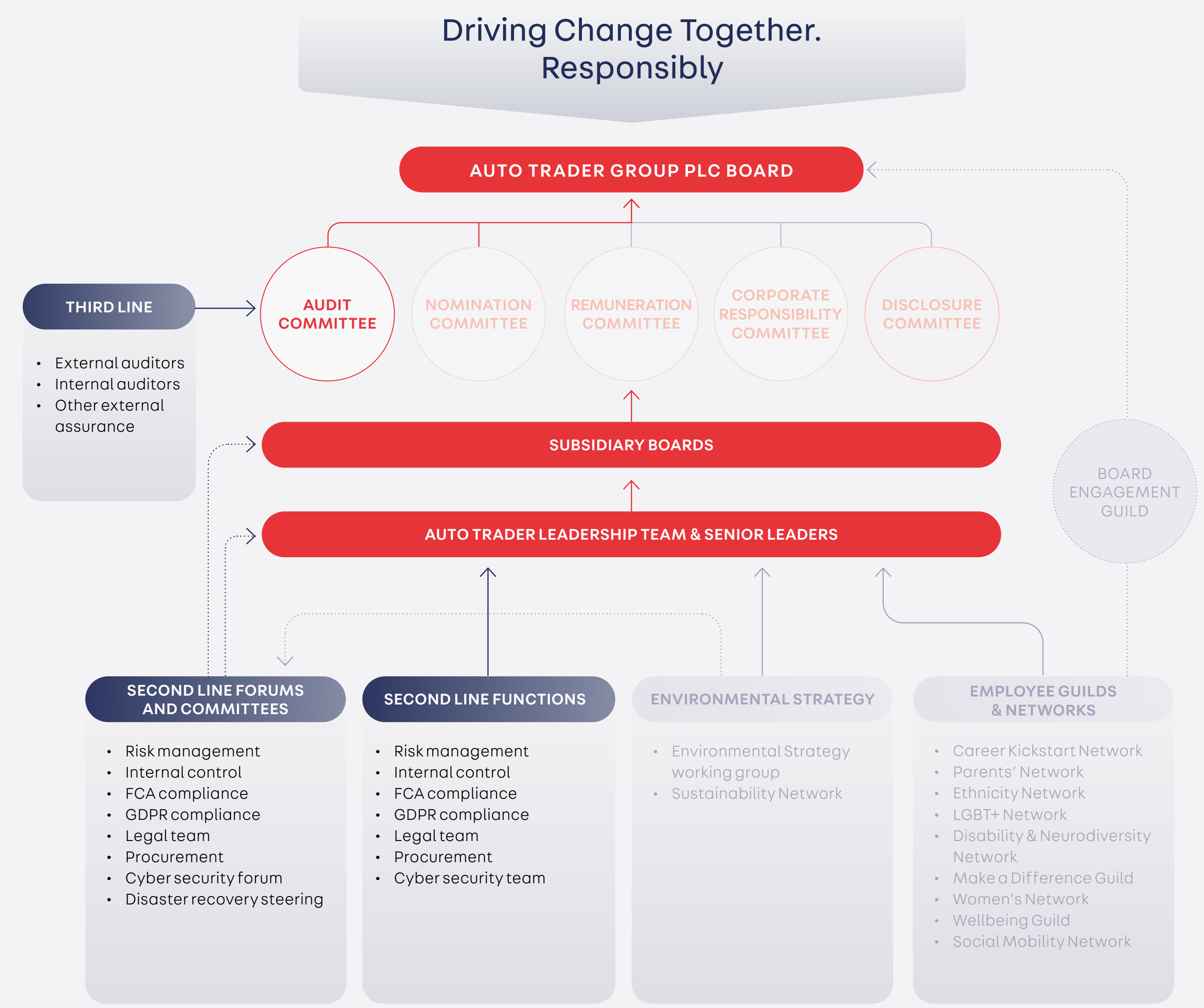
Our risk management arrangements

Effective risk management supports sustainable long-term growth aligned with our purpose of Driving Change Together. Responsibly.

The Board is responsible for determining the nature and extent of the risks the Group is willing to take to achieve its strategic objectives. The Board is responsible for establishing and maintaining effective risk and internal controls frameworks and the Audit Committee independently monitors the frameworks' effectiveness.



WORKING RESPONSIBLY P29
GOVERNANCE OVERVIEW P74

OUR RISK MANAGEMENT PROCESS

We use a four-step process to manage principal risks. The Auto Trader Leadership Team ('ALT') and risk owners in the 1st Line of Defence identify, assess, mitigate, and monitor their risks. They report to the PLC Board on risk management through our governance structure. The process is summarised opposite.

RISK IN THE BOARDROOM

Our risk management process works hand-in-hand with our strategy. Whilst the Board reviews the Group's risk register at least half-yearly, risk is a factor considered within every agenda item at every Board meeting. In the last year the Board has discussed topics including changes within automotive economy, our technology strategy & cyber security, and the potential impacts to the automotive finance market which could arise from the ongoing legal challenges surrounding commissions.

Board papers also capture considerations of potential risks arising from new initiatives. Accordingly, risk is an ever-present factor in all decisions made by the Board. Our principal risks have also been considered as part of the material decisions made by the Board (see page 19). The decision to the move to a new office in 2026 is a step towards mitigation of our Employees risk. The introduction of Co-Driver is a mitigation to our Innovation and Competition risks.

PRINCIPAL RISKS AND UNCERTAINTIES P65

EFFECTIVE RISK MANAGEMENT

1 IDENTIFY

We identify key risks using a top-down and bottom-up approach through three mechanisms:

- The Board, ALT, senior managers and Group's Governance, Risk and Compliance ('GRC') team perform continuous horizon scanning.
- Embedding 2nd Line Functions into teams executing strategic initiatives.
- GRC-facilitated risk workshops with ALT and senior managers.

All new risks are captured on the Group risk register which is reviewed by the Board at least half-yearly.

2 ASSESS & QUANTIFY

All risks are evaluated to establish their root causes, the impact, the likelihood of occurrence, and the time between the risk occurring and its impact being felt. Risk assessments consider financial, reputational, regulatory, customer, consumer, and operational impacts. Risks are then categorised as:

- Existential risks: those with the potential to cause fundamental change within our organisation and wider industry.
- Operational risks: those arising out of the existing business activities.
- Emerging risks: those which relate to new initiatives, new products and new laws and regulations.

3 RESPOND & MITIGATE

Assessing risks helps us to determine the most suitable mitigation plan. Risk owners consider whether existing controls and mitigations reduce the risk to an acceptable level. 2nd Line Functions provide support to ensure that the response is consistent with our Group risk appetite. Additionally, challenge on risk response is provided from 2nd Line Functions, Forums, and Committees. If the residual level of risk after mitigation remains above our risk appetite, then action plans are agreed to reduce the risk to an acceptable level.

4 MONITOR, REVIEW & ASSURE

The key controls are monitored throughout our governance structure, including:

- Ongoing monitoring by 2nd Line Functions.
- Monthly and quarterly 2nd Line Forums and Committees, including Risk Forum, Cyber Security Forum, FCA Compliance, and Trust Forum.
- A risk-based Internal Audit plan which delivers 4-5 assignments per year.
- Other third-party and specialist monitoring and assurance.

The Board reviews the outcomes of assurance activities on an as-needed basis. The Board also reviews the Group's risk register at least half-yearly and assesses the adequacy and effectiveness of mitigating actions in line with our risk appetite.

RISK APPETITE

The Board has assessed the principal risks Auto Trader faces, including those from our strategy and the wider market. It has set a risk appetite that guides our response to these risks. Our risk appetite can be summarised as follows:

FLEXIBLE

Auto Trader acknowledges that, in some circumstances, fast-paced and innovative development of new products within the technology space presents significant opportunities and taking advantage of these opportunities may result in financial loss. We consider whether opportunities can outweigh the downside risks, and therefore, in pursuit of our strategic objectives, we are flexible about taking risks which relate to product innovation, addressing competitive threats, and/or making the most of market opportunities.

CAUTIOUS

As we pursue our strategic objectives, we must remain cognisant of the potential for them to have conflicting impacts on our stakeholders, including employees, suppliers and third parties, and the environment. Owing to the potential for these risks to have significant knock-on impacts across a wide range of categories, we are cautious about taking risks in relation to such areas.

AVERSE

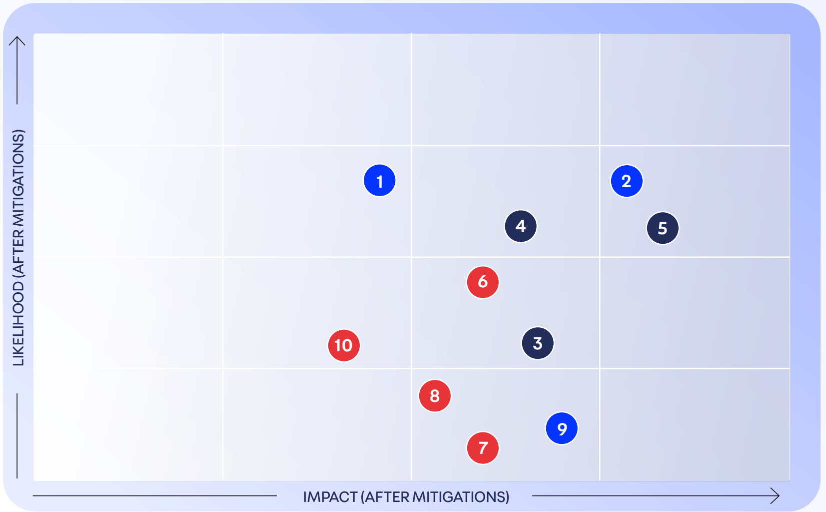
We are averse to taking risks which conflict with our values; risks which could damage our reputation; risks which threaten the security of our systems and technology; risks leading to a breach of laws, regulations or financial covenants; and/or risks which could compromise the organisation's going concern status. Across these categories we take all reasonable steps to ensure our business activities do not give rise to significant risk of damage to our stakeholders, and in pursuing our strategic objectives we are averse to exposing ourselves to higher levels of risk knowingly.

OUR PRINCIPAL RISKS IN 2025

The risk landscape is always evolving. Our strategy is linked intrinsically to our principal risks and our principal risks can be grouped into three categories:

1. Risks to Auto Trader and the automotive retail industry as a whole.
2. Risks we face from external sources.
3. Risks we face from internal sources.

The matrix below summarises our view for FY24 of the extent to which the Group is exposed to each of our principal risks:



1. Macro risks
2. Automotive economy, market and business environment
3. Legal and regulatory compliance
4. Competition
5. IT systems and cyber security
6. Employees
7. Brand and reputation
8. Failure to innovate
9. Climate change
10. Reliance on third parties and partners

- Risks which could affect the wider industry
- Risks we face from external sources
- Risks we face from internal sources

The evolving risk landscape & emerging risks

Identification of new and emerging risks is crucial to our risk management process. Details of each of our principal risks can be found in the following pages 66 to 70 and we have summarised below the most significant and material emerging risks:

RISKS AFFECTING THE AUTOMOTIVE INDUSTRY

- Global tariffs could affect automotive supply chains, which could lead to increased new car prices. However, the new car segment of the UK automotive industry may benefit from the tariffs if OEMs consider the UK as an increasingly attractive place to sell.
- EVs are making up an increasing proportion of new car registrations, however pricing of EVs remains the biggest barrier to mass adoption and the increased sales of EVs have been driven largely by the fleet segment. Recent changes to the ZEV mandate will provide OEMs with greater flexibility as they work towards 2030. We also expect that this change will help to support overall registrations of new cars in the UK which should bolster used car volumes in the following years.
- There is uncertainty about how the automotive finance industry could be impacted by the investigation into discretionary commission agreements ('DCAs'). Similarly, there is uncertainty about the potential impacts of the Supreme Court's hearing on disclosure of commissions. The outcomes of this hearing are expected during the summer of 2025.

RISKS WE FACE FROM EXTERNAL SOURCES

- The competitive landscape is increasingly complex. We continue to monitor potential threats posed by our traditional competitors, as well as 'big-tech' players entering the automotive retail industry.
- Within society, there is a trend towards increasing political and societal polarisation and there is a risk of societal discourse permeating into the workplace, leading to a negative impact upon our culture.
- The increasing prevalence of AI creates a new cyber-attack vector. Criminals will continuously seek more sophisticated and effective methods to attack businesses, and we are continuously investing in our defences.

RISKS WE FACE FROM INTERNAL RISKS

- As we progress with our platform strategy, we are increasingly reliant on technology partners to help us to service our customers. Ensuring that we maintain good relationships and communications with them is key to providing the best possible service to our mutual customers.
- Recent years have seen an increase in the number of automotive brands in the UK. There are now over 70 brands operating in the UK compared to 45 in 2019. There is an opportunity for us to support these brands by introducing them to our audience and to provide our consumers with informative content about the vehicles that these brands offer.