

Considering our stakeholders

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

Section 172 matters

Our purpose is **Driving Change Together. Responsibly.**

→ We are **driving change** in an industry that needs to evolve to adapt to changing consumer needs, and the impact of electric vehicles.

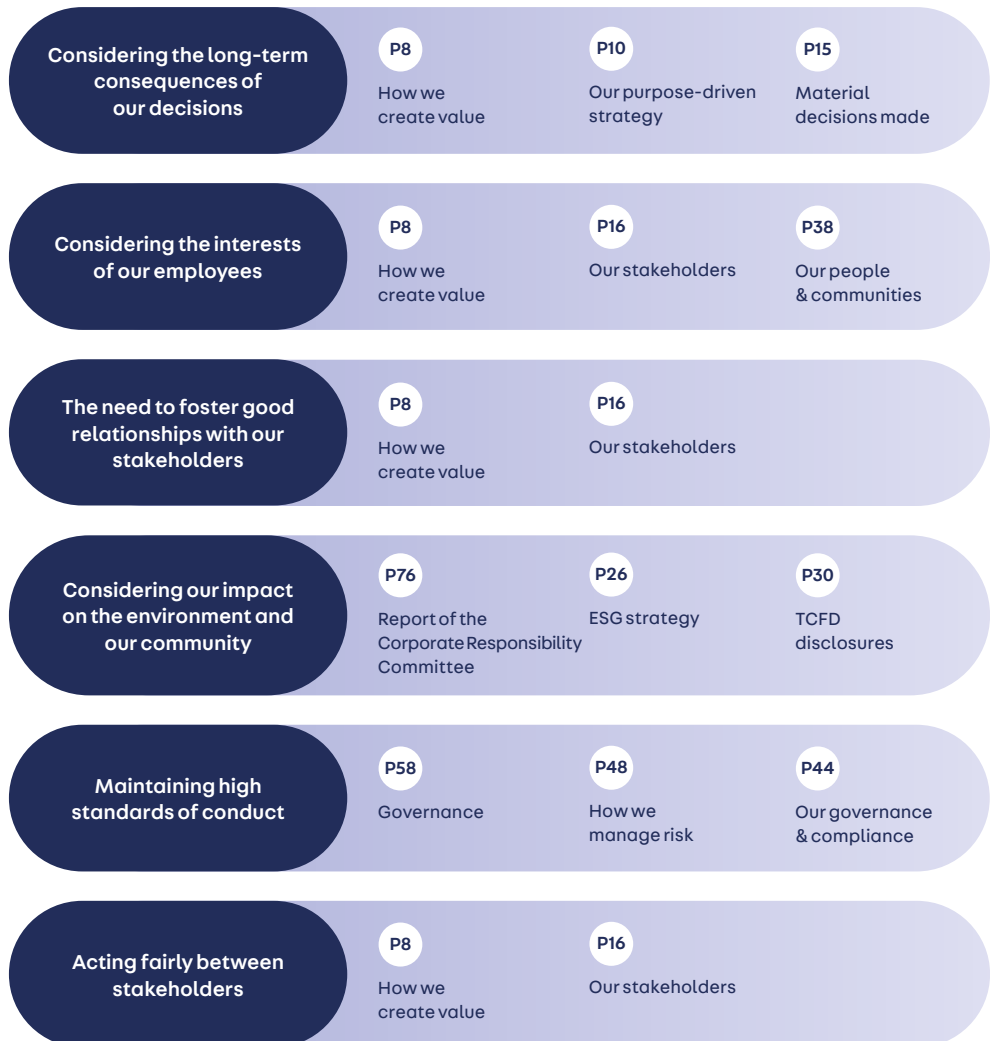
→ Our business model results in bringing **together** a diverse set of stakeholders – consumers, customers (including retailers, manufacturers and other customers), suppliers and partners – underpinned by our collaborative, people-led culture.

→ We are committed to act **responsibly** through our focus on diversity and inclusion, environmental sustainability and maintaining high levels of ethical conduct, trust and transparency.

In order to achieve our purpose, we need to understand who our stakeholders are and what is important to them; we need to understand the long-term impact of our business on the industry and the environment; and we need to maintain our high standards of business conduct.

All of these matters are taken into consideration by the Board in its discussions and decision-making. In order to formalise this process, a stakeholder framework has been established which is applied to all Board papers and discussions, to enable the Board to consider the balance of interests of affected stakeholders.

The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all of our stakeholders. But by understanding our stakeholders, and by considering their diverse needs, the Board factors into boardroom discussions the potential impact of our decisions on each stakeholder group, and of the other matters required by S172(1).



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

Read more overleaf 

OUR STRATEGIC PRIORITIES

-  **Classified marketplace**
-  **Platform**
-  **Digital retailing**
-  **Being a responsible business**

THE COST OF LIVING CRISIS

CONTEXT

As inflation began to rise and the cost of living crisis began to impact daily life, the Board considered the impact on stakeholders in response to growing financial concerns.

BOARD CONSIDERATIONS

Given the significant shift in the macro-economic backdrop at the start of our financial year, with rising inflation and weaker consumer confidence, the Board devoted significant time to reviewing the impact on the business and each stakeholder group. This included our product and pricing strategy; the management of our own cost base; the impact on employees (particularly lower paid employees); the implications for customers, consumers and suppliers; as well as considering any impacts on the wider community and the environment.

OUTCOME

The Board noted that the increase in the cost of living and inflation pressure would impact all employees, in particular those on lower salaries. Allowance was made for this in the annual pay review, which weighted increases towards employees on lower incomes. In addition, a one-off payment of £700 per employee was made (excluding the OLT and the Board) in December 2022.

Relevant strategic priorities:



The Board considered the impact of rising costs on our customers, and decided to continue to prioritise developing and launching products that would help our customers to inform their own pricing and improve their profitability, such as the Auto Trader Connect: 'Valuations' module and AT Moves, which many customers have made significant cost savings through.

Recognising an increase in our own cost base, and the expectations of investors to grow revenue in line with inflation, the Board considered a number of options in relation to annual price rises, including consideration of a one-off inflationary rise. However, balancing the need to support our customers in a sustainable way, this approach was ruled out, and we maintained the existing policy of a single annual rise.

The Board reviewed consumer behaviour during previous recessions or economic slowdowns, and noted that consumer behaviour has generally remained resilient to economic shocks. However, it was also noted that there was a risk that cost pressures could result in a slowing down in the adoption of electric vehicles, which are on average 37% more expensive than an internal combustion engine ('ICE') vehicle. It was agreed that we need to enhance the content around affordability, including finance options, but to balance this with a continued focus of being the best buying destination for EVs.



The Board noted it was important to continue to work in a partnership approach with suppliers, particularly smaller suppliers. Material supplier contracts were reviewed for inflation linked cost increases and we enhanced our supplier risk review processes over their financial stability.

Noting that the charity sector was likely to be impacted adversely, the Board agreed that it was important to maintain existing levels of corporate charitable donations and to continue to support employees with their fundraising efforts.

Overall, the Board agreed that the actions taken in response to the cost of living crisis are in line with our purpose and the long-term interests of the business.

RELEVANT STAKEHOLDERS

- Consumers
- Customers
- Our people
- Partners & suppliers
- The community & the environment
- Investors

DISPOSAL OF WEBZONE LIMITED

CONTEXT

Webzone Limited, which trades in the Republic of Ireland under the Carzone brand, was sold to Mediabus Ireland for consideration of €30 million.

BOARD CONSIDERATIONS

Webzone Limited is the second largest automotive marketplace for retailers and consumers in Ireland and is headquartered in Dublin. For the year ended 31 March 2022, Webzone Limited contributed total revenue of £4.9m (which included £4.1 million of retailer revenue) and operating profit of £1.3 million to Auto Trader's Group results. It represented 4% of the Company's average retailer forecourts and 4% of its full-time equivalent employees.

Relevant strategic priorities:



In making its decision about whether to proceed with the disposal of Webzone Limited, the Board considered various factors, including the valuation of the business in comparison to current profitability; the impact of the disposal on the Auto Trader UK business; the impact on Webzone Limited's management team and employees; and the impact on Webzone Limited's customers and suppliers, which were taken into account when negotiating the final terms of the disposal.

OUTCOME

Webzone Limited had been part of the Auto Trader Group for almost 20 years, and whilst this would represent a significant change for employees and customers, the Board agreed that the disposal was likely to promote the success of the Company for the benefit of its members, and would enable Auto Trader to focus fully on the opportunities in the UK automotive market.



RELEVANT STAKEHOLDERS

- Consumers
- Customers
- Our people
- Partners & suppliers
- Investors

Our stakeholders

We highlight below some of our key stakeholders, and we discuss why they are important to us, what their significant areas of interest are and, more importantly, the ways in which we as an organisation, and the Board, effectively engage with them.

Consumers

WHY ARE THEY IMPORTANT TO US?

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

SIGNIFICANT AREAS OF INTEREST

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

HOW DO WE ENGAGE WITH THEM?

- Speaking to consumers for our Car Buyers Report, and biannual consumer brand trackers to gauge views on their car buying intentions. The outputs are shared with the Board.
- Hosting consumer surveys onsite, which provide constant feedback on our user experience.
- Regular consumer user testing of new products, services and brand designs of our website.
- Holding workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (for example, their thoughts on how we display finance).
- Consumer complaints and customer security teams operating seven days a week.



Material issues

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

Customers (retailers, manufacturers and other customers)

WHY ARE THEY IMPORTANT TO US?

Our partnerships with almost 14,000 vehicle retailers, with manufacturers and other customers (such as leasing companies), means that we continue to have the greatest choice of vehicles for consumers. The majority of our revenue is generated from our customers.

SIGNIFICANT AREAS OF INTEREST

- Making the car selling process more efficient.
- Access to data to make informed sourcing and disposing decisions.
- High-quality access to car buyers.
- Receiving value for money from Auto Trader, product quality and cost.
- Sourcing vehicles.
- Building strong partnerships.

HOW DO WE ENGAGE WITH THEM?

- Hosting monthly retailer sentiment surveys, evaluating product improvements and value.
- Hosting regular forums with CEOs of big and mid-tier retailers, OEMs, car supermarkets and automotive finance companies to share latest data and insight.
- Regular thought leadership and insight-driven reports, such as the Road to 2030 Report.
- Hosting industry insight events, retailer performance masterclasses, webinars and conferences to share latest views of the market and news.
- Operational Leadership Team ('OLT') engages in a business partnering programme and the Board visited customers this year.
- Sales teams, both telesales and field sales, are in constant dialogue with all our customers.
- Customers attend select Board meetings.



Material issues

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

Our people

WHY ARE THEY IMPORTANT TO US?

Our people are fundamental to our continued success. This requires us to attract new talent and to nurture, motivate and inspire a highly skilled workforce. We commit to ensuring that we continue to build a diverse and inclusive culture where everyone feels valued and able to achieve their full potential.

SIGNIFICANT AREAS OF INTEREST

- Diversity and inclusion.
- Training, career development and progression.
- Fair reward, recognition and benefits.
- Working conditions, environment and wellbeing.

HOW DO WE ENGAGE WITH THEM?

- Board Engagement Guild engages directly with the Board (without management present) on matters such as the cost of living crisis.
- Hosting biannual all-employee conferences, and regular CEO and OLT virtual business updates.
- Annual employee benefits roadshows and salary workshops.
- Annual Save As You Earn share scheme for all employees.
- Regular employee check-in surveys.
- Health and safety assessments.
- Wellbeing forums.
- Inclusive Leadership Programme and Diverse Talent Accelerator, which focuses on developing diverse talent across the business.
- Independent whistleblowing service.



Material issues

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

MATERIAL ISSUES

- Our environment
- Our people & communities
- Our governance & compliance

Being a responsible business P26

Our materiality assessment P27

The Board ensures it is kept informed of stakeholder views and concerns throughout the year and where engagement doesn't take place directly with the Board, the output of this engagement is fed back to the Board and/or a Board Committee, which informs their decisions. A deeper understanding of our stakeholders and their diverse areas of interest enables us to factor into boardroom discussions the potential impact of our decisions on each stakeholder group.

Partners & suppliers

WHY ARE THEY IMPORTANT TO US?

We rely on our suppliers and partners to provide technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products. Building trusted partnerships helps us to work better together and continue to provide the highest quality products and services.

SIGNIFICANT AREAS OF INTEREST

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

HOW DO WE ENGAGE WITH THEM?

- Maintaining regular engagement with suppliers and partners, including by a number of our OLT members.
- Procurement processes in place to onboard new suppliers into our business, as well arranging regular check-ins for ongoing relationships.
- Agreeing ways of working with new suppliers or partners and providing feedback during ongoing projects.
- Encouraging an open dialogue to ensure we work collaboratively and share learnings.
- Regular monitoring and review of financial and operating resilience.
- Analyse the time taken to pay suppliers via regular reporting.
- Applying our Ethical Procurement Policy which helps us to take a holistic view based on cultural alignment when deciding which suppliers and partners we should work with.



Material issues

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

The community & the environment

WHY ARE THEY IMPORTANT TO US?

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

SIGNIFICANT AREAS OF INTEREST

- Energy usage and carbon emissions.
- The transition to electric vehicles.
- Supporting and working with, and in, the local communities in which we operate.
- Environmental, Social and Governance ('ESG') factors.

HOW DO WE ENGAGE WITH THEM?

- Corporate Responsibility Committee holds the business to account on its cultural KPIs.

- Employee networks managing our charitable support including our Auto Trader Community Fund and our sustainability strategy.
- Supporting organisations such as Manchester Digital and the Automotive 30% Club, and local schools and colleges through our STEM ambassadors.
- Carbon Literacy training for all employees and funding an automotive toolkit for industry use.
- Net Zero Working Group, responsible for leading our carbon reduction plans and reporting in line with the TCFD framework.
- Sharing data and insight with industry bodies and government departments to support policy required to enable the mass adoption of electric vehicles.
- Conduct regular consumer research and user testing to understand what information is most helpful when buying an electric vehicle.



Material issues

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

Investors

WHY ARE THEY IMPORTANT TO US?

Maintaining a continuous transparent and trusted dialogue with current and potential investors promotes investor confidence and as a result ensures continued access to capital, allowing us to invest in the long term for the success of the business.

SIGNIFICANT AREAS OF INTEREST

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

HOW DO WE ENGAGE WITH THEM?

- Open, honest and balanced communication available to all shareholders.
- Annual Report, AGM, corporate website, regulatory news announcements and press releases.
- Comprehensive investor relations programme including results presentations, roadshows, investor day, attendance at conferences, meetings with institutional investors, fund managers and analysts.
- Feedback regularly provided to the Board.
- Meetings which relate to governance are attended by the Chair or another Non-Executive Director.
- Private shareholders encouraged to communicate with the Board through ir@autotrader.co.uk.
- Share relevant industry-related data and internally produced market reports with analysts.
- Engagement with proxy advisors and other agencies.



Material issues

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