Revenue portion of the award will be subject to an 'underpin' whereby the Operating profit measure must be at least at threshold levels of performance for any portion of the total Group revenue element to pay out.

The Committee set these targets taking into account internal and external expectations of performance and organic growth of the business. The Committee believes that these targets are appropriately stretching. For performance between the threshold and stretch targets, vesting will be calculated on a pro-rata basis. There is no vesting for performance below the threshold target.

In line with the Policy, Executive Directors will be required to hold any vested shares for a further period of two years under the terms of the PSP holding period.

Traditionally, our approach to the granting of PSP awards has been based on the closing share price on the day before grant. We have reviewed our approach to the share price used for determining the number of shares awarded under the PSP and are proposing to move to a longer share price averaging period of three months.

The main reason for this is to smooth out share price volatility and ensure that the number of shares awarded is not overly impacted by short-term changes in the share price. The Committee will keep this approach under review to ensure that there are no unintended consequences.

In line with best practice and shareholder expectations the Committee retains the discretion to adjust the payout from the annual bonus and PSP if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Single figure of remuneration for the year ended 31 March 2021 (Audited)
The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2021.

£'000	Salary and fees[1]	Benefits	Other	Long-term incentives[3]	Pension	Total fixed remuneration	Total variable remuneration	Total
Executive								
Nathan Coe	497	1	–	–	25	523	–	**523**
Catherine Faiers	286	1	–	–	14	301	–	**301**
Jamie Warner[4]	289	1	1	–	14	305	–	**305**
Non-Executive								
Ed Williams	138	–	–	–	–	138	–	**138**
David Keens	57	–	–	–	–	57	–	**57**
Jill Easterbrook	58	–	–	–	–	58	–	**58**
Jeni Mundy	52	–	–	–	–	52	–	**52**
Sigga Sigurdardottir	50	–	–	–	–	50	–	**50**

1. Base salary and fees were reduced for a portion of the year due to the impact of COVID-19 as described below. Furthermore, Catherine Faiers has reduced to a 4.5 day working week from 1 September 2020 and her salary has been pro-rated accordingly.
2. In response to the COVID-19 outbreak, no annual bonus plan operated for FY21.
3. PSP awards granted in 2018 for performance over the three-year period to 31 March 2021 will not vest, as the threshold performance has not been met.
4. Jamie Warner was granted 1,345 shares under the Company's save-as-you-earn scheme, at a discount of 20% to the market price. The total value of the discount was £1,485 and has been included in the "Other" column above.

The following table shows the aggregate emoluments earned in the year ended 31 March 2020.

£'000	Salary and fees	Benefits	Annual bonus[1]	Long-term incentives[2]	Pension	Total fixed remuneration	Total variable remuneration	Total
Executive								
Nathan Coe[3]	393	1	–	554	20	414	554	**968**
Catherine Faiers[4]	321	1	–	56	16	338	56	**394**
Jamie Warner[5]	28	–	–	7	1	29	7	**36**
Non-Executive								
Ed Williams	184	–	–	–	–	184	–	**184**
David Keens	76	–	–	–	–	76	–	**76**
Jill Easterbrook	67	–	–	–	–	67	–	**67**
Jeni Mundy	57	–	–	–	–	57	–	**57**
Sigga Sigurdardottir[6]	24	–	–	–	–	24	–	**24**

1. The outcome for the annual bonus for FY20 was c.26% of maximum; however, in response to the COVID-19 outbreak, the Executive Directors requested that their bonus for FY20 be waived.
2. 73.6% of PSP awards granted in 2017 vested in June 2020 for performance over the three-year period to 31 March 2020. In last year's report, for the purpose of the single figure the vested shares were valued based on the three-month average share price to 31 March 2020 of 529.38p, giving a value of £533k for Nathan Coe, £54k for Catherine Faiers and £7k for Jamie Warner including dividend equivalents. Jamie Warner's amount also included a pro-rated amount for the Single Incentive Plan. The amounts in the table above have been revalued based on the share price on the date of vesting of 549.8p. c27% of the vested value is due to share price growth of 38% since the date of award. No discretion was exercised in relation to share price appreciation.
3. Nathan Coe was promoted to the role of CFO and CEO-designate effective 1 May 2019 from his previous role as COO & CFO. He was appointed CEO effective 1 March 2020. The amounts disclosed reflect his service as COO & CFO, CFO & CEO-designate and CEO during the year.
4. Catherine Faiers was appointed COO and to the Board effective 1 May 2019. The amounts disclosed reflect her service in the year as an Executive Director.
5. Jamie Warner was appointed CFO and to the Board effective 1 March 2020. The amounts disclosed reflect his service in the year as an Executive Director.
6. Sigga Sigurdardottir was appointed to the Board on 1 November 2019. The amounts disclosed reflect fees from this date.

Additional information to support the single figure

Base salary

In light of the impact of COVID-19 on the business and the wider workforce, our Executive Directors forewent 50% of their salary from 1 April 2020 to 1 July 2020. The Chairman and Senior Independent Director (David Keens) waived their fees entirely during that period, and the remainder of the Board waived its fees by 50% during the same period. With a return to higher levels of revenue and profit, salaries and fees were returned to normal levels in July 2020. The figures shown in the Single Total Figure of Remuneration table above reflect these changes.

Benefits

Benefits include: private healthcare, life assurance and income protection insurance.

Pension

Employer's pension contributions of 5% of salary were paid in respect of Executive Directors in line with those received for the wider UK employee population.

Annual bonus for the year ended 31 March 2021

The COVID-19 outbreak resulted in significant disruption in the UK automotive market, with dealerships closed for an extended period. In light of this no annual bonus plan was operated in FY21 with the Executive Directors receiving an enhanced award under the Performance Share Plan only. Further details are provided below.

Performance Share Plan vesting for year ended 31 March 2021

The PSP award granted in 2018 and was based on performance to 31 March 2021. The performance conditions this award was based on, and the targets and performance delivered are set out in the table below. Due to the impact of COVID-19 on Operating profit and revenue performance during the year the stretching targets set have not been met. This award will therefore lapse.

Measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual performance	Payout (as a % of maximum)
Operating profit					
Compound annual growth rate for the three years ended 31 March 2021	75%	6% p.a.	Equal to or above 10% p.a.	Below threshold	0%
Total Group revenue					
Compound annual growth rate for the three years ended 31 March 2021	25%	5% p.a.	Equal to or above 8% p.a.	Below threshold	0%
Total vesting					**0%**

The Committee acknowledges the extraordinary effort of management during this challenging time. However, in light of the impact of COVID-19 on the financial performance of the Group, the Committee considers the pay outcomes for the year to be appropriate and so the Committee did not exercise any discretion in relation to LTIP outcomes for Executive Directors. In line with the Policy, the Committee has the ability to exercise malus and clawback with regards to incentive awards in certain circumstances as outlined in the Policy.

Overall, the Committee considers that the Remuneration Policy has operated as it was intended during 2020/21. The performance-driven focus of our total remuneration directly supports the sustainable long-term success of the business.

Scheme interests awarded during the year (Audited)

We approached remuneration differently in FY21 due to the impact of the COVID-19 pandemic on our business to focus on long-term recovery rather than short to medium-term performance. No annual bonus plan operated for FY21 and the Executive Directors were made an award under the PSP of 250% of salary. The award represented a reduction of c.30% for the CEO and c.10% for the CFO and COO compared to their previous aggregate incentive opportunity of 350% of salary (200% PSP and 150% annual bonus) for the CEO, and 280% of salary (150% PSP and 130% annual bonus) for the CFO and COO. Vesting of the PSP award is to be based on the Company's TSR performance relative to the FTSE350 index as detailed below.

Awards granted in the year under the PSP are shown below.

Executive Director	Number of shares awarded	Multiple of salary	Face/maximum value of awards at grant date[2]	% award vesting at threshold (% maximum)	Performance period
PSP awards[1]					
Nathan Coe	269,245	250%	£1,420,000	25%	1 April 2020 to 31 March 2023
Catherine Faiers	165,908	250%	£875,000	25%	1 April 2020 to 31 March 2023
Jamie Warner	156,427	250%	£825,000	25%	1 April 2020 to 31 March 2023

1. PSP awards will normally be eligible to vest three years from grant (8 July 2023) based on performance over the three years to 31 March 2023 and continued employment.
2. Face/maximum value was calculated based on the closing share price on the day before grant date (8 July 2020) of 527.4p.

Awards are granted as nil-cost options.

The performance conditions applying to the 2020 PSP awards shown in the table above are set out below.

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
TSR performance	100%	Performance will be assessed based on the Company's TSR performance compared to the FTSE350 Index (excluding investment trusts) over the three years ending 31 March 2023	Equal to Index TSR	Equal to Index TSR plus 25% or above

TSR performance is calculated based on a three-month average to the beginning and end of the performance period. Vesting is on a straight-line basis between threshold and stretch.

Due to the uncertainty in FY21, it was considered impossible to set robust and fair financial targets for the PSP, and furthermore we believed that the success or otherwise of the Company's response to COVID-19 was most likely to be reflected in the share price relative to that of other companies, as opposed to revenue and profit performance, We also wanted to ensure that the vesting outcome remains aligned with shareholder returns and hence the award is based entirely on TSR performance.

Directors' shareholding and share interests (Audited)

Executive Directors are required to maintain a shareholding in the Company equivalent in value to 200% of salary. If an Executive Director does not meet the guideline, they will be expected to retain at least half of the net shares vesting under the Company's discretionary share-based employee incentive schemes until the guideline is met. Non-Executive Directors do not have shareholding guidelines.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 31 March 2021, or at the date of retiring from the Board.

Director	Beneficially owned shares[1]	Number of awards held under the PSP conditional on performance	Number of vested but unexercised nil cost options	Number of awards held under the DABP and Single Incentive Plan[2] conditional on continued employment	Unvested Sharesave options and Share Incentive Plan shares	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 31 March 2021[3]
Executive Directors							
Nathan Coe	2,924,366	403,552	384,471	37,937	–	200%	3,057%
Catherine Faiers	16,792	259,424	49,251	15,668	–	200%	76%
Jamie Warner	3,478	188,489	28,472	18,743	5,316	200%	31%
Non-Executive Directors							
Ed Williams	6,875,444	–	–	–	–	N/A	N/A
David Keens	50,000	–	–	–	–	N/A	N/A
Jill Easterbrook	–	–	–	–	–	N/A	N/A
Jeni Mundy	–	–	–	–	–	N/A	N/A
Sigga Sigurdardottir	–	–	–	–	–	N/A	N/A

1. Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline.
2. The Single Incentive Plan operates for senior executives below the Board. These awards were granted to Catherine Faiers and Jamie Warner before they were appointed to the Board.
3. Based on the Director's salary and the mid-market price at close of business on 31 March 2021 of 555p. Includes net (after tax) of options vested but not exercised.

Payments to former Directors (Audited)

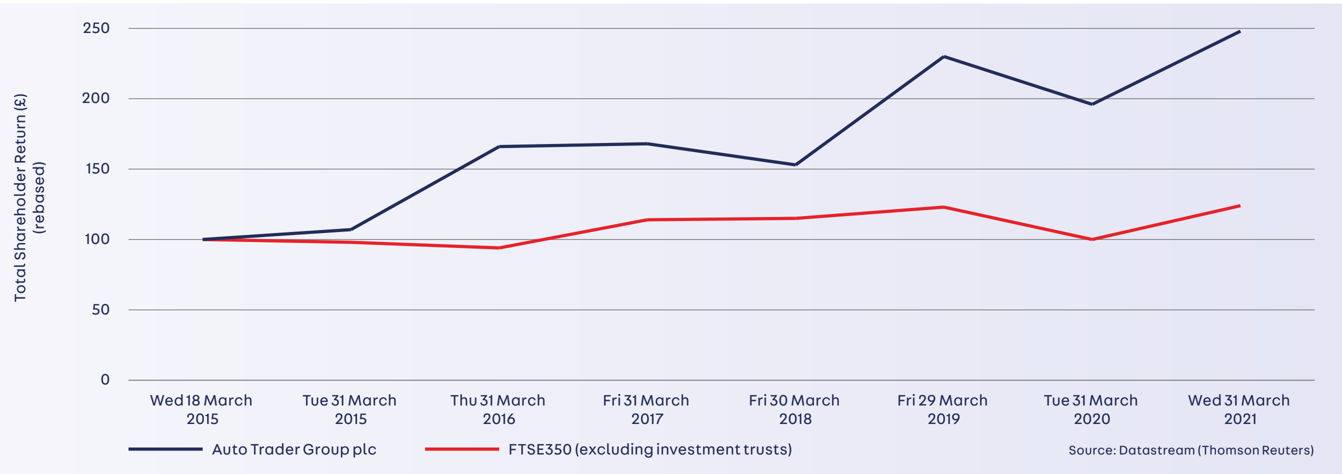
There were no payments made to former Directors during the year.

Payments for loss of office

There were no payments for loss of office during the year.

Performance graph and CEO remuneration table

The graph below illustrates the Company's TSR performance relative to the FTSE350 Index (excluding investment trusts) of which the Company is a constituent, from the start of conditional share dealing on 18 March 2015. The graph shows the performance over that period of a hypothetical £100 invested.



CEO remuneration

The table below sets out the CEO's single figure of total remuneration together with the percentage of maximum annual bonus awarded over the same period.

	2021	2020[1,2]	2019	2018	2017	2016	2015[3]
CEO total remuneration (£'000)	**523**	1,659	2,052	2,929	980	1,339	20
Annual bonus (% of maximum)	**N/A[4]**	N/A[5]	76.75%	50.3%	51.8%	100%	N/A[6]
PSP vesting (% of maximum)	**N/A[7]**	73.6%	51.2%	100%	N/A[8]	N/A[8]	N/A[8]

1. The 2020 figures reflect Trevor Mather's service as CEO to 29 February 2020, and Nathan Coe's service as CEO from 1 March 2020.
2. The 2020 CEO total remuneration has been updated to reflect the value of the PSP based on the share price on the date of vesting of 541.00p rather than the three-month average share price to 31 March 2020 of 529.38p.
3. From the date of Admission in March 2015.
4. No bonus plan operated in 2020/21.
5. The CEO elected to waive his bonus in respect of 2019/20.
6. Private company when bonus plan implemented in 2015.
7. PSP awards lapsed in 2020/21 as performance conditions were not met.
8. No awards were eligible to vest in respect of long-term performance ending in 2015, 2016 or 2017.

CEO pay ratio

The table below shows the ratio between the CEO's total single figure calculated as set out above and the median, lower and upper quartile total remuneration for our UK based workforce. Our median all-employee to CEO pay ratio is 10.9:1.

A significant proportion of the CEO's pay is in the form of variable pay through the annual bonus and the PSP. CEO pay will therefore vary year-on-year based on Company and share price performance. The CEO to all-employee pay ratio will therefore also fluctuate taking this into account. It should be noted that the CEO's single figure of remuneration in 2020 includes PSP awards, which are affected by changes in the Company's share price and achievement of targets over a three-year performance period. The Committee believes that the median pay ratio is lower than it would be in a normal year. This is due to the fact that the annual bonus did not operate for the year, the PSP awards did not vest in the year, and the CEO waived 50% of his base salary for the first three months of the year. The Committee would expect that in future years, the ratio will return to levels consistent with that in 2020, which the Committee considers is within a reasonable range taking into account the structure and nature of our business.

It is likely that any year-on-year change in the pay ratio will be driven by our CEO's variable pay, and not by changes to pay and benefits structures for UK employees. Pay rates for all employees are set by reference to a range of factors, such as market practice, experience and performance in role.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	**A**	**15.9:1**	**10.9:1**	**7.8:1**
2020	A	50.4:1	34.2:1	24.8:1

- Method A has been used to determine the relevant employees on the basis that this approach is in line with the approach used to calculate the single total figure for the CEO and therefore is the most robust.
- The salary for the P25 employee was £28,750 and total remuneration was £32,855. The salary for the P50 employee was £44,250 and total remuneration was £48,025. The salary for the P75 employee was £63,500 and total remuneration was £67,213.
- The P25, P50 and P75 employees were determined as at 31 March 2021 based on full-time equivalent remuneration. Only employees who were employed as at the end of the financial year were included; salaries were annualised, taking account of mid-year increases. The total remuneration includes salary, allowances, taxable benefits, pension contributions and share-based payments. Taxable benefits are based on the previous tax year (2020) with estimates used for those employees who joined part way through the year. Options under the SAYE scheme are included as at the date of grant, based on the difference between the market value at grant date and the exercise price. Options under discretionary plans (PSP and Single Incentive Plan) are based on the date that the performance conditions were achieved, and valued using the three-month average share price to 31 March 2021 of 577.58p.
- For 2020, the CEO single figure reflects amounts to Trevor Mather (stepped down 29 February 2020) and Nathan Coe (appointed CEO 1 March 2020) for their respective time in service.

Due to the impact of COVID-19 on the Group's trading in the UK, a number of our UK colleagues were furloughed utilising the Coronavirus Job Retention Scheme. We topped up salaries for the large majority of those who were impacted. We repaid all furlough monies later in the year and did not furlough any employees during the second and third lockdowns.

Year-on-year change in pay for Directors compared to the average employee

In accordance with the new requirement under The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the increase in each Directors' pay (salary, benefits and bonus) between 2020 and 2021 compared to the average increase for the employees of the Group.

	Base salary/fees	Benefits	Annual bonus
Executive Directors			
Nathan Coe[1,2]	26%	31%	(100%)
Catherine Faiers[1,3]	(11%)	43%	(100%)
Jamie Warner[1,4]	932%	1,477%	(100%)
Non-Executive Directors			
Ed Williams[1]	(25%)	–	–
David Keens[1]	(25%)	–	–
Jill Easterbrook[1]	(13%)	–	–
Jeni Mundy[1,5]	(9%)	–	–
Sigga Sigurdardottir[1,6]	108%	–	–
Average employee	0%	27%	–

1. Ed Williams and David Keens voluntarily waived their entire fees from 1 April 2020 to 30 June 2020. The remaining Board members voluntarily waived 50% of their salaries and fees from 1 April 2020 to 30 June 2020.
2. Nathan Coe was appointed as CEO on 1 March 2020 and his base salary increased on that date from £377,000 to £568,000.
3. Catherine Faiers was appointed to the Board on 1 May 2020 and therefore her reported salary for FY20 represents only 11 months. Further, Catherine became part-time from 1 September 2020 and therefore her salary was pro-rated from that date to reflect her 4.5 day working week.
4. Jamie Warner was appointed to the Board on 1 March 2020 and therefore his reported salary for FY20 represents only one month.
5. Jeni Mundy was appointed Chair of the Corporate Responsibility Committee from 1 January 2021 and received an additional fee of £9,742 per annum from that date.
6. Sigga Sigurdardottir was appointed to the Board on 1 November 2019 and therefore her reported fee for FY20 represents only five months.

Relative importance of the spend on pay

The following table shows the Group's actual spend on pay for all employees compared to distributions to shareholders. The average number of employees has also been included for context. Revenue and Operating profit have also been disclosed as these are two key measures of Group performance.

	2021 £m	2020 £m	% change
Employee costs (see note 7 to the consolidated financial statements)	**59.9**	55.3	8%
Average number of employees (see note 7 to the consolidated financial statements)	**908**	849	7%
Revenue (see Consolidated income statement)	**262.8**	368.9	(28%)
Operating profit	**161.2**	258.9	(38%)
Dividends paid and proposed and share buybacks (see notes 24 and 26 to the consolidated financial statements)	**48.3**	84.1	(43%)

Fees for the Chairman and Non-Executive Directors:

Fees for the Chairman and Non-Executive Directors were reviewed in early 2021 and were increased by 2% with effect from 1 July 2021. The following table sets out the new fees in financial year 2022 compared to those which applied in financial year 2021.

Base fees	FY22	FY21	Percentage change
Chairman	**£187,693**	£184,013	+2%
Non-Executive Director	**£57,963**	£56,827	+2%
Additional fees			
Senior Independent Director	**£9,936**	£9,742	+2%
Audit Committee Chair	**£9,936**	£9,742	+2%
Remuneration Committee Chair	**£9,936**	£9,742	+2%
Corporate Responsibility Chair	**£9,936**	£9,742	+2%

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment. The letters of appointment are available for inspection at the Company's registered office. Details of the appointment terms of the Non-Executive Directors are as follows:

	Start of current term	Expiry of current term
Ed Williams	6 March 2021	5 March 2024
David Keens	1 May 2021	30 April 2024
Jill Easterbrook	1 July 2021	30 June 2024
Jeni Mundy	1 March 2019	28 February 2022
Sigga Sigurdardottir	1 November 2019	31 October 2022

Funding of equity awards

Share awards may be funded by a combination of newly issued shares, treasury shares and shares purchased in the market. Where shares are newly issued or from treasury, the Company complies with Investment Association dilution guidelines on their issue. The current dilution usage of all share plans is c. 0.85% of shares in issue.

Where shares are purchased in the market, these will be held by a trust, in which case the voting rights relating to the shares are exercisable by the Trustees in accordance with their fiduciary duties. At 31 March 2021, the Trust held 399,731 shares in respect of the Share Incentive Plan.

External directorships

Auto Trader recognises that its Executive Directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden a Director's experience and knowledge which can benefit Auto Trader. The Company Chairman would approve any such directorships in advance to ensure that there was no conflict of interest.

Membership of the Committee

Jill Easterbrook is the Committee Chair, and its other members are David Keens, Jeni Mundy and Sigga Sigurdardottir. Refer to pages 73 and 94 for further details of the membership of the Committee, the Terms of Reference, the meetings held and activities during the year.

External advisors

During the year the Committee received advice from Deloitte who were appointed in October 2017 following a competitive tender process. Deloitte are founding members of the Remuneration Consultants Code of Conduct and adhere to this Code in their dealings with the Committee. The Committee is satisfied that the advice provided by Deloitte is objective and independent. The Committee is comfortable that the members of the Deloitte team that provide remuneration advice to the Committee do not have connections with the Company or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Fees are charged on a time and materials basis. During the year Deloitte was paid £66,150 for advice provided to the Committee. Deloitte provided additional services to the Company in relation to internal audit, risk advisory and tax services.

Statement of shareholder voting

Shareholder voting in relation to recent AGM resolutions is as follows:

	Votes for	% of votes cast for	Votes against	% of votes cast against	Abstentions
2018 AGM: Remuneration Policy (binding)	746,257,288	94.93%	39,870,834	5.07%	152,057
2020 AGM: Annual Report on Remuneration (advisory)	748,140,518	96.86%	24,225,112	3.14%	159,404

Approval

This Directors' remuneration report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Jill Easterbrook
Chair of the Remuneration Committee
10 June 2021

The Directors have pleasure in submitting their report and the audited financial statements of Auto Trader Group plc (the 'Company') and its subsidiaries (together the 'Group') for the financial year to 31 March 2021.

Statutory information

Information required to be part of the Directors' report can be found elsewhere in this document, as indicated in the table below, and is incorporated into this report by reference:

Section of Annual Report	Page reference
Employee involvement	Strategic report: Make a difference (page 48)
Employees with disabilities	Strategic report: Make a difference (page 51)
Financial instruments	Financial statements: Note 2 to the consolidated financial statements (page 133)
Future developments of the business	Strategic report: (pages 30 and 31)
Greenhouse gas emissions	Strategic report: Make a difference (page 54)
Non-financial reporting	Strategic report: Make a difference (page 47)

Information required by LR 9.8

Information required to be included in the Annual Report by LR 9.8 can be found in this document as indicated in the table below:

Section of Annual Report	Page reference
Allotment of shares during the year	Financial statements: Note 24 to the consolidated financial statements (page 154)
Directors' interests	Governance: Directors' remuneration report (page 110)
Significant shareholders	Governance: Directors' report (page 116)
Going concern	Strategic report: Principal risks and uncertainties (pages 70 and 71)
Long-term incentive schemes	Governance: Directors' remuneration report (pages 106 to 113)
Powers for the Company to buy back its shares	Governance: Directors' report (page 115)
Significant contracts	Governance: Directors' report (page 116)
Significant related party agreements	Governance: Directors' report (page 116)
Statement of corporate governance	Governance: Corporate governance statement (pages 78 to 83)

Management report

This Directors' report, on pages 114 to 117, together with the Strategic report on pages 2 to 71, form the Management Report for the purposes of DTR 4.1.5R.

Strategic report

The Strategic report, which can be found on pages 2 to 71, sets out the Group's strategy, objectives and business model; the development, performance and position of the Group's business (including financial and operating key performance indicators); a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

UK Corporate Governance Code

The Company's statement on corporate governance can be found in the Corporate governance statement, the Report of the Nomination Committee, the Report of the Audit Committee, the Report of the Corporate Responsibility Committee and the Directors' remuneration report and policy report on pages 78 to 113; all of which form part of this Directors' report and are incorporated into it by reference.

2021 Annual General Meeting

The 2021 AGM will take place at 10:00am on Friday 17 September 2021 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. We currently intend to hold the AGM as a physical meeting as usual, however, we will be closely monitoring the restrictions over public gatherings and will communicate any necessary changes. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to **ir@autotrader.co.uk**.

The Notice of Meeting sets out the resolutions to be proposed and specifies the deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Board of Directors

The following individuals were Directors of the Company for the whole of the financial year ending 31 March 2021, and to the date of approving this report unless otherwise stated:

- Ed Williams.
- Nathan Coe.
- Catherine Faiers.
- Jamie Warner.
- David Keens.
- Jill Easterbrook.
- Jeni Mundy.
- Sigga Sigurdardottir.

All Directors will stand for election or re-election at the 2021 AGM in line with the recommendations of the Code.

Appointment and replacement of Directors
At each AGM each Director then in office shall retire from office with effect from the conclusion of the meeting. When a Director retires at an AGM in accordance with the Articles of Association of the Company, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

Results and dividends
The Group's and Company's audited financial statements for the year are set out on pages 124 to 174.

No dividends were paid during the year.

The Directors recommend payment of a final dividend of 5.0 pence per share (2020: Nil) to be paid on 24 September 2021 to shareholders on the register of members at 27 August 2021, subject to approval at the 2021 AGM.

Amendment of the Articles
At the 2020 Annual General Meeting, the Company's Articles of Association were amended by a special resolution to reflect recent developments in market practice in respect of holding combined physical and electronic general meetings (also known as 'hybrid' meetings). These hybrid meetings enable members to attend and participate in the business of the meeting by attending a physical location or by means of an electronic facility or facilities. It is not the current intention of the Board to routinely hold combined physical and electronic general meetings. These amendments were made to provide the Directors with the flexibility should they need to make alternative arrangements for participation in meetings (including where physical participation may be prevented or restricted).

Share capital and control
The Company's issued share capital comprises ordinary shares of £0.01 each which are listed on the London Stock Exchange (LSE: AUTO.L). The ISIN of the shares is GB00BVYVFW23.

On 3 April 2020, 46,468,300 additional shares were allotted for a consideration of £4.00 per share as a result of a non-pre-emptive placing. During the year, a further 15,412 additional shares were allotted for a consideration of £2.59 per share in relation to the exercise of share options under the Company's SAYE scheme.

The issued share capital of the Company as at 31 March 2021 comprised 969,024,186 shares of £0.01 each, and 2,422,659 shares were held in treasury. As at 10 June 2021, the issued share capital of the Company comprises 969,033,061 shares of £0.01 each, and 2,378,793 shares held in treasury.

Further information regarding the Company's issued share capital and details of the movements in issued share capital during the year are provided in note 24 to the Group's financial statements. All the information detailed in note 24 forms part of this Directors' report and is incorporated into it by reference.

Details of employee share schemes are provided in note 28 to the Group financial statements.

Authority to allot shares
Under the 2006 Act, the Directors may only allot shares if authorised to do so by shareholders in a general meeting. At the 2019 AGM, special resolution 14 conferred upon Directors the authority to allot ordinary shares up to a maximum nominal amount of £464,683 (46,468,300 shares), for cash, on a non-pre-emptive basis. As noted above, the Directors used this authority to conduct a non-pre-emptive placing of 46,468,300 ordinary shares which was completed on 3 April 2020.

In the Notice of the 2021 AGM (the 'AGM Notice'), ordinary resolution 15 seeks a new authority to allow the Directors to allot ordinary shares representing approximately two thirds of the Company's existing share capital as at the date of the AGM Notice, of which approximately one third of the Company's issued ordinary share capital can only be allotted pursuant to a rights issue. Special resolutions 16 and 17 seek a new authority to allow the Directors to allot ordinary shares on a non-pre-emptive basis up to a maximum of approximately 5% of the Company's existing share capital and special resolutions 16 and 17 seek a new authority to allow the Directors to allot ordinary shares on a non-pre-emptive basis in connection with an acquisition or specified capital investment, up to a further maximum of approximately 5% of the Company's existing share capital at the date of the AGM Notice.

Authority to purchase own shares
As described on page 45, the Company intends to re-commence its share buyback programme, under the authority passed at the 2020 AGM under which the Company is authorised to make market purchases of up to a maximum of 10% (96,560,474 shares) of its own ordinary shares (excluding shares held in treasury), subject to minimum and maximum price restrictions, either to be cancelled or retained as treasury shares. The Directors will seek to renew this authority at the forthcoming AGM.

Rights attaching to shares
All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Auto Trader Group Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

Voting rights
Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands, unless the Directors decide in advance that a poll will be conducted, or unless a poll is demanded at the meeting. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by the member, unless all amounts presently payable by the member in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Company's share dealing code whereby Directors and certain employees of the Company require approval to deal in the Company's securities.

Change of control

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

Significant contracts

The only significant agreement to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the revolving credit facility agreement, which contains customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

Transactions with related parties

Compensation paid to Directors and Key Management is as disclosed in note 8 to the Group financial statements.

Research and development

Innovation, specifically in software, is a critical element of Auto Trader's strategy and therefore of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to this area. Since 30 September 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements, and as a result the amount of capitalised development costs has decreased as less expenditure meets the requirements of IAS 38, Intangible Assets.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries and such insurance was in force for the whole of the financial year ending 31 March 2021. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of Section 236 of the Companies Act 2006: in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director Liability provisions of the Companies Act and the Company's Articles.

Environmental

Information on the Group's greenhouse gas emissions is set out in the 'Make a difference' section on page 54 and forms part of this report by reference.

Political donations

There were no political donations made during the year or the previous year.

Post balance sheet events

Manchester office lease

On 14 April 2021, the Group entered into a new lease arrangement to rent an additional 16,000 square foot in our Manchester office to support the needs of our growing workforce. The lease will last for five years until April 2026 with total lease commitments over the five-year period of £1.9m.

Dealer Auction dividend

The Group's joint venture, Dealer Auction Limited, declared a dividend of £10.0m on 29 April 2021. The Group owns 49% of the ordinary share capital of Dealer Auction Limited and therefore received payment of £4.9m on 14 May 2021.

External branches

The Group had no active registered external branches during the reporting period.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk, are given in note 30 to the consolidated financial statements.

Interests in voting rights

At the year end the Company had been notified, in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, of the following significant interests in the issued ordinary share capital of the Company:

	At 31 March 2021		At 10 June 2021	
Shareholder	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each
BlackRock Inc.	99,077,935	10.25%	99,077,935	10.25%
Kayne Anderson Rudnick Investment Management LLC.	79,346,907	8.21%	79,346,907	8.21%
Baillie Gifford & Co.	47,482,549	5.01%	47,482,549	5.01%

Disclosure of information to auditors

Each of the Directors has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including 'FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm, to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approval of Annual Report

The Strategic report and the Corporate governance report were approved by the Board on 10 June 2021.

Approved by the Board and signed on its behalf.

Claire Baty
Company Secretary
10 June 2021