

Make a difference

Our strategy is to lead the future of the digital automotive marketplace in the UK. We do this by building a digital culture that is values-driven, customer-focused, data-oriented and focused on making the processes of both buying and selling new and used vehicles easier.



Overview

Our operating priorities support this strategy and are reviewed annually. People are the Group's most valuable resource and the success of the Group is to the credit of all its employees. Last year we were focused on creating a simpler, leaner, and more data-oriented organisation. In order for us to truly become more data-oriented, we restructured our data and insight tribe (what we call our functions) so data specialists are now aligned to all areas of the business providing more specific data to each squad (our term for teams). To continue embedding this, next year's operating priority will be to create and maintain consistently high-performing, data-oriented squads across the whole Auto Trader business.

Our culture is shaped by our values of determination, reliability, curiosity, inspiration and humility; these values often manifest themselves in our fast-paced and highly customer-oriented approach in our commitment to being an exciting, innovative and digital-led company.

Corporate social responsibility at Auto Trader is driven by our values and culture and is focused on making a difference to our employees, our community and our industry. This, along with our diversity and inclusion strategy, is embedded into how we operate on a daily basis.

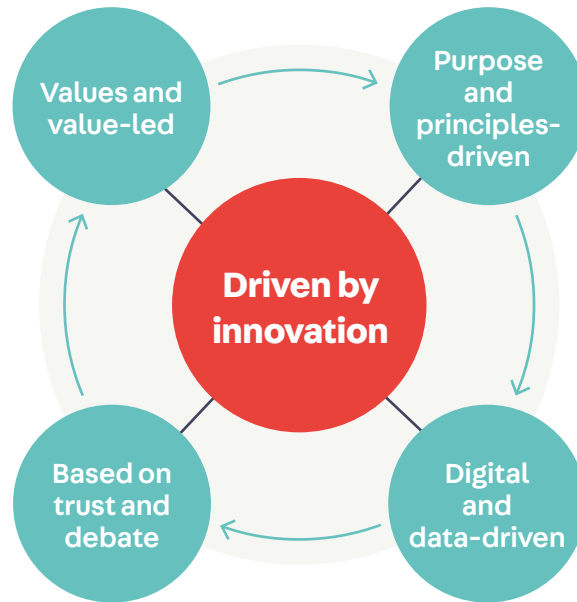
As an employer, it comprises employee engagement, rewards and recognition schemes, people development, health and safety, the environmental impact, sustainability and energy efficient operations.

As a company, we are keen to give back to our local communities in which we operate, as well as supporting charities and causes that are close to our employees' hearts. We focus our community support in four areas: employees' individual charitable fundraising efforts, promoting the two volunteering days that are available to all employees, Give as You Earn, which is one of our Incredible Benefits, and through the Auto Trader Community Fund which supports grassroots projects in Greater Manchester.

We constantly look at ways we can make a positive contribution to our industry; whether that's developing the next generation of talent, sharing best practice advice with our retailer customers through masterclasses and larger-scale industry events, or helping the industry as a whole to operate in a more transparent and therefore trusted manner.

Our culture

We have fostered a fast-paced culture that has innovation at its heart, driven by a committed leadership team that combines digital experience with a long average tenure at the Group.



Our values

By adhering to the Group's core values, we believe we are making a positive impact not only on our consumer audience and customers, but also on our employees and the communities in which they work and live.

Be determined

We got where we are today by being determined. And that's how we'll continue to succeed.

Be reliable

Our customers depend on us, so we must always be there with useful services that work effortlessly.

Be curious

Asking questions and trying things out is the best way to stay ahead of changes in the digital world.

Be humble

We need our customers more than they need us. Everything we do, we should do to help them.

Be inspirational

With nearly 40 years of experience, Auto Trader is a trusted industry voice. We use that voice wisely.



Making a difference to diversity and inclusion

Ensuring Auto Trader is a diverse and inclusive company is extremely important to us. We created a dedicated working group who are tasked with implementing a strategy to ensure diversity and inclusion becomes part of our Company's DNA. We are also committed to ensuring everyone has equal opportunities to achieve their full potential as well as equal pay regardless of gender. Diversity for everyone at Auto Trader means respect for and appreciation of differences in: gender, age, sexual orientation, disability, race and ethnic origin, religion and faith, marital status, social, educational background and way of thinking. We believe that inclusion is a state of being valued, respected and supported for who you are.

"Diversity is the mix. Inclusion is getting the mix to work well together."

As a result, all of our employees have participated in a one-day workshop focusing on creating common understanding of the concepts as well as exploring their unconscious biases and how they can impact their own behaviour and relationships with other people inside and outside of work. Our approach is to educate and change attitudes; we have introduced a series of masterclasses including Mental Health Awareness sessions and participated in various local events like the Manchester Pride Festival, where we received the 'Lord Mayor's Special Award' for our enthusiastic showcase of support to the LGBT+ community.

We have created various employee groups (photography, book, board game, running and movie clubs) that aim to bring people together in line with our philosophy that inclusion will be achieved by respecting each other's differences but concentrating on finding common ground. A women's network was launched aiming to make a difference in the lives of women in our business, the community and related industries of technology and automotive. We also started a family network to give colleagues with families with young children or carer responsibilities a way to support each other.



Gender diversity

As at 31 March 2017	Male	Female	Total
Board	4	2	6
Senior managers ¹	11	4	15
Company ²	515	305	820

We continue our participation to promote Science, Technology, Engineering and Maths ('STEM') careers by supporting two schools near our Manchester office by running 'Code Clubs' to teach young children how to code. Following the success of last year, we are expanding our participation in the 'Change 100' programme, organised by Leonard Cheshire Disability, offering three talented students a summer internship in either our Manchester or London office.

Our ambition to become one of the most diverse and inclusive employers is supported by our Company policies and practices. During our annual engagement survey, we monitor progress related to our employee make up in line with the Equality Act 2010 protected characteristics. We also collect feedback around our colleagues' attitudes and overall experience to ensure everyone can feel they can be their authentic self at work.

- 1 Senior managers are defined as members of the Operational Leadership Team ('OLT').
- 2 Company numbers include Board and OLT members.



Making a difference to our employees



To help us achieve our mission of leading the future of the digital automotive workplace, we have built a relatively flat structured, fast-paced, digital organisation. Our success at Auto Trader is down to the innovative, talented and committed people who contribute to the business. We put the customer at the heart of everything we do, constantly developing our site to ensure consumers get a great user experience as well as developing products that will add value to our retailers.

We value our people and their opinions. Therefore we organise an annual employee conference and hold regular business and financial updates throughout the year to keep employees informed on the Group's performance and operating priorities as well as give them the opportunity to ask questions. By promoting collaboration and transparency we encourage our people to contribute to our business and share their thoughts, concerns and ideas by attending Directors' breakfast sessions and company showcases.

Employee engagement and recognition

Following the employee experience survey last year, we set up working groups to: help improve communication across the business; launch a recognition scheme based on our values; look at what makes our people successful; and create and deliver a diversity and inclusion strategy across the whole of the business. We also hold regular 'health checks' that allow squads to sit down together in an open and secure environment to discuss how they feel in the workplace.

Our 'Incredible Benefits' platform allows our employees to access all the benefits offered at Auto Trader in one place, enabling them to tailor their benefits package to meet their own specific needs. As well as our company funded benefits, we offer a wide range of voluntary benefits including childcare vouchers, critical illness and dental insurance. In next year's annual enrolment Auto Trader extended to all employees the option to cover the premium cost of either Private Medical Insurance (employee level) or Health Cash Plan (up to family level). The Company will also be offering a second Sharesave scheme for the benefit of Group employees which not only recognises and rewards employees but also promotes a culture of shared ownership.



This year we participated in the 'Sunday Times Top 100 Best Companies to Work For' and we achieved a two-star 'outstanding' rating and joined the list at number 69.

Training and development

Auto Trader continues to invest in all of its employees by offering blended learning opportunities that are aligned to its collaborative and inclusive culture. All new joiners to the business are given the best possible start to their Auto Trader careers with our three-day induction programme that allows them to understand the core values of our business and help achieve a one-team culture.

Every individual is responsible for their own development and has quarterly development conversations and personal development plans ('PDP') with their people leader. We appreciate that everyone has unique needs and likes to learn in different ways. PDPs covering both professional and personal development are built with a mix of on-the-job learning, opportunities to attend conferences, the support of mentors, e-learning and professional qualifications. The business utilises internal experts to deliver workshops and bitesize sessions focused around our Success Framework and specialist subjects which enable both individuals and teams to succeed and grow, thus fostering an engaged workforce.

Company-wide learning initiatives including diversity and inclusion ensure we deliver on what is important today and that we succeed in the future. We deliver core life-cycle programmes for apprentices and graduates, and we develop our future senior leaders with our Leadership Development Programme, both of which mean we have a robust succession plan in place to cultivate talent as well as empower individuals to reach their full potential. All our managers take part in the Practical People Leadership Programme to develop their skills in recruitment, performance management and development of their people.

Making a difference to our communities

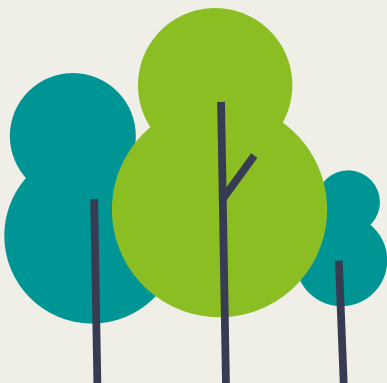
We have a dedicated team of individuals from across our business who are responsible for driving our Make a Difference strategy, which aims to maximise the support and impact we provide to the communities in which we operate.

The Auto Trader Community Fund powered by the Forever Manchester charity considers applications and awards up to £1,000 to community groups and grassroots projects across Greater Manchester. This year, the fund has donated over £60,000 to various causes that bring people together and empower them to create sustainable changes in their lives.

Donations from Auto Trader directly to other charities totalled an additional £55,000 through 'Employee Match Funding' for charities and causes that are close to their hearts. Our Give as You Earn scheme participation has doubled, with almost 100 of our colleagues donating to charities directly via our payroll monthly.

But making a difference is not limited to donating monetary funds. Our colleagues have utilised one of our Incredible Benefits, two optional volunteering days, to support worthy causes across the UK. Employees offered their time and expert skills to the following: St Pancras Community Centre for young children and the elderly; Survivors Manchester for male survivors of sexual abuse; Coffee for Craig helping the homeless; and Working Change assisting women in prison to gain valuable job seeking and interview skills. We have recently partnered with Benefacto to help employees at our London office to engage in established volunteering opportunities in their local communities.

To support the arts in Manchester we continue our successful corporate partnership with HOME Arts Centre and the Manchester International Festival; both building on the rich cultural heritage of the city by introducing new artists and various art forms throughout the year.



Making a difference to our industry



Our Make a Difference strategy extends to ensuring we support the wider technology community as well as help to shape the future of the automotive industry.

To encourage the next generation of technology talent, we took part in the Manchester Digital Apprenticeship Scheme and welcomed five Software Developer apprentices. We also partnered with the University of Manchester to offer the opportunity for two students to work with us on data science projects over the summer, as well as offering a PhD scholarship to one of their students.

We continue our participation to promote STEM subjects and careers by supporting two local schools and clubs in the Manchester area. We run 'Code Clubs' to teach young children how to code and this year we hosted Manchester Girl Geeks BarCamp conference which supports the talent and development of females in STEM careers.

The technology industry, as well as the automotive sector, has a significant challenge with diversity and Auto Trader is pleased to support and actively create initiatives that will attract women and minorities to enter the industries, as diversity is a key part of business success. Alison Ross, our Customer Experience and Operations Director, was named Woman of the Year at the Women in IT Awards this year, recognising her contribution to these goals.

As a customer focused business we are committed to looking at ways to improve the process of buying and selling vehicles for consumers and retailers alike. We have changed our sales approach, removing commissions, and our packages; both of which enable us to promote best practice and equip our sales teams to create strong business partnerships with our customers, helping add value to their businesses.

This year over 4,000 of our retailer customers attended a masterclass, webinar or conference designed to share best practice advice, helping them to succeed in today's changing digital automotive marketplace. These sessions allow us to demonstrate the importance of using data and insight to drive traffic to their digital forecourts. We also run separate discovery days with our customers, designed to gain their feedback on the value they derive from Auto Trader as well as the products and services we offer.

Last year marked the ninth annual Auto Trader Click Awards, established to recognise digital excellence and reward the most progressive and innovative retailers in the industry. Nearly 100 customers from franchise groups, independents and supermarkets attend this prestige event to celebrate success and to hear the latest insight from the Auto Trader team.

click awards 17

"4,000 of our retailer customers attended a masterclass, helping them to succeed in today's changing digital automotive marketplace"

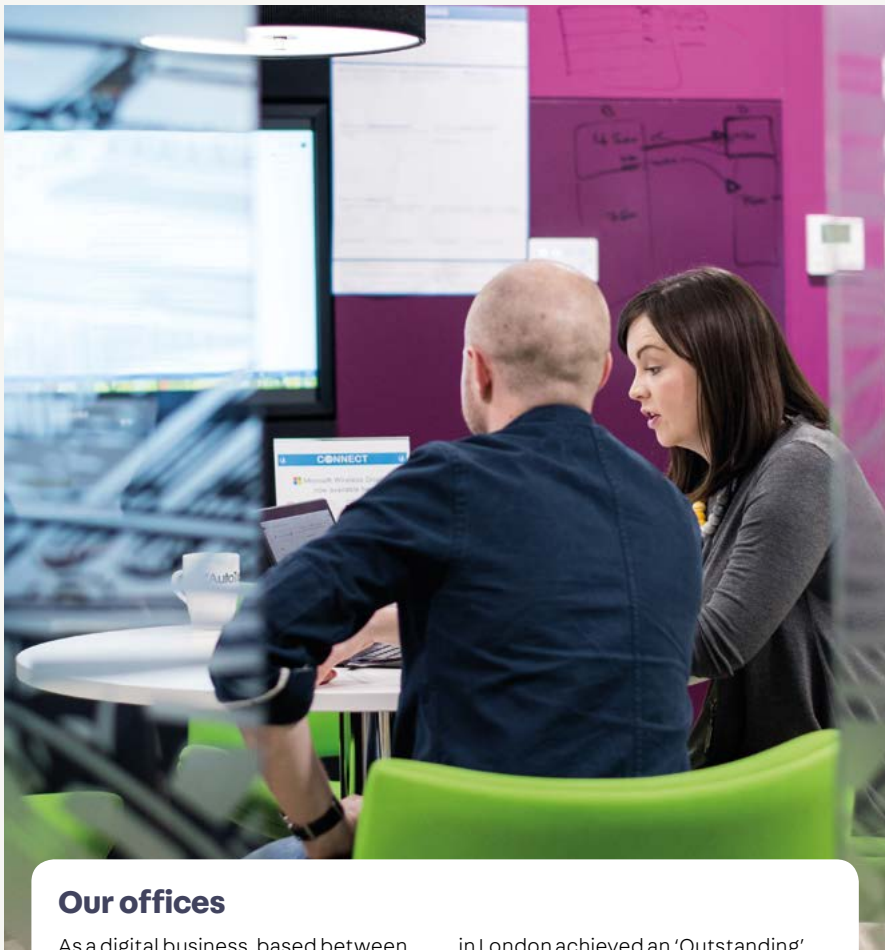


Making a difference to our environment

Health and safety

We are committed to maintaining a safe workforce for our employees, customers and visitors and anyone affected by our business's activities. It is therefore our policy that all of the Group's facilities, products and services comply with applicable laws and regulations governing safety and quality.

During the year, there were no major injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.



Our offices

As a digital business, based between our offices in Manchester, London and Dublin, we believe our environmental footprint is small. We actively encourage our employees to consider our environmental impact. We operate recycling systems in the offices, established with local authorities and recycling schemes, and we have no waste bins by desks which encourages the amount of recycling we do.

Our UK offices are both graded highly by the BREEAM standard; Kings Cross

in London achieved an 'Outstanding' rating and our Manchester office an 'Excellent' one.

We continue to use Fruitful Office to deliver fruit to our offices each week. Fruitful Office plants one tree in Malawi for every basket of fruit we receive. Last year, 1,742 trees were planted on behalf of Auto Trader, helping the organisation to mitigate the effects of global warming, deforestation and providing an income to local communities.

Greenhouse gas emissions statement

Auto Trader is required to measure and report its direct and indirect greenhouse gas ('GHG') emissions by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The greenhouse gas reporting period is aligned to the financial reporting year. The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition). Emission factors used are from UK government ('BEIS') conversion factor guidance current for the year reported.

The report includes the 'Scope 1' (combustion of fuel) in relation to company cars and 'Scope 2' (purchased electricity and gas) emissions associated with our offices. Although our company cars are leased under operating leases, we have chosen to include the related emissions in Scope 1, as we are responsible for these emissions. 2016 figures have been restated to include the emissions from company cars.

We have chosen to present a revenue intensity ratio as this is a relevant indicator of our growth and is aligned with our business strategy.

	2017	2016
Scope 1: Fuel for company cars (tCO ₂ e) ¹	491	565
Scope 2: Electricity and gas for our offices (tCO ₂ e) ¹	437	445
Total carbon emissions (tCO ₂ e) ¹	928	1,010
Revenue (£m)	311.4	281.6
Carbon intensity ²	3.0	3.6
Year-on-year change	(17%)	

¹ Tonnes of carbon dioxide equivalent.

² Absolute carbon emissions divided by revenue in millions.

Doing the right thing

Auto Trader believes in promoting trust and fairness in the marketplace and this has become part of the way we work across the organisation. We promote a culture of compliance and shared responsibility by providing advice and information to keep our employees and customers smart, safe and secure. Each year, our employees complete compliance training that covers fraud, bribery and anti-money laundering. We also provide guidance and support if employees need to report anything untoward or experience any serious malpractice or wrongdoing in our business.

Consumers trust Auto Trader to show genuine, accurate adverts when they search for vehicles, however occasionally sellers include a misleading price or inaccurate mileage in their advert. We strive to improve the quality of our adverts by allowing consumers and retailers alike to report a misleading advert whilst they are searching, which we then investigate and if necessary remove from the site.

Helping our retailer customers protect their data and business online is also an important focus for us. Last year we added an additional security login to our retailer portal, two-factor verification, which enhances security and reduces the risk of hackers accessing our customers' information.

Everyone at Auto Trader owns and is responsible for their own relationships, whether that's with colleagues, friends, customers or suppliers. When working with external companies we promote the fact that it is important to reflect the Auto Trader values, ensuring any companies we work with enjoy a trusted relationship with us.

We also ensure employees understand and employ good practice when sharing information or data, and they do so in a controlled or protected manner, or operating fairly under the legal guidance.



Human rights

Equal opportunity

The Group is committed to treating all its employees and job applicants fairly and equally. It is our policy not to discriminate based on their gender, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy, or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the Group ensures all workers have a duty to act in accordance with this.

Modern Slavery Policy

We have a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains. We are committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains. We expect the same high standards from all our contractors, suppliers and other business partners.

Employees with disabilities

We welcome all applications for employment made by individuals with disabilities. Our dedicated Auto Trader Resourcing team will make reasonable adjustments in the recruitment process according to the needs of each individual to ensure that they can perform their best during the assessment stage.

We are dedicated to supporting employees that become disabled during their employment with us. We recognise that each individual is unique and we provide support and make reasonable adjustments to ensure they continue realising their full potential at work.

We continue to offer training, career development and promotion opportunities by taking appropriate action related to the needs of the individuals to allow them to continue to have a fulfilling career with us.

The Company's Strategic report is set out on pages 2 to 43. Approved by the Board on 8 June 2017 and signed on its behalf by:

Sean Glithero
Chief Financial Officer
8 June 2017