

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').



## Dear shareholder

### Compliance with the Corporate Governance Code

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

### Board composition

The composition of the Board is kept under continual review to ensure that it has the skills, experience and balance required of the Board, including gender and ethnic diversity, in the context of the Group's strategy and for the effective oversight of the Group.

The Board comprises five Independent Non-Executive Directors, three Executive Directors and myself as Chair. We have increased the size of our Board by appointing an additional Non-Executive Director during the year, which helps the Board 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. All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

### Board evaluation

We carried out an internal evaluation process this year. The evaluation showed that the Board continues to operate very effectively, with only a few minor points for improvement. The results are included in the Corporate governance statement on page 76.

### Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Thursday 15 September 2022 at 4<sup>th</sup> Floor, 1 Tony Wilson Place, Manchester, M15 4FN. Myself and the 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](mailto:ir@autotrader.co.uk).

### Ed Williams

Chair  
26 May 2022

**63%**

Board independence as at 31 March 2022 (excluding the Chair)

**56%**

of our Board are female as at 31 March 2022

#### KEY AREAS IN THIS SECTION

[BOARD LEADERSHIP AND COMPANY PURPOSE P76 →](#)

[DIVISION OF RESPONSIBILITIES P77 →](#)

[COMPOSITION, SUCCESSION AND EVALUATION P78 →](#)

[AUDIT, RISK AND INTERNAL CONTROL P81 →](#)

[REMUNERATION P81 →](#)

## ROLES AND RESPONSIBILITIES

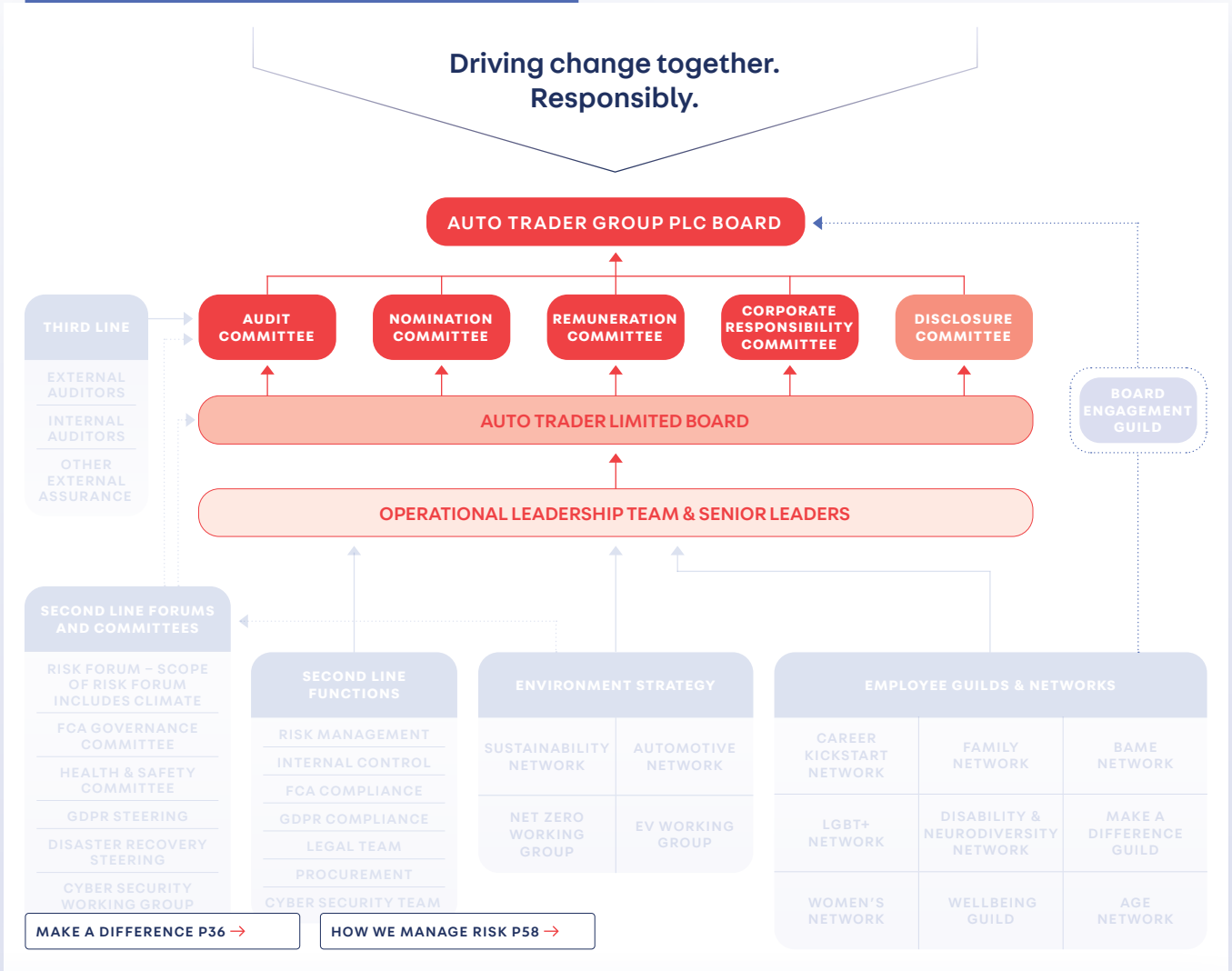
Enabling the Board and its Committees to operate efficiently and focus on the right areas of responsibility.

### THE BOARD

#### Main responsibilities include:

- Providing leadership for the long-term success of the Group.
- Monitoring delivery of business strategy and objectives; responsibility for any necessary corrective action.
- Overall authority for the management of the Group's business, strategy, objectives and development.
- Oversight of operations including effectiveness of systems of internal control and risk management and high standards of business conduct.
- Approval of the Annual Report and Financial Statements, equitable engagement with shareholders and the wider investment community.
- Approval of changes to the capital, corporate and/or management structure of the Group, the dividend policy and capital policy.
- Engagement with and consideration of the interests of employees and other stakeholders.
- Consideration of the business's impact on the community and the environment, and oversight of climate related risks and opportunities.

A ROBUST CORPORATE GOVERNANCE FRAMEWORK



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](http://plc.autotrader.co.uk/investors).

**AUDIT COMMITTEE**

**Members**

- David Keens (Chair)
- Jill Easterbrook
- Jasvinder Gakhil
- 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 P84 →](#)

**NOMINATION COMMITTEE**

**Members**

- Ed Williams (Chair)
- Jill Easterbrook
- Jasvinder Gakhil
- David Keens
- 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 P82 →](#)

**REMUNERATION COMMITTEE**

**Members**

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

**Role and Terms of Reference**

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

[READ MORE P94 →](#)

**CORPORATE RESPONSIBILITY COMMITTEE**

**Members**

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

**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 →](#)

**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.

[FIND OUT MORE ONLINE 🔗](#)

[plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors)

## BOARD OF DIRECTORS



### 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

- Disclosure

### Ed Williams Chair

#### Biography

Ed was appointed as Chair of Auto Trader Group plc in February 2015.

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

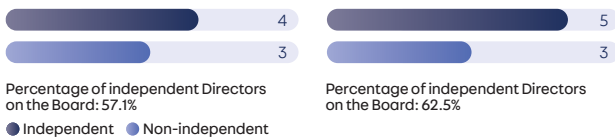
#### Committee memberships

- Nomination (Chair)



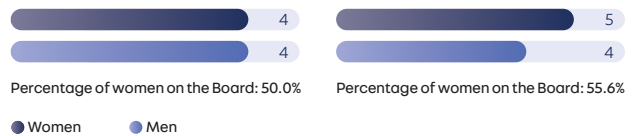
## Independence<sup>1</sup>

As at 31 March 2021 → As at 31 March 2022



## Gender diversity

As at 31 March 2021 → As at 31 March 2022



1. Excluding the Chair.



**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**  
• None

**Jamie Warner**  
Chief Financial Officer

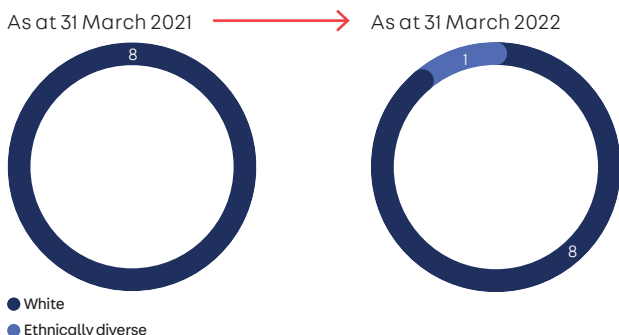
**Biography**  
Jamie was appointed Chief Financial Officer ('CFO') in March 2020. Prior to this he was Auto Trader's CFO-Designate and Deputy CFO. During his time at Auto Trader, Jamie has worked in a variety of different roles across finance, covering commercial finance, financial reporting, pricing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

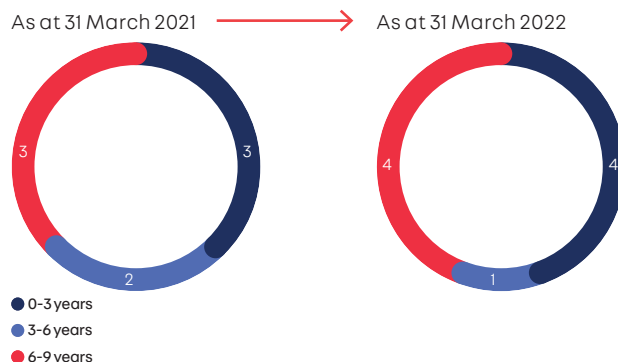


**Ethnic diversity<sup>1</sup>**



1. As per the Parker Review, a Director was defined as being ethnically diverse if they identified as Asian, Black, Mixed or Other.

**Length of tenure<sup>2</sup>**



2. Refers to the 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). He was a Non-Executive Director and Audit Chair of J Sainsbury plc (2015 to 2021), and most recently has taken up the role as Senior Independent Non-Executive Director and Audit Chair of Moonpig Group plc. 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**

- 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; a Non-Executive Director of UP Global Sourcing Holdings plc, a FTSE small cap consumer goods business; and is Chair of Headland Consultancy, a PR and Communications agency.

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
- Headland Consultancy

**Committee memberships**

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



**Jasvinder Gakhal**  
Independent Non-Executive Director

**Biography**

Jasvinder was appointed as a Non-Executive Director on 1 January 2022.

Jasvinder is currently Managing Director of Motor at Direct Line Group, leading Motor Insurance strategy and business delivery across household names such as Direct Line, Churchill and Privilege, and is a member of the Direct Line Group Executive Team. Prior to this, she held a number of roles within Direct Line including most recently Chief Strategy Officer and before that, Managing Director of Direct Line for Business.

Jasvinder is a champion of gender diversity and women in top positions in business. She has been named on

Green Park's BAME 100 Board Talent Index, on the Cranfield University Top 100 women to watch in 2018 list and also featured on the Northern Power Women list of 'Top 50 Women to Watch'.

**Appointed to PLC Board**

January 2022

**Independent on appointment?**

Yes

**External appointments**

- UK Insurance Business Solutions Limited

**Committee memberships**

- Audit
- Corporate Responsibility
- Nomination
- Remuneration





## Jeni Mundy

### Independent Non-Executive Director

#### Biography

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

Jeni is currently Visa Inc's SVP Global Head of Merchant Sales and Acquirers responsible for driving the growth of digital commerce for the world's sellers. She joined Visa in 2018 as the Managing Director for UK and Ireland. Jeni was previously at Vodafone Plc (1998 to 2017). Most recently she held Group Director roles across product management and sales. Prior to that she was 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

- Visa UK Ltd

#### Committee memberships

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

## Sigga Sigurdardottir

### Independent Non-Executive Director

#### Biography

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

Sigga has worked in the financial services industry since 2001, pioneering digital transformation at both American Express and Santander UK. She was responsible for the development and launch of Asto, a Santander Fintech business, providing innovative cash flow solutions to small businesses. Most recently, Sigga was at Tesco Bank from August 2019 to April 2022 in the role of Chief Customer Officer.

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

- 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](http://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 69, 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.

Following a long period where the majority of employees were working remotely due to COVID-19 restrictions, the Board has discussed on a regular basis the plans for employees to return to the office on a hybrid basis, and how this may impact on the Group's culture, and in particular in preserving our highly collaborative ways of working.

The Board receives a quarterly 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 Chair and all Non-Executive Directors (without Executive Directors or any members of senior management present). Despite the ongoing restrictions which continued to be in place for parts of the year as a result of the COVID-19 pandemic, the Board continued to engage directly with the workforce over video conference and met three times, covering topics including sustainability and the environment, our hybrid working approach (Connected Working), digital retailing and our annual employee engagement survey. The Guild also provided feedback to the Remuneration Committee on the Remuneration Policy, framework and proposed structure and targets for FY23.

As well as the Guild there are already a number of established ways in which the Company engages with the workforce, for example, regular check-in surveys and an annual employee engagement survey; attendance by NEDs at some of our diversity and inclusion guild events; an annual conference (held virtually during 2021/22); regular sharing of information from the CEO via regular business updates, emails and videos; and informal open forums.

### 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 May/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 both virtually and in person during 2021/22, 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 Chair or another Non-Executive Director as appropriate. Private shareholders are encouraged to give feedback and communicate with the Board through [ir@autotrader.co.uk](mailto: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 Chair, 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 2021 Annual General Meeting, all resolutions were passed with votes in support ranging from 93.55% to 99.99%. The 2022 AGM will take place at 10:00am on Thursday 15 September 2022 at the Company's registered office at 4<sup>th</sup> Floor, 1 Tony Wilson Place, Manchester, M15 4FN. Myself and the other Directors will join the meeting.

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. We encourage shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to [ir@autotrader.co.uk](mailto:ir@autotrader.co.uk). Following the meeting, responses to questions will be published on the website at [plc.autotrader.co.uk/investors](http://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](http://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 Chair 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 Chair and Chief Executive Officer are separate and not held by the same person.

The division of roles and responsibilities between the Chair 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](http://plc.autotrader.co.uk/investors).

**CHAIR**

- 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 stakeholders.
- 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 stakeholders.
- 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 Chair.
- Available to shareholders if they have concerns which the normal channels through the Chair, 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 Chair'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 Chair, five 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, Sigga Sigurdardottir and Jasvinder Gakhal) are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement. The Chair's fees and the Non-Executive Directors' fees are disclosed on page 106, and they received no additional remuneration from the Company during the year. Therefore, at 31 March 2022 and to the date of this report, the Company is compliant with the Code provision that at least half the Board, excluding the Chair, should comprise Independent Non-Executive Directors.

### Board and Committee activities in 2022

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.

### 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.

A monthly financial update call is also held at which the Board discusses results with operational management. Directors usually spend a day visiting customers; however, this was not possible in 2021/22,

## Attendance at meetings

	Board	Nomination Committee	Audit Committee	Corporate Responsibility Committee	Remuneration Committee
<b>Number of scheduled meetings held</b>	11	2	4	3	3
<b>Director</b>					
Ed Williams	11/11	2/2	N/A	2/2 <sup>3</sup>	N/A
Nathan Coe	11/11	N/A	N/A	2/2 <sup>3</sup>	N/A
Catherine Faiers	11/11	N/A	N/A	2/2 <sup>3</sup>	N/A
Jamie Warner	11/11	N/A	N/A	2/2 <sup>3</sup>	N/A
David Keens <sup>1</sup>	11/11	1/2	4/4	2/3	3/3
Jill Easterbrook	11/11	2/2	4/4	3/3	3/3
Jeni Mundy	11/11	2/2	4/4	3/3	3/3
Sigga Sigurdardottir	11/11	2/2	4/4	3/3	3/3
Jasvinder Gakhal <sup>2</sup>	2/2	2/2	1/1	1/1	2/2

1. David Keens was unable to attend two meeting dates due to other commitments, but had an opportunity to feed comments in to the Board and Committee Chairs prior to the meetings.
2. Appointed 1 January 2022; attendance relates to meetings post-appointment.
3. Committee membership was reviewed in December 2021 and the Chair and Executive Directors were removed as members of the Committee. Attendance aligns to Committee membership dates.

In addition to the scheduled Board meetings detailed above, ad hoc calls took place throughout the year relating to various financial and transactional decisions.

due to COVID-19 restrictions, and so instead we invited representatives from our main customer groups to join the Board as part of the annual strategy day.

During the year, the Chair and Non-Executive Directors have met without Executive Directors present. In addition, the Non-Executive Directors have met without the Chair and the Executive Directors present, and the Senior Independent Director has met with the Executive Directors.

### 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 Chair 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.

Due to the COVID-19 restrictions, the majority of the induction programme for our most recently appointed NED was delivered virtually. Specific focus areas in the induction schedule include: statutory

and regulatory information, Board and Committee specific information, business overview and deep dives into people and culture, technology and digital retailing.

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.

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. Directors receive regular feedback 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 Chair meets with each Director to discuss any individual training and development needs.

## KEY ACTIVITIES OF THE BOARD AND COMMITTEES DURING FY2022



## STRATEGY AND GROWTH

- Review and approve the mid-term financial plan for viability scenarios.
- Strategy session focused on the impact of electrification and the evolution of Auto Trader.
- Reviewed the technology strategy with a focus on data platform.
- Review of the implications of digital retailing on organisational shape and capability.
- Acquisition of Autorama.



## OPERATIONAL

- Deep dives into Guaranteed Part-Exchange, finance, online transactions, buy online and sourcing and disposal priorities.
- Deep dive into stock and prominence.
- Review of the evolution of retailer development and support.
- Overview of competitive landscape.
- Reviewed audience and marketing plans.
- Update provided from our joint venture, Dealer Auction.



## FINANCIAL

- Review and approve FY22 Plan.
- Approval of Annual Report and Preliminary Results.
- Review of debt facility.
- Review of share buyback programme.
- Approval of half-yearly report.
- Review of tax compliance.



## PEOPLE AND CULTURE

- Board Engagement Guild meetings covering topics including: sustainability and the environment, Connected Working, digital retailing and our annual employee engagement survey results.
- Review of people changes, recruitment, resourcing needs and employee engagement.
- Review of remuneration framework and target setting.
- Approval of FY21 bonus out-turn, and Single Incentive Plan vesting for senior management. PSP and Single Incentive Plan targets and grants.
- Succession planning.
- Director and senior management salary and fee reviews.



## SHAREHOLDERS AND OTHER STAKEHOLDERS

- Quarterly shareholder analysis.
- Review of feedback from analysts and investors from results roadshows.
- Review of dividend policy and capital structure.
- Review of feedback from investors and proxy advisory agencies in advance of Annual General Meeting ('AGM').
- Hosted the AGM on 17 September 2021.
- Review of CRC materiality matrix, rating agencies update, progress on net zero strategy.



## GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

- Governance and regulatory updates including: training update in respect of FCA requirements, external training update in respect of ESG, external legal and regulatory update.
- Review and approval of Group risk register.
- Internal audit update including: cyber, GDPR, FCA.
- Review of insurance programme.
- Review and approval of modern slavery statement.
- Review of internal and risk management framework and internal controls.
- Review of external audit effectiveness.
- Board evaluation feedback and action plan.
- Review of crisis management framework.
- Business continuity planning.
- Approval of material contracts.

**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 82 and 83.

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 72 to 75.

**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.

**Board evaluation and effectiveness**

An internal evaluation was conducted in 2021/22. The internal review included the completion of a detailed questionnaire by each of the Board Directors, covering the following areas:

- Board meetings and information flows;
- the Board’s role, knowledge and skills;
- Board composition and succession planning;
- business strategy, performance and culture;
- risk management;
- engagement with shareholders and other stakeholders;
- the operation of each of the Board’s Committees; and
- a follow up on the recommendations raised in the previous review.

The results were reviewed by the Chair and then discussed with the Board in March 2022.

In addition, an assessment of the Chair’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 both effectively and efficiently, that the past two years of COVID disruption have been managed well, and that each individual Director continues to make an effective contribution.

**Results of the 2022 internal review**

Areas of strength	Areas for improvement
Key relationships are excellent and open, so that constructive challenge is easy to make and well received. Discussions are inclusive and respectful.	Informal contact between Board members outside of Board meetings could be more consistent, as this has varied throughout the COVID period.
There is strong engagement with stakeholders (including through the Employee Engagement Guild and direct contact with customers). The wider consequences of decisions, and the impact on different stakeholder groups is well considered and articulated in Board papers and Board discussions.	Although Board papers generally are of outstanding quality and clarity, more work could be done to reduce jargon and make the papers even more focused.
The succession planning process is well considered and long term, with plans discussed and formalised years in advance.	The Board needs to ensure that it keeps under constant review the skills and experience that it needs as the business model evolves.
The induction process for newly appointed Board Directors has significantly improved, and there is a good focus on upskilling and updating the Board (for example, FCA regulatory training and TCFD requirements).	Due to evolving requirements and changing Terms of Reference, there is a risk of overlap between the Corporate Responsibility Committee, Nomination Committee, Remuneration Committee and Board, which is being kept under review.
Action points arising from the 2021 external review	Progress
Additional agenda items to be added including ESG, talent development, oversight of the regulated business and cyber risks.	These have been incorporated into agendas over the past year.
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 has been wide in 2021/22, with attendance from managers as well as the relevant OLT members.
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.	Virtual meetings have run well, and there is an agreed schedule for 2022/23 with a balance between face-to-face and virtual meetings.
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.	Board papers all follow a standard format, where key questions and issues are set out upfront. Board discussions are structured so that questions are collated at the start of the session. This new structure has been working well.

The next external evaluation is due in 2023/24.

### Tenure of Chair

The 2018 UK Corporate Governance Code contains a provision that the Chair 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 Chair until 2024.

### Letters of appointment

The Chair 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](mailto: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.

### 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 Chair 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 84 to 89.

#### Financial and business reporting

Assisted by the Audit Committee, the Board has carried out a review of the 2022 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 84 to 89 for details of the review process.

See pages 68 and 69 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 risk appetite, and 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 61 to 67.

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. This year's internal audit plan included a specific review of the design of Auto Trader's system of enterprise risk management, which the Committee also took into account in its review.

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 2022 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 Chair 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 107.



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

**Ed Williams**  
Chair of the Nomination Committee

AT A GLANCE

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

**2**  
meetings were held during the year



Member	Meetings attended/total meetings held	Percentage of meetings attended
Ed Williams (Committee Chair)	2/2	100%
Jill Easterbrook	2/2	100%
Jasvinder Gakhal <sup>2</sup>	2/2	100%
David Keens <sup>1</sup>	1/2	50%
Jeni Mundy	2/2	100%
Sigga Sigurdardottir	2/2	100%

1. David Keens 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.  
2. Appointed 1 January 2022; attendance relates to meetings post-appointment.

OVERVIEW

- Composed of the Chair and five 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 2022

- Review and updating of formal succession plans for the Chair, Non-Executive Directors, Executive Directors and senior management.
- Held an internal Board evaluation and reviewed the results.
- Appointment of an additional Non-Executive Director. This appointment brings the Board in line with the recommendations of the Parker Review, and further increases the representation of women on the Board.

FOCUS AREAS FOR 2023

- Progressing succession plans for Non-Executive Directors and the Chair.
- 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.

For more information on the Committee’s Terms of Reference: [plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors)

[BOARD OF DIRECTORS P72 →](#)

## Dear shareholders,

I am pleased to present the Report of the Nomination Committee for 2022.

### Role of the Committee

The Committee's main role is to keep under constant review the size and composition of the Board and its Committees including its gender and ethnic diversity, its independence, and the skills, knowledge and experience required of the Board in the context of the Group's strategy and for the effective oversight of the Group. The Committee is also 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 Chair 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.

### Appointment of Non-Executive Director

As I reported in my statement last year, we made a decision during 2021 to appoint an additional Non-Executive Director to the Board, as we recognised the need to improve the ethnic diversity of the Board, and to enlarge the Board to ensure an orderly succession plan for the current Non-Executive Directors. The process for identifying candidates was led by the Committee as follows:

- A comprehensive candidate search brief was agreed, including the required industry skills, knowledge and experience, and taking into consideration the benefits of diversity on the Board.
- An external executive recruitment consultant, Ivy Street, was engaged, with whom the Group has no other relationship.
- The shortlisted candidates each met with members of the Board on a one-on-one basis. These meetings included an assessment of candidates in the context of the expected values and behaviours of Board members.

Following this process, Jasvinder Gakhal was identified as the Committee's preferred candidate, having extensive strategic and operational experience. Following recommendation to the Board, Jasvinder was appointed as a Non-Executive Director with effect from 1 January 2022.

### 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, including the Chair, Non-Executive Directors, Executive Directors and senior management. In preparing the formal succession plans, the Committee is mindful that the Directors who were appointed at the time of the IPO will reach their nine-year tenure in 2024. To this end, as noted above, we have increased the size of the Board, and now have five Non-Executive Directors which allows for us to be able to stagger the required new appointments over the coming years.

### Policy on appointments to the Board

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, 56% of the Board Directors were women, in excess of the latest recommendations set by the FTSE Women Leaders Review (the 'Review'). Whilst we do not currently have a woman in one of the roles of Chair, Senior Independent Director, CEO or CFO, we do of course have Catherine Faiers in the role of COO, which we believe to be of equal status to those roles specified by the Review. At a leadership level, 44% of the Operational Leadership Team ('OLT') and 37% of the OLT's direct reports were women, a combined total of 38%.

With the appointment of Jasvinder, we have also met the recommendation of the Parker Review, although we recognise that there is more work to be done, as employees who are ethnically diverse continue to be underrepresented in senior management positions and throughout the organisation.

### Board evaluation

We carried out an internal Board evaluation during the year, which included following up on the recommendations of the 2020 externally facilitated Board evaluation. This is described in detail on pages 80 and 81 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, Jeni Mundy has entered into her 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 2022 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](mailto:ir@autotrader.co.uk), or in person at our Annual General Meeting.

### Ed Williams

Chair of the Nomination Committee  
26 May 2022



We reviewed the content of the Annual Report, including: recognition of revenue, recoverability of receivables, impairment of assets, and the assumptions and scenarios in the viability statement.

**David Keens**  
Chair of the Audit Committee

AT A GLANCE

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

**4**  
meetings were held during the year



Member	Meetings attended/total meetings held	Percentage of meetings attended
David Keens (Committee Chair)	4/4	100%
Jill Easterbrook	4/4	100%
Jasvinder Gakhal <sup>1</sup>	1/1	100%
Jeni Mundy	4/4	100%
Sigga Sigurdardottir	4/4	100%

1. Appointed 1 January 2022; attendance relates to meetings post-appointment.

OVERVIEW

- Composed of five 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 Chair of the Board, CEO, COO, CFO, internal auditors and external auditors by invitation.

ACTIVITIES IN 2022

- Assess the Group’s going concern and viability statements.
- Discuss key areas of financial judgement.
- Evaluation of the effectiveness and independence of external audit.
- Review the effectiveness of internal audit, internal controls and risk management.

PLANNING FOR 2023

- Agree with KPMG any changes for their 2023 audit.
- Consider the impact and timing of the BEIS Audit Reform and any other regulatory changes or implications.

 For more information on the Committee’s Terms of Reference: [plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors)

HOW WE MANAGE RISK P58 →

## 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. 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. The Chair of the Board, 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 112 and the Auto Trader Group plc financial statements in general.

At the 2021 AGM, shareholders approved the re-appointment of KPMG as our external auditors. 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 2022 AGM.

### David Keens

Chair of the Audit Committee  
26 May 2022

## 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, results 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 2022 half-year statement and 2022 Annual Report.

The Committee, with assistance from management and KPMG, identified areas of financial statement risk and judgement as described below.

### 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 five 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 2027. Financial projections for the next 12 months include the capital commitment to acquire Autorama (UK) Limited given the likelihood of the event. The Committee discussed with management the appropriateness of the revised five-year period, previously a three-year period in the prior year, and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 61 to 67. 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. 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 was satisfied with the explanations provided and conclusions reached in relation to revenue recognition.

#### 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, including goodwill, 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.

#### Defined benefit pension scheme valuation

The defined benefit pension scheme valuation requires the use of assumptions and estimates by management in conjunction with the external actuary. Management have reviewed and discussed the actuarial assumptions, which includes the discount rate, inflation rate, mortality rate and expected return of scheme assets and have concluded that they are appropriate. The triennial actuarial valuation of the Scheme was performed by an independent professional actuary at 30 April 2021.

The Committee reviewed the actuarial assumptions and disclosure and concluded that they are appropriate. The defined benefit pension scheme has a surplus of £3.7m which has been recognised in the financial statements. The materiality of the scheme's gross obligation and gross assets reduces the risk that accounting estimates may materially vary in future accounting periods.



## REPORT OF THE AUDIT COMMITTEE CONTINUED

### Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2022 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 Group'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. In particular, the Committee considered:

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<b>Is the report fair?</b>	<ul style="list-style-type: none"><li>• Is a complete picture presented and has any sensitive material been omitted that should have been included?</li><li>• Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting?</li><li>• Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?</li></ul>
<b>Is the report balanced?</b>	<ul style="list-style-type: none"><li>• Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report?</li><li>• Do you get the same messages when reading the front end and the back end independently?</li><li>• Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence?</li><li>• 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?</li><li>• How do these compare with the risks that KPMG include in their report?</li></ul>
<b>Is the report understandable?</b>	<ul style="list-style-type: none"><li>• Is there a clear and cohesive framework for the Annual Report?</li><li>• Are the important messages highlighted and appropriately themed throughout the document?</li><li>• Is the report written in accessible language and are the messages clearly drawn out?</li></ul>

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Following the Committee's review, the Directors confirm that, in their opinion, the 2022 Annual Report, 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.

### Risk management and internal control

The Committee's responsibilities include a review of Auto Trader's risk management arrangements and internal controls to ensure that they remain effective and that any identified weaknesses are remediated fully and in a timely manner. The Committee:

- reviews annually the effectiveness of the Group's risk management systems;
- reviews annually the effectiveness of the Group's internal control framework;
- monitors and oversees the response to any alleged instances of fraud, bribery, and whistleblowing complaints;
- commissions reports on the effectiveness of business processes and ensures recommendations are implemented where appropriate;
- 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 arrangements 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
<b>Risk management</b>	<p>Details of our governance structure can be found in the Risk management section of this Annual Report. Risk management operates throughout all levels of our governance structure. The Board as a whole is accountable for risk management. The day-to-day responsibility for managing key risks resides with the Operational Leadership Team ('OLT'). Assurance over the effectiveness of risk management activity is provided under the three lines of defence model as described below.</p> <p>Reports on the effectiveness of risk management and internal controls are presented to executive management at monthly Risk Forum meetings, to the Audit Committee, and to the Board.</p> <p>The Risk Forum agenda includes risk-based 'deep dives' into key risk areas and in the last year these have included: third-party risk management, crisis management, enterprise risk management, Senior Managers and Certification Regime, and GDPR.</p> <p>Key risks and controls are documented in a Group risk register with OLT members designated as risk owners. A review of the Group risk register is undertaken on a quarterly basis. The process for reviewing and updating the risk register is facilitated by the Governance, Risk and Compliance function and overseen by the Board.</p> <p>A risk-based internal audit programme provides independent, third-line assurance over the effectiveness of the risk management arrangements and this year's internal audit plan included a review of the design of Auto Trader's system of enterprise risk management.</p>
<b>Financial reporting</b>	<p>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 is provided by management to explain significant variances.</p> <p>The effectiveness of the controls within the financial reporting and consolidation process is reviewed on a quarterly basis by the Governance, Risk and Compliance function. The Risk Forum reviews and oversees these reports.</p>
<b>Budgeting and forecasting</b>	<p>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.</p> <p>A detailed monthly rolling forecast is produced, with inputs provided from all business owners. The rolling forecast is then used to help identify potential risks and opportunities by comparison to the original budget plan. A business review then takes place with the relevant OLT member, COO and CFO to agree actions.</p>
<b>Delegation of authority and approval limits</b>	<p>A documented structure of delegated authorities and approval for transactions is maintained within the Board's Terms of Reference. This is reviewed regularly by management to ensure it remains appropriate for the business.</p>
<b>Segregation of duties</b>	<p>Procedures are defined to segregate duties over significant transactions, including: procurement, payments to suppliers, payroll, discounts and refunds. Regular reviews of IT system access take place to ensure that segregated duties remain enforced. Key reconciliations are prepared and reviewed on a monthly basis to ensure accurate reporting.</p>

## REPORT OF THE AUDIT COMMITTEE CONTINUED

### 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 included internal audit assignments in relation to the following areas of risk:

- Cyber security;
- Enterprise risk management;
- Senior Managers and Certification Regime;
- Governance arrangements over the algorithm used by our website to organise search results; and
- GDPR.

The risk-based internal audit work plan for 2022 was approved by the Audit Committee and covers a broad range of core financial and operational processes and controls, focusing on specific risk areas. Whilst the internal audit plan has been approved, the Audit Committee will continue to review it regularly to ensure that any new and emerging significant areas of risk are considered. The internal audit plan for 2022 includes areas relating to our principal risks, including Cyber, FCA and GDPR.

Management actions that are recommended following the internal audits are tracked to completion and reviewed by the Risk Forum and then by the Audit Committee to ensure that identified risks are mitigated in a timely manner.

The Committee met with Deloitte without management present and with management without Deloitte present. There were no significant issues raised during these meetings.

A risk-based programme of key controls testing takes place on a quarterly basis. Resources within the Governance, Risk and Compliance function have been increased in response to the potential outcomes of the BEIS consultation into the future of audit and corporate governance.

### 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 2021 and their audit of the financial statements for the year to 31 March 2022. The Committee met with KPMG without management present and with management without KPMG present, to ensure that there were no issues in the relationship between management and the external auditor to be addressed. There were none.

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 auditor's 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. The year ended 31 March 2022 was the second year the Group's audit partner has been involved in the audit of the Group.

### 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
<p><b>Audit-related services directly related to the audit</b> For example, the review of interim financial statements, compliance certificates and reports to regulators.</p>	<p>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.</p> <p>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.</p>
<p><b>Prohibited services</b> 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.</p>	<p>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.</p>

Refer to [plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors) for full details of the policy. During the year, KPMG charged the Group £44,000 for audit-related assurance services directly relating to the audit for the review of the Group's interim report for the six months ended 30 September 2021.

### 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 Group 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  
26 May 2022



ESG issues have always been a focus for the Group, and the COVID-19 pandemic has further reinforced the importance of resilience and the role that ESG matters play in our strategic priorities.

**Jeni Mundy**  
Chair of the Corporate Responsibility Committee

AT A GLANCE

Providing oversight, scrutiny and challenge on matters relating to our make a difference strategy

**3**  
meetings were held during the year



Member	Meetings attended/total meetings held	Percentage of meetings attended
Jeni Mundy (Committee Chair)	3/3	100%
Jill Easterbrook	3/3	100%
Jasvinder Gakhal <sup>2</sup>	1/1	100%
David Keens <sup>1</sup>	2/3	67%
Sigga Sigurdardottir	3/3	100%
Ed Williams <sup>3</sup>	2/2	100%
Nathan Coe <sup>3</sup>	2/2	100%
Jamie Warner <sup>3</sup>	2/2	100%
Catherine Faiers <sup>3</sup>	2/2	100%

- David Keens 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.
- Appointed 1 January 2022; attendance relates to meetings post-appointment.
- Membership of the Committee was reviewed in December 2021 to remove the Chair of the Board and the Executive Directors, as with other Committees. Subject to the approval of the Committee Chair, the Chair of the Board and Executive Directors will be invited to attend the CRC meetings as and when appropriate.

For more information on the Committee's Terms of Reference: [plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors)

OVERVIEW

- Composed of five independent Non-Executive Directors.
- The Chair of the Board, Executive Directors and other relevant individuals are invited to attend the meetings when appropriate.
- The assistant Company Secretary acts as secretary to the Committee.
- At least three meetings held per year.

OUR PROGRESS IN 2022

- Materiality matrix developed based on stakeholder engagement to understand where we should focus our efforts.
- Our near-term carbon reduction targets have been validated by the Science Based Targets initiative ('SBTi').
- Introduction of ESG metrics in our remuneration.
- Disclosures developed in line with the Task Force on Climate-related Financial Disclosures ('TCFD').
- UN Sustainable Development Goals ('SDGs') reviewed and our strategy aligned to those where we can make a meaningful contribution.
- Appointment of Jasvinder Gakhal as an independent Non-Executive Director.
- Accredited Real Living Wage employer.

FOCUS AREAS FOR 2023

- Receive validation from the SBTi of our Science Based net zero target.
- Deliver on our FY23 commitments under each pillar of our environmental strategy.
- Continue to work towards achieving a representative workforce across all levels of the organisation.
- Committee to attend Carbon Literacy training.

MAKE A DIFFERENCE P36 →

## Dear shareholders,

I am pleased to present the report of our Corporate Responsibility Committee for the year ended 31 March 2022.

We recognise that our activities – and the way we carry them out – have impacts that reach well beyond our financial performance. The Committee was formed to oversee the progress towards fulfilling our make a difference strategy, which encompasses our Environmental, Social and Governance ('ESG') responsibilities.

## Our progress in 2022

### Ongoing ESG training

The ESG landscape continues to evolve at pace, with a shift from voluntary codes to significant regulation. There is also an increased focus from institutional investors and other stakeholders on ESG specific risks and opportunities and an organisation's response to these. During the year we engaged an advisory team to deliver ESG specific training to the Corporate Responsibility Committee and the Group's Executive Directors. The main objective of the session was to help the participants understand more fully how the ESG regulatory and compliance landscape is evolving and what the implications are for the Board's responsibilities and Auto Trader's own reporting and disclosures. The Committee has agreed that due to the continually changing landscape and requirements surrounding ESG, an annual training session will take place. The Group has rolled out Carbon Literacy training to its employees and it is planned that the Committee will complete the training in the next financial year.

### Materiality matrix

ESG issues have always been a focus for the Group, and the COVID-19 pandemic has further reinforced the importance of resilience and the role that ESG matters play in our strategic priorities. A key focus for the Committee this year has been the materiality assessment which was finalised during the year and has resulted in our materiality matrix (see page 39 for more detail). The materiality matrix has helped to shape the Group's make a difference strategy and the Committee supports the areas identified by management as areas of focus: diversity and inclusion; employee wellbeing; engagement and safety; product innovation; customer satisfaction; and climate.

## Environmental strategy

The Committee has reviewed the Group's environmental strategy and recognises the progress made during the year. The drive to make a difference to the environment both within and outside our organisation is critical to tackling the climate crisis – the Group has adopted a multiple pillar approach, each with ambitious targets, in order to work towards having an impactful outcome.

Key achievements during the year include verification of our near-term (2030) reduction targets by the Science Based Targets initiative ('SBTi'), achievement of the Gold Award for Carbon Literacy (meaning 50% of our employees are now certified) and the creation and delivery of an Automotive Carbon Literacy Toolkit across the industry.

In the wake of COP26 there has been an increased focus on climate related risks and disclosures. This year we have made disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') and have enhanced our reporting through CDP's climate questionnaire. We also identified the UN Sustainable Development Goals which are most relevant to our strategy and where we can make a meaningful contribution. Our GHG emissions have been audited by a third party providing an assurance over our emissions reporting.

Looking ahead to next year, the Committee looks forward to seeing the progress made across all pillars of the Group's environmental strategy. The Group's commitment to net zero will require focused action to stay on track with its reduction pathway. To achieve our goal of becoming the destination where car buyers come to help them navigate their electric vehicle buying journey, we will continue to invest in our experience. We want to support consumers in making the transition to electric vehicles with enhanced information on adverts and increased coverage and exposure of EVs across all our communication channels and platforms.

## Diversity and inclusion

There has been a growing emphasis on the 'Social' pillar within ESG and I am pleased that the Group has continued to focus on and make progress to improve the diversity and inclusion within the organisation. The talent programmes focusing on Inclusive Leadership and progression of mid-career colleagues via our Diverse Talent Accelerator have been running successfully throughout the year, as well as other initiatives to ensure recruitment from a diverse talent pool.

The Group has a greater percentage of women on the Board than men having appointed Jasvinder Gakhal as an Independent Non-Executive Director earlier this year.

In the coming year, the Group will continue to focus its efforts on achieving a representative workforce across all areas of the organisation and creating diverse and inclusive teams.

## Measuring progress

We feel it is important to assess the progress being made across the Group's commitments and goals. Last year a set of cultural KPIs was introduced to sit alongside the existing financial and operational KPIs.

I am pleased to see that there has been positive progress with our diversity and inclusion KPIs. Whilst they may seem like small changes year on year, we recognise meaningful change takes a number of years and the main focus has to be continued progress.

It is encouraging to see that employee engagement scores remain high despite these challenging times.

Progress against the reduction targets as validated by the SBTi and against the longer-term goal of achieving net zero by 2040 will be monitored throughout the year to ensure that the Group is on target to reach these goals.

We have also introduced ESG metrics in our remuneration, with the focus for the performance measures being on two core areas: i) the diversity of our workforce and ii) reducing our carbon footprint (see Directors' remuneration report, page 94 for more information).

Over the next year the Committee will continue to oversee and monitor the business's commitments in relation to ESG and continue to push forward our make a difference strategy.

## Jeni Mundy

Chair of the Corporate Responsibility Committee  
26 May 2022



**TCFD alignment at a glance**

The Task Force on Climate-related Financial Disclosures ('TCFD') recommendations are structured around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets. We have summarised our progress below and our make a difference section (page 42) includes disclosures consistent with the recommendations of the TCFD.

TCFD recommended disclosure	Group progress
<b>Governance</b>	
<ol style="list-style-type: none"> <li>Describe the Board's oversight of climate related risks and opportunities</li> <li>Describe management's role in assessing and managing climate related risks and opportunities</li> </ol>	<p>We have integrated climate governance into our existing governance processes and sought to embed responsibility for the risks associated with climate change throughout our business.</p> <p>Oversight of climate risks and opportunities is described in the 'Our climate governance' section at pages 42 and 43.</p>
<b>Strategy</b>	
<ol style="list-style-type: none"> <li>Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term</li> <li>Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy and financial planning</li> <li>Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios</li> </ol>	<p>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 with the ban on petrol and diesel vehicles before 2030. We have also strengthened our environmental strategy to focus on four pillars: Auto Trader and its people, our customers, our consumers and our industry.</p> <p>See pages 43 to 45 for more information.</p>
<b>Risk management</b>	
<ol style="list-style-type: none"> <li>Describe the organisation's processes for identifying and assessing climate related risks</li> <li>Describe the organisation's processes for managing climate related risks</li> <li>Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management</li> </ol>	<p>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.</p> <p>The Group Risk Register includes risk of climate change as a principal risk.</p> <p>We have considered various risks and opportunities (as shown on page 44, which includes both physical and transition factors. We are looking to take advantage of the opportunities presented by a shift towards electric vehicles and mitigate risks. For the first year we have modelled a climate related scenario in our viability statement. See page 44 for more information.</p>
<b>Metrics and targets</b>	
<ol style="list-style-type: none"> <li>Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process</li> <li>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks</li> <li>Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets</li> </ol>	<p>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 are committed to the Science Based Targets initiative and our near-term (2030) targets have been validated by the SBTi. We are committed to:</p> <ul style="list-style-type: none"> <li>(i) reduce absolute Scope 1 and 2 GHG emissions 50% by FY2030/31 from a FY2019/20 base year.</li> <li>(ii) reduce absolute Scope 3 GHG emissions 46.2% over the same timeframe.</li> </ul> <p>This year our GHG emissions have been audited by a third party providing an assurance of our emissions reporting.</p> <p>See page 45 for more information.</p>



### SASB Disclosure Topics & Accounting Metrics

SASB standards enable businesses around the world to identify, manage and communicate financially material sustainability information to their investors. The SASB standards are industry specific and identify the minimum set of financially material sustainability topics and their associated metrics for the typical company in an industry. SASB assigns Auto Trader to Internet & Media Services and the following disclosure sets out our progress according to the SASB standard for that sector.

Topic	Accounting metric	Group progress
Environmental footprint of hardware infrastructure	<ol style="list-style-type: none"> <li>Total energy consumed.</li> <li>Percentage grid electricity.</li> <li>Percentage renewable.</li> </ol>	Scope 1,2 and 3 GHG emissions disclosed. See page 45 for further information.
	Discussion of the integration of environmental considerations into strategic planning for data centre needs.	We have continued with the migration of our data centres to the cloud. We aim to complete our migration during financial 2023.
Data privacy, advertising standards and freedom of expression	Description of policies and practices relating to behavioural advertising and user privacy.	See pages 54 to 56 for more information on our approach to data privacy.
Data security	Description of approach to identifying and addressing data security risks, including use of third-party cyber security standards.	See pages 54 to 56 for our approach to data security and privacy. We are currently in the process of adopting the National Institute of Standards and Technology ('NIST') Cybersecurity Framework to manage and reduce cyber security risks.
Employee recruitment, inclusion and performance	Percentage of employees that are foreign nationals.	The Group has a total of 61 foreign nationals, representing 6.1% of total employees as at 31 March 2022.
	Employee engagement as a percentage.	See page 49 for further information.
	Percentage of gender and racial/ethnic group representation for: <ol style="list-style-type: none"> <li>Management.</li> <li>Technical staff.</li> <li>All other employees.</li> </ol>	See page 51 for further information.
Intellectual property protection and 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.





We continue to monitor our remuneration arrangements to ensure they remain aligned with our strategy, including our ESG ambitions, to create long-term sustainable value.

**Jill Easterbrook**  
Chair of the Remuneration Committee

AT A GLANCE

Advising and overseeing all elements of remuneration for the Chair, Executive Directors and senior management

**3**  
meetings were held during the year



Member	Meetings attended/total meetings held	Percentage of meetings attended
Jill Easterbrook (Committee Chair)	3/3	100%
Jasvinder Gakhal <sup>1</sup>	2/2	100%
David Keens	3/3	100%
Jeni Mundy	3/3	100%
Sigga Sigurdardottir	3/3	100%

1. Appointed 1 January 2022; attendance relates to meetings post-appointment.

Ed Williams was in attendance at all meetings by invitation.

OVERVIEW

- Composed of five Independent Non-Executive Directors.
- The Chair of the Board, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other relevant individuals including external advisors are invited to attend the meetings when appropriate – no person is present during any discussion relating to their own remuneration.

OUR PROGRESS IN 2022

- Continued to monitor our approach to remuneration to ensure it remains aligned with our strategy, including our ESG ambitions, and the creation of sustainable long-term value and that it is appropriate in the context of evolving shareholder guidance and corporate governance.
- Assessed the achievement of targets for the 2019 PSP awards.
- Set appropriate targets for the FY23 annual bonus and the PSP awards to be granted in 2022.

FOCUS AREAS FOR 2023

- Assess the achievement of targets for the FY23 bonus and 2020 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.



For more information on the Committee's Terms of Reference: [plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors)

KEY PERFORMANCE INDICATORS P24 →

## Annual statement by the Chair of the Remuneration Committee.

### 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 2022.

### Performance and reward in 2022

#### Annual bonus

As detailed in last year's Directors' remuneration report, the annual bonus plan was resumed in FY22 after not being operated for FY20 and FY21 in response to the COVID-19 pandemic. The FY22 annual bonus award was based 75% on Operating profit and 25% on measures relating to the take up of digital retailing products by retailers. Operating profit targets were exceeded and therefore this portion of the award will pay out in full. Due to a change in our approach to digital retailing, this element of the bonus targets was not met. Performance against annual bonus targets resulted in a payout of 75% of maximum.

#### Performance Share Plan ('PSP')

PSP awards granted in 2019 will vest in August 2022 based on performance over the three years to 31 March 2022. The award was based 75% on Operating profit growth and 25% on total Group Revenue growth. As detailed on page 102, Operating profit and Group Revenue performance was between target and maximum and this resulted in 50% of the award vesting. The net value of the vested awards is subject to a two-year holding period.

The Committee considered that the annual bonus and PSP outcomes were appropriate in the context of the performance of the business as a whole and as such no discretion was exercised during the period.

### Variable pay in FY23

Following the adoption of the 2021 Directors' Remuneration Policy, the Committee continued to monitor the operation of variable pay, in particular the performance measures for our PSP awards for FY23. For FY22 awards we introduced a diversity measure which looked at progress against a basket of gender and ethnic diversity metrics. We have now worked with setting and monitoring diversity targets for a year.

We remain focused on building a diverse and inclusive culture at Auto Trader, and although the intention of setting diversity targets was to accelerate our progress, our experience has found that setting appropriately stretching fixed targets at the start of the performance period can be challenging (for example, some of the measures have already been met a year into the performance period although we recognise that significant effort will be required to sustain this for the remaining period). In addition, fixed targets are inflexible as the business and wider social context changes, and can lead to unintended consequences.

For FY23 awards therefore we are going to measure our performance against our diversity ambitions as part of an underpin rather than as a standalone measure. This approach will allow the Committee to apply its judgement and reduce vesting levels where performance across a range of diversity metrics used for FY22 awards is not in line with the Board's expectations and our external commitments. We also hope that by moving to a structure where vesting across all PSP measures is dependent on progress on diversity measures, we continue to send an important message to employees and other stakeholders about the priorities of the business.

In last year's Annual Report we also committed to introduce carbon reduction targets for FY23 awards. The FY23 PSP award will therefore be based on the following measures:

70% linked to Operating profit growth	20% linked to Revenue growth	10% linked to Carbon reduction
Underpin linked to progress on diversity ambitions		

The PSP targets are disclosed in full on page 99.

The annual bonus for FY23 will continue to be based 75% on Operating profit and 25% on strategic measures linked to the achievement of stretching strategic and operational milestones against our digital retailing strategic pillar.

### Our 2023 salary review

Salary increases of 3% 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.6%.

As noted in the Nomination Committee report we have commenced a succession planning process for the Chair and the NEDs that were on the Board at IPO. The fee for the Chair role was set at IPO reflecting the size and complexity of the business at that time and the Chair's equity stake in the business, it has not been increased significantly during his tenure. Since IPO the Company has grown significantly and the complexity of its operations have increased, such that the current Chair's fee is significantly behind market practice so will be reviewed alongside the succession planning process. NED fees are similarly positioned towards the lower end of market practice and will be reviewed in due course.

I hope that you will support our 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](mailto:ir@autotrader.co.uk).

### Jill Easterbrook

Chair of the Remuneration Committee  
26 May 2022

REMUNERATION AT A GLANCE: HOW EXECUTIVES WILL BE PAID IN FUTURE YEARS

An overview of our Policy and how it is proposed to apply in 2022/23 is set out below.

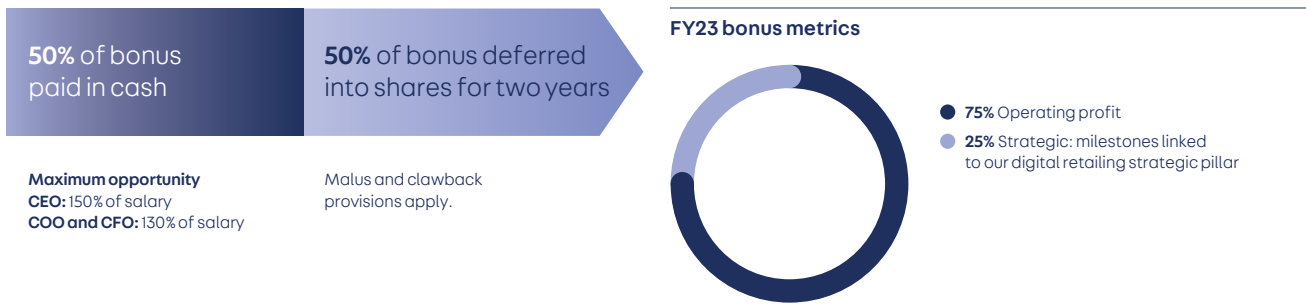
**Fixed pay: to recruit and reward executives of a high calibre**

Remuneration for the year ending 31 March 2023

<b>Salary</b>	CEO: £596,741 COO: £330,939 CFO: £346,698	A 3% increase in line with the general increase received by senior employees and below the average Company-wide increase of c.6%. The salary review date is 1 July 2022 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 £367,710.
<b>Pension</b>	7% of salary	Aligned with the maximum pension opportunity for the wider workforce.
<b>Benefits</b>	Includes private medical cover, life assurance and income protection insurance.	

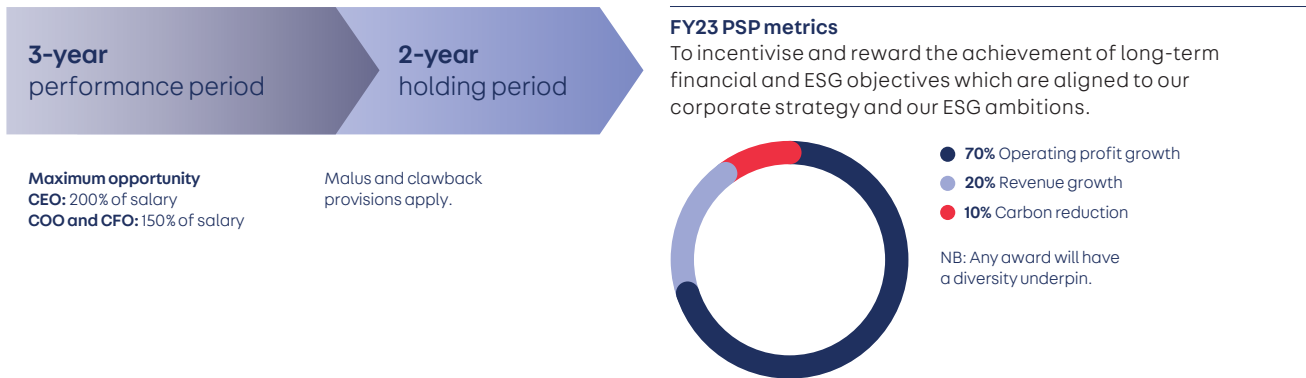
**Annual bonus**

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



**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.



**FY23 PSP metrics**

To incentivise and reward the achievement of long-term financial and ESG objectives which are aligned to our corporate strategy and our ESG ambitions.

**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.

## 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 15 September 2022.

### Summary of Directors' Remuneration Policy ('Policy') and implementation for 2023

Our Policy was put to shareholders for approval at the AGM on 17 September 2021 and applies to payments made from this date. We consulted with shareholders when designing and implementing this Policy and received a strong level of support with 99.69% of votes cast.

The following provides a summary of the Policy along with details of how the Policy will be implemented during 2023.

For full details of the Policy approved by shareholders please refer to the 2021 Annual Report and Accounts which can be found at [plc.autotrader.co.uk/investors](http://plc.autotrader.co.uk/investors).

Element	Overview of operation	Maximum opportunity	Performance assessment	Implementation for 2023
<b>Salary</b>	Salaries are normally reviewed annually with changes effective from 1 July but may be reviewed at other times if considered appropriate.	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.	N/A	CEO Nathan Coe: £596,741 (2022: £579,360) COO Catherine Faiers: £330,939 (2022: £321,300) CFO Jamie Warner: £346,698 (2022: £336,600)  A 3% increase in line with the general increase received by senior employees and below the average Company-wide increase of c.6%.
<b>Benefits</b>	Benefits include life assurance, income protection insurance, and private medical insurance.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A	No change.
<b>Pension</b>	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 a combination of the above) or similar arrangement.	Maximum contribution in line with other employees in the Group, currently 7% of salary.	N/A	7% of salary, aligned with the pension opportunity available to the wider workforce.
<b>Annual bonus</b>	Based predominantly on achievement of performance over the financial year.  Half of any bonus earned is paid in cash with half deferred into shares under the Deferred Annual Bonus Plan ('DABP') subject to continued employment only.  Dividend equivalents provision applies to DABP awards.  Recovery and withholding provisions apply, described on page 100.	Maximum 150% of salary as determined by the Committee.	Financial measures will normally represent the majority of the 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 over the period.	The maximum annual bonus opportunity for the CEO will be 150% of base salary and for the COO and CFO will be 130% of base salary.  The FY23 award will continue to be based on the following measures: <ul style="list-style-type: none"> <li>• 75% linked to Operating profit.</li> <li>• 25% linked to Strategic milestones linked to our digital retailing strategic pillar.</li> </ul> Further detail on these measures can be found on page 98.

## DIRECTORS' REMUNERATION REPORT CONTINUED

Element	Overview of operation	Maximum opportunity	Performance assessment	Implementation for 2023
<b>Performance Share Plan ('PSP')</b>	<p>Awards normally vest after three years subject to performance conditions and continued employment.</p> <p>Awards will normally be made annually under the PSP and will take the form of nil-cost options or conditional share awards.</p> <p>Executive Directors are required to retain vested shares delivered under the PSP for at least two years from the point of vesting.</p> <p>Recovery and withholding provisions apply, as described on page 100.</p> <p>A dividend equivalent provision applies.</p>	<p>Normal circumstances: maximum of 200% of salary as determined by the Committee.</p> <p>Exceptional circumstances: maximum of 300% of salary as determined by the Committee.</p>	<p>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.</p> <p>No more than 25% of the award vests for achieving threshold performance.</p>	<p>PSP awards for the CEO will be made at 200% of base salary and, for the COO and CFO, 150% of base salary.</p> <p>The FY23 PSP award will be based on the following measures:</p> <ul style="list-style-type: none"> <li>• 70% linked to Operating profit growth.</li> <li>• 20% linked to Revenue growth.</li> <li>• 10% linked to Carbon reduction.</li> </ul> <p>Awards will be subject to a diversity and inclusion underpin.</p> <p>Further detail on these measures can be found on page 99.</p>
<b>All-employee share plans: SIP &amp; SAYE</b>	<p>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.</p> <p>Executive Directors will be eligible to participate on the same basis as other employees.</p>	Maximum permitted based on HMRC limits from time to time.	N/A	No change.
<b>Share ownership guidelines</b>	<p>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.</p> <p>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.</p>	The minimum share ownership guideline is 200% of salary for current Executive Directors.	N/A	No change.

### Additional information

#### FY23 Annual bonus

The maximum annual bonus opportunity for the CEO will be 150% of base salary and for the COO and CFO will be at 130% of base salary. Awards will be subject to the following performance measures and targets:

Measure	Weighting	Basis	Threshold (0% vesting)	Stretch (100% vesting)
Operating profit	75%	Operating profit for the year ended 31 March 2023.	£300m	£340m
Strategic targets	25%	<p>Progress made against our digital retailing strategy.</p> <p>In assessing whether the target has been satisfied, the Committee will consider a range of quantitative and qualitative indicators to inform its decision, including the achievement of stretching strategic and operational milestones against our digital retailing strategic pillar, and measures relating to the engagement of car buyers and retailer customers.</p>		

### PSP awards in FY23

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	70%	Operating profit compound annual growth rate for the three years ended 31 March 2025. <sup>1</sup>	5.5%	10.5%
Revenue growth	20%	Revenue compound annual growth rate for the three years ended 31 March 2025. <sup>1</sup>	5.5%	10.5%
Carbon reduction	10%	Reduction of carbon emissions by 31 March 2025. <sup>2</sup>	23%	36%
Diversity underpin	N/A	<p>The vesting under any of the performance conditions will be subject to a Diversity underpin.</p> <p>The Committee will determine whether there has been acceptable progress made against the key gender and ethnic diversity objectives, including considering the proportion of our staff who are women and who are ethnically diverse as well as the proportion of leadership<sup>3</sup> who are women and who are ethnically diverse.</p> <p>In assessing whether the underpin has been satisfied, the Committee will consider a range of quantitative and qualitative benchmarks to inform its decision, including 'how' performance has been achieved and 'what' performance has been achieved over the performance period.</p> <p>Should the Committee consider that the underpin has not been met, the Committee would consider whether a discretionary reduction in the number of shares vesting was required.</p>		

1. Compound annual growth rate targets have been set as three-year growth targets with reference to performance for 31 March 2022 as the base year.
2. Carbon emissions are calculated based on the financial consolidation approach as defined in the Greenhouse Gas Protocol, and include emissions from Scopes 1, 2 and 3. Our total carbon emissions for the year to 31 March 2022 (the base year) have been independently verified. Refer to page 45 for further details.
3. Leadership is defined as OLT and OLT-1.

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.

Each element will be assessed independently of the other at the end of the performance period. In line with best practice and shareholder expectations the Committee will then consider the wider context and retains the discretion to adjust the payout from the 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.

### UK Corporate Governance Code

The Directors' Remuneration Policy has been developed taking into account 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 as part of the Directors' Remuneration Policy in the 2021 Annual Report and Financial Statements.
- **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 our 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. Our FY23 PSP award includes Carbon reduction objectives with the vesting of the award subject to a diversity underpin.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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 of, 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.

### 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 Executive Directors are subject to annual re-election at the AGM. Service contracts are available for inspection at the Company's registered office or on request from [ir@autotrader.co.uk](mailto:ir@autotrader.co.uk). The CEO's service contract date is 1 April 2017, the CFO's service contract date is 1 March 2020, and the COO's service contract date is 1 May 2019.

### Remuneration Policy for the Chair and Non-Executive Directors

Element	Overview of operation	Implementation for 2023
<b>Fees</b>	<p>Both the Chair 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.</p> <p>The Chair receives a single fee covering all of his duties.</p> <p>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.</p>	<p>Fees were reviewed and will be increased by 5% with effect from 1 July 2022 as follows:</p> <p><b>Base fees</b></p> <ul style="list-style-type: none"><li>• Chair: £197,078</li><li>• Non-Executive Directors: £60,861</li></ul> <p><b>Additional fees</b></p> <ul style="list-style-type: none"><li>• SID: £10,433</li><li>• Audit Committee Chair: £10,433</li><li>• Remuneration Committee Chair: £10,433</li><li>• Corporate Responsibility Committee Chair: £10,433</li></ul> <p>There is no additional fee payable to the Chair of the Nomination Committee as the Chair of the Board is currently Chair of the Nomination Committee.</p>

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 2022	28 February 2025
Sigga Sigurdardottir	1 November 2019	31 October 2022
Jasvinder Gakhal	1 January 2022	31 December 2024

**Single figure of remuneration for the year ended 31 March 2022 (audited)**

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2022.

£'000	Salary and fees	Benefits	Other	Annual bonus	Long-term incentives <sup>2</sup>	Pension	Total fixed remuneration	Total variable remuneration	Total
<b>Executive</b>									
Nathan Coe	577	1	–	652	457	40	618	1,108	1,727
Catherine Faiers <sup>1</sup>	320	1	–	313	318	21	342	631	973
Jamie Warner	335	1	1 <sup>3</sup>	328	109 <sup>4</sup>	23	360	437	797
<b>Non-Executive</b>									
Ed Williams	187	–	–	–	–	–	187	–	187
David Keens	77	–	–	–	–	–	77	–	77
Jill Easterbrook	68	–	–	–	–	–	68	–	68
Jeni Mundy	68	–	–	–	–	–	68	–	68
Sigga Sigurdardottir	58	–	–	–	–	–	58	–	58
Jasvinder Gakhal <sup>5</sup>	14	–	–	–	–	–	14	–	14

- Catherine Faiers works a 4.5 day working week and her salary has been pro-rated accordingly.
- 50.1% of PSP awards granted in 2019 will vest in 2022 for performance over the three-year period to 31 March 2022. For the purpose of the single figure the vested shares have been valued based on the three-month average share price to 31 March 2022 of 663.06p. Dividend equivalents to the value of £11,027 for Nathan Coe, £7,672 for Catherine Faiers and £2,612 for Jamie Warner have also been included. 15% of the vested value is due to share price growth of 18% since the date of award. No discretion was exercised in relation to share price appreciation.
- Jamie Warner was granted 1,009 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 £1,484 and has been included in the 'Other' column above.
- Jamie Warner's long-term incentive vesting in the year was granted before he joined the plc Board.
- Jasvinder Gakhal was appointed to the Board on 1 January 2022.

**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 <sup>1</sup>	Benefits	Other	Annual bonus <sup>2</sup>	Long-term incentives <sup>3</sup>	Pension	Total fixed remuneration	Total variable remuneration	Total
<b>Executive</b>									
Nathan Coe	497	1	–	–	–	25	523	–	523
Catherine Faiers	286	1	–	–	–	14	301	–	301
Jamie Warner <sup>4</sup>	289	1	1	–	–	14	305	–	305
<b>Non-Executive</b>									
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

- Base salary and fees were reduced for a portion of the year due to the impact of COVID-19 as described overleaf. Furthermore, Catherine Faiers has reduced to a 4.5 day working week from 1 September 2020 and her salary has been pro-rated accordingly.
- In response to the COVID-19 outbreak, no annual bonus plan operated for FY21.
- PSP awards granted in 2018 did not vest, as the threshold performance was not met.
- 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.



## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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 Chair 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 from 1 July 2020. The figures shown in the Single Total Figure of Remuneration table for the year ended 31 March 2021 on the previous page reflect these changes.

#### Benefits

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

#### Pension

Employer's pension contributions of 7% of salary were paid in respect of Executive Directors in line with those received for the wider UK employee population. As disclosed last year, this increased from 5% of salary for the year ended 31 March 2021 following a review of wider workforce pension arrangements.

### Annual bonus for the year ended 31 March 2022

The performance measures, targets and performance outcomes for the annual bonus for the year ended 31 March 2022 are shown in the following table:

Performance measures		Weighting	Threshold	Stretch	Actual performance	Payout (as a % of maximum)
Financial	Operating profit	75%	Below or equal to £260m	Equal to or above £300m	£304m	100%
Strategic targets	Milestones linked to our digital car buying strategy	25%	Below 1,750	Above 2,500	Below 1,750	0%
<b>Total</b>						<b>75%</b>

During 2022, Operating profit exceeded the stretch target and so this part of the annual bonus will be paid out in full. 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.

In 2021, the Committee decided that 25% of the annual bonus would be determined based on measures relating to the take up of our digital retailing products by retailers, measured by the number of instances paid for by retailers of our digital retailing components. However, since these strategic targets were set, the approach to digital retailing has changed. Where we had originally planned to launch and monetise the individual components of the transaction, we have pivoted to now bring all products into a full end-to-end digital retailing deal builder journey which we will then monetise, and therefore the threshold was not achieved and this part of the annual bonus will not result in a payout.

### Performance Share Plan vesting for year ended 31 March 2022

The PSP award granted in 2019 was based on performance to 31 March 2022. The performance conditions this award was based on and the targets and performance delivered are set out in the table below:

Measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual performance	Payout (as a % of maximum)
<b>Operating profit</b> Compound annual growth rate for the three years ended 31 March 2022	75%	6.5% p.a.	Equal to or above 11% p.a.	7.6%	43.3%
<b>Total Group revenue</b> Compound annual growth rate for the three years ended 31 March 2022	25%	5% p.a.	Equal to or above 8% p.a.	6.8%	70.3%
<b>Total vesting</b>					<b>50.1%</b>

The Committee reviewed the formulaic outcome under the annual bonus and PSP and considered the overall bonus outcome and PSP vesting level for the year to be appropriate and so did not exercise any discretion in relation to 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 2021/22. 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)

Awards granted in the year under the PSP are shown below. Awards are granted as nil-cost options.

Executive Director	Number of shares awarded	Multiple of salary	Face value of awards <sup>2</sup>	% award vesting at threshold (% maximum)	Performance period
<b>PSP awards<sup>1</sup></b>					
Nathan Coe	198,935	200%	£1,136,000	25%	1 April 2021 to 31 March 2024
Catherine Faiers	82,743	150%	£472,500	25%	1 April 2021 to 31 March 2024
Jamie Warner	86,683	150%	£495,000	25%	1 April 2021 to 31 March 2024

- PSP awards will normally be eligible to vest three years from grant (17 June 2021) based on performance over the three years to 31 March 2024 and continued employment. The net value of the vested awards is subject to a two-year holding period.
- As disclosed last year, face value was calculated based on the three-month average share price to the day before grant date (17 June 2021) of 571.0p. This approach has been used 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 performance conditions applying to the 2021 PSP awards shown in the table above are set out below:

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
<b>Operating profit</b>	75%	Operating profit compound annual growth rate for the three years ended 31 March 2024.	5.5%	11%
<b>Revenue growth</b>	12.5%	Revenue compound annual growth rate for the three years ended 31 March 2024.	5%	9%
<b>Diversity</b>	12.5%	Progress made in respect of a basket of Diversity objectives by March 2024, including: <ul style="list-style-type: none"> <li>The proportion of women employees in the Group being 40%.</li> <li>The proportion of leadership who are women being 38%.</li> <li>The proportion of ethnically diverse employees in the Group being 14%.</li> <li>The proportion of leadership who are ethnically diverse being 10%.</li> </ul> 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.	N/A	N/A

### 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 2022. There have been no changes in these interests up until 26 May 2022.

Director	Beneficially owned shares <sup>1</sup>	Number of awards held under the PSP conditional on performance	Number of awards held under the DABP and Single Incentive Plan <sup>2</sup> conditional on continued employment	Number of unvested Sharesave options and Share Incentive Plan shares	Number of vested but unexercised nil cost options	Number of vested Sharesave options and Share Incentive Plan shares	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 31 March 2022 <sup>3</sup>
<b>Executive Directors</b>								
Nathan Coe	3,098,403	602,487	–	–	96,672	–	200%	3,384%
Catherine Faiers	51,327	342,167	–	–	–	–	200%	101%
Jamie Warner	26,216	275,172	4,496	2,354	–	3,971	200%	49%
<b>Non-Executive Directors</b>								
Ed Williams	5,375,444	–	–	–	–	–	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
Jasvinder Gakhal	–	–	–	–	–	–	N/A	N/A

- Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline.
- The Single Incentive Plan operates for senior executives below the Board.
- Based on the Director's salary and the mid-market price at close of business on 31 March 2022 of 632.80p. Includes net (after tax) of options vested but not exercised.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Payments to former Directors (audited)

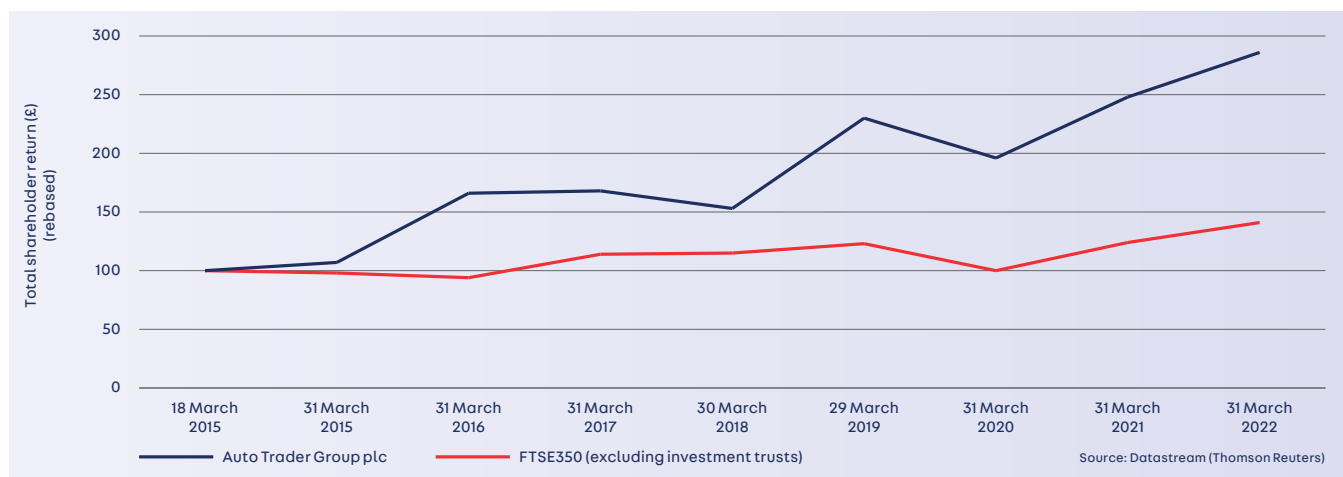
There were no payments made to former Directors during the year.

### 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) from the start of conditional share dealing on 18 March 2015. This index has been selected as it is a broad all-sector group of which the Company is a constituent. 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.

	2022	2021	2020 <sup>1,2</sup>	2019	2018	2017	2016	2015 <sup>3</sup>
CEO total remuneration (£'000)	<b>1,727</b>	523	1,659	2,052	2,929	980	1,339	20
Annual bonus (% of maximum)	<b>75%</b>	N/A <sup>4</sup>	N/A <sup>5</sup>	76.75%	50.3%	51.8%	100%	N/A <sup>6</sup>
PSP vesting (% of maximum)	<b>50%</b>	N/A <sup>7</sup>	73.6%	51.2%	100%	N/A <sup>8</sup>	N/A <sup>8</sup>	N/A <sup>8</sup>

- 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.
- 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.
- From the date of Admission in March 2015.
- No bonus plan operated in 2020/21.
- The CEO elected to waive his bonus in respect of 2019/20.
- Private company when bonus plan implemented in 2015.
- PSP awards lapsed in 2020/21 as performance conditions were not met.
- 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 opposite and the median, lower and upper quartile total remuneration for our UK-based workforce. Our median all-employee to CEO pay ratio is 34.6:1.

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 pay ratio when comparing 2021 and 2022 has increased more significantly due to the fact that the CEO's single figure of remuneration in 2022 includes a full salary as well as both an annual bonus and a PSP award vesting. However, during FY21, the CEO waived 50% of his base salary for the first three months of the year, the annual bonus scheme did not operate, and the PSP awards did not vest in the year.

The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression, and is appropriate for the Company's size and structure.

Year	Method	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
2022	A	48:1	34.6:1	24.4:1
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.
- For 2022, the salary for the P25 employee was £31,500 and total remuneration was £35,938. The salary for the P50 employee was £44,500 and total remuneration was £49,910. The salary for the P75 employee was £61,375 and total remuneration was £70,608.
- The P25, P50 and P75 employees were determined as at 31 March 2022 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) for company cars and current tax year (2021) for healthcare benefits. 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 2022 of 663.06p.
- 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.

### 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 Director's pay (salary, benefits and bonus) between 2020 to 2021, and 2021 to 2022, compared to the average increase for the employees of the Group.

	2022-2021			2021-2020		
	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
<b>Executive Directors</b>						
Nathan Coe <sup>1,2</sup>	16%	(7%)	100% <sup>8</sup>	26%	31%	(100%)
Catherine Faiers <sup>1,3</sup>	12%	(7%)	100% <sup>8</sup>	(11%)	43%	(100%)
Jamie Warner <sup>1,4</sup>	16%	(7%)	100% <sup>8</sup>	932%	1,477%	(100%)
<b>Non-Executive Directors</b>						
Ed Williams <sup>1</sup>	36%	-	-	(25%)	-	-
David Keens <sup>1</sup>	35%	-	-	(25%)	-	-
Jill Easterbrook <sup>1</sup>	17%	-	-	(13%)	-	-
Jeni Mundy <sup>1,5</sup>	31%	-	-	(9%)	-	-
Sigga Sigurdardottir <sup>1,6</sup>	16%	-	-	108%	-	-
Jasvinder Gakhal <sup>1,7</sup>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Average employee</b>	5.5%	37%	-	0%	27%	-

- 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.
- Nathan Coe was appointed as CEO on 1 March 2020 and his base salary increased on that date from £377,000 to £568,000.
- 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.
- Jamie Warner was appointed to the Board on 1 March 2020 and therefore his reported salary for FY20 represents only one month.
- 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.
- Sigga Sigurdardottir was appointed to the Board on 1 November 2019 and therefore her reported fee for FY20 represents only five months.
- Jasvinder Gakhal was appointed to the Board on 1 January 2022.
- 100% value shown as no bonus was paid last year.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### 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.

	2022 £m	2021 £m	% change
Employee costs (see note 7 to the consolidated financial statements)	69.8	59.9	17%
Average number of employees (see note 7 to the consolidated financial statements)	960	908	6%
Revenue (see Consolidated income statement)	432.7	262.8	65%
Operating profit	303.6	161.2	88%
Dividends paid and share buybacks (see notes 24 and 26 to the consolidated financial statements)	237.1	-	-

### Fees for the Chair and Non-Executive Directors

Fees for the Chair and Non-Executive Directors were reviewed in early 2022 and will be increased by 5% with effect from 1 July 2022. The following table sets out the new fees in financial year 2023 compared to those which applied in financial year 2022.

Base fees	FY23	FY22	Percentage change
Chair	£197,078	£187,693	5%
Non-Executive Director	£60,861	£57,963	5%
Additional fees			
Senior Independent Director	£10,433	£9,936	5%
Audit Committee Chair	£10,433	£9,936	5%
Remuneration Committee Chair	£10,433	£9,936	5%
Corporate Responsibility Committee Chair	£10,433	£9,936	5%

### Service contracts for Executive Directors

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.

### 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. 0.99% 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 2022, the Trust held 358,158 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 Chair of the Board 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, Sigga Sigurdardottir and Jasvinder Gakhal. Refer to pages 71 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 £40,805 excluding VAT 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
2021 AGM: Annual Report on Remuneration (advisory)	746,866,155	97.27%	20,922,290	2.73%	14,406
2021 AGM: Remuneration Policy (binding)	758,040,974	99.69%	2,355,178	0.31%	7,406,699

### 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  
26 May 2022

## DIRECTORS' REPORT

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 2022.

### 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
<b>Employee involvement</b>	Strategic report: Make a difference (page 51)
<b>Employees with disabilities</b>	Strategic report: Make a difference (page 53)
<b>Financial instruments</b>	Financial statements: Note 2 to the consolidated financial statements (page 128)
<b>Future developments of the business</b>	Strategic report: Our purpose-driven strategy (page 17)
<b>Greenhouse gas emissions</b>	Strategic report: Make a difference (page 45)
<b>Non-financial reporting</b>	Strategic report: Non-financial information statement (page 18)

### 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
<b>Allotment of shares during the year</b>	Financial statements: Note 24 to the consolidated financial statements (page 149)
<b>Directors' interests</b>	Governance: Directors' remuneration report (page 103)
<b>Significant shareholders</b>	Governance: Directors' report (page 110)
<b>Going concern</b>	Strategic report: Principal risks and uncertainties (pages 68 and 69)
<b>Long-term incentive schemes</b>	Governance: Directors' remuneration report (pages 97 to 107)
<b>Powers for the Company to buy back its shares</b>	Governance: Directors' report (page 109)
<b>Significant contracts</b>	Governance: Directors' report (page 110)
<b>Significant related party agreements</b>	Governance: Directors' report (page 110)
<b>Statement of corporate governance</b>	Governance: Corporate governance statement (pages 76 to 81)

#### Management report

This Directors' report, on pages 108 to 111, together with the Strategic report on pages 2 to 69, 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 69, 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 76 to 107; all of which form part of this Directors' report and are incorporated into it by reference.

#### 2022 Annual General Meeting

The 2022 AGM will take place at 10:00am on Thursday 15 September 2022 at the Company's registered office at 4<sup>th</sup> Floor, 1 Tony Wilson Place, Manchester, M15 4FN. We intend to hold the AGM as a physical meeting.

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](mailto:ir@autotrader.co.uk).

The AGM Notice 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 2022, 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.
- Jasvinder Gakhal (appointed 1 January 2022).

All Directors will stand for election or re-election at the 2022 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 119 to 168.

The Company declared an interim dividend on 11 November 2021 of 2.7 pence per share which was paid on 28 January 2022.

The Directors recommend payment of a final dividend of 5.5 pence per share (2021: 5.0 pence) to be paid on 23 September 2022 to shareholders on the register of members at the close of business on 26 August 2022, subject to approval at the 2022 AGM.

### 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.

During the year, 63,795 additional shares were allotted for a consideration of £3.05 per share in relation to the exercise of share options under the Company's SAYE scheme. A further 2,615 additional shares were allotted in relation to a nil cost discretionary award.

The issued share capital of the Company as at 31 March 2022 comprised 946,892,976 shares of £0.01 each, and 3,826,928 shares were held in treasury. As at 26 May 2022, the issued share capital of the Company comprises 946,905,869 shares of £0.01 each, and 3,787,486 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 2021 AGM, special resolution 16 conferred upon Directors the authority to allot ordinary shares up to a maximum nominal amount of £483,393 (48,339,300 shares), for cash, on a non-pre-emptive basis.

In the Notice of the 2022 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 35, the Company intends to continue its share buyback programme, under the authority passed at the 2021 AGM under which the Company is authorised to make market purchases of up to a maximum of 10% (96,678,535 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.



## DIRECTORS' REPORT CONTINUED

### 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 2022. 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 45 and forms part of this report by reference.

### Political donations

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

### Commitment to acquire Autorama (UK) Limited

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

### 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:

Shareholder	At 31 March 2022		At 26 May 2022	
	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.	127,991,231	13.53%	127,991,231	13.53%
Kayne Anderson Rudnick Investment Management LLC.	66,149,562	6.99%	66,149,562	6.99%
Baillie Gifford & Co.	47,482,549	5.01%	56,107,221	5.95%

### 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.

### 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 UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006 and applicable law. They have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the United Kingdom and the Republic of Ireland ('FRS 101') and the Companies Act 2006.

In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R and the requirements of UK-adopted international accounting standards, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation and EU ESEF Regulation.

The auditor's report on these financial statements provides no assurance over the ESEF format.

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 UK-adopted international accounting standards;
- 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 26 May 2022.

Approved by the Board and signed on its behalf.

### Claire Baty

Company Secretary  
26 May 2022