

Making a positive impact

We are committed to being a responsible business and our purpose is driven by our resolve to do the right thing, measure and report transparently, and always act ethically and with integrity.

As the UK's largest automotive marketplace, we believe we have an obligation to do business responsibly and to create a more accessible, equitable and sustainable future.

In a rapidly changing world, we recognise the importance of making sustainability a business priority. We know that we will only succeed as a business if we use our technology, expertise and data to help solve the challenges our customers, our consumers and our industry face. Our trusted brand has been built over more than 40 years and we remain committed to being the best place to find, buy and sell vehicles in the UK on a platform that enables data-driven digital retailing for our customers.

This involves changing how the UK shops for vehicles by providing the best online buying experience and supporting all our retailers to sell online.

Our ESG strategy focuses on the material issues that have the greatest impact on our business whilst considering the expectations of our stakeholders. In 2021 we introduced our cultural KPIs (see page 20) to help us measure progress against our strategy. In 2022, we undertook our first materiality assessment to consider what ESG issues matter most to our stakeholders and the impact of these on our business. The findings continue to inform our ESG strategy and focus areas.

Our ESG strategy is underpinned by our purpose, Driving Change Together. Responsibly.

We can play a positive role in making a difference to our people, our communities, our industries and the wider environment to create a more accessible, equitable and sustainable future.



Our environment

Minimise our impact on the environment, thereby protecting our business from the impact of climate change.

Drive change across our own operations and supply chain, but also use our capabilities and voice to influence the automotive industry to support urgent action to tackle climate change.



Our people & communities

Build diverse teams and an inclusive culture.

Maintain high levels of employee engagement, supporting positive health and wellbeing.

Partner with charities, community groups and industry bodies to make a difference to the communities where we work and live.



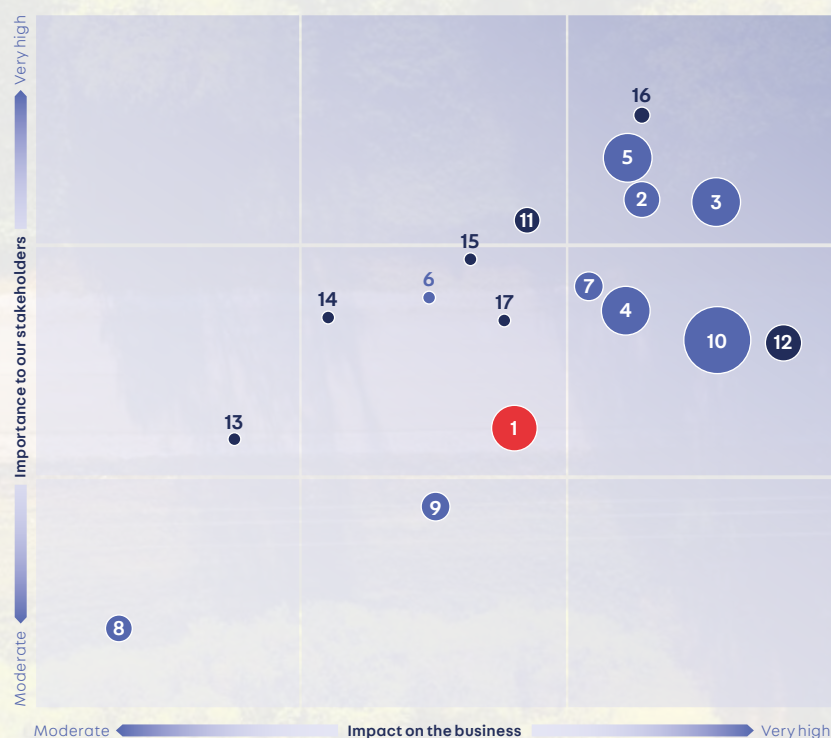
Our governance & compliance

Uphold the values of good corporate governance and risk management and consider the needs of all our stakeholders in our strategic decision-making.

Comply with our legal and regulatory obligations and behave ethically and with integrity at all times.

Maintain a trusted marketplace for our customers and consumers to find, buy and sell vehicles.

Our materiality assessment



The size of the bubbles on our materiality assessment highlight where our activities for this financial year have been focused and will continue to be focused over the coming 12 months.

Our environment

1 Climate

Our people & communities

- 2 Data privacy and security
- 3 Employee wellbeing, engagement and safety
- 4 Product innovation
- 5 Customer satisfaction
- 6 Pricing fairness
- 7 Investment in talent
- 8 Advocacy
- 9 Making a difference to our local communities and industries
- 10 Diversity and inclusion

Our governance & compliance

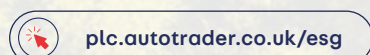
- 11 Driving transparency
- 12 Digital infrastructure
- 13 Responsible supply chain
- 14 Responsible tax strategy and total tax contribution
- 15 Corporate governance
- 16 Ethics and integrity
- 17 Remuneration

In order to remain successful in the long term, an understanding of what ESG topics matter most to our key stakeholders is essential. In 2022, we conducted a materiality assessment to help inform our ESG strategy. This included an analysis of the issues impacting our business and a survey of opinion amongst our stakeholders as to the relative importance to them of those issues. The stakeholders included our employees, consumers, retailers, suppliers, commercial partners and investors. The materiality assessment helped us to capture our impacts in a non-financial manner and the findings continue to guide the focus areas of our ESG strategy.

Alongside our aim to have high standards of governance, we have focused most of our activities and initiatives on: diversity and inclusion; employee wellbeing; engagement and safety; product innovation; and customer satisfaction, all of which our stakeholders placed in the higher priority category. We have also chosen to actively focus on climate. Although climate did not place in the highest category, we believe we should be doing what we can to positively impact the world in which we live.

Product innovation and customer satisfaction are key to our business strategy. Our focus on digital retailing is to bring more of the buying journey online, realising both an improved consumer experience and efficiencies for our customers (read more on pages 12 and 13). We actively seek retailer feedback on all aspects of product and service development to ensure that we continue to provide market-leading solutions and also actively monitor consumer sentiment across our various products and channels.

Want to know how we define each material issue? Head online:



ESG at a glance

Our progress during financial year 2023



OUR AMBITIONS

- Achieve net zero in our own business as well as help our customers and suppliers as they transition to net zero.
- Ensure the majority of our employees have completed Carbon Literacy training.
- Our customers can confidently sell more electric vehicles.
- Support our customers in making their workforce environmentally aware with the Automotive Carbon Literacy Toolkit.
- Help car buyers make more environmentally friendly vehicle choices.
- Use our data and insight to support and influence the government's policies related to supporting the adoption of electric vehicles.
- Have a representative workforce across all levels of our business.
- Foster an environment where everyone feels included.
- Continue to make progress on our gender & ethnicity pay gaps.
- Maintain high levels of employee engagement.
- Support the physical, mental and financial wellbeing of all our employees.
- Positively contribute to the communities we operate in through local and national charities.
- Fully adopt the NIST framework for cyber-security.
- Continue to evolve with the requirements of both GDPR and FCA compliance.
- Integrate sustainability into all aspects and decision-making processes of our business.
- Embed our ethical procurement policy within the business and adopt a socially responsible sourcing model.
- Report comprehensively in line with SASB and TCFD reporting frameworks.

2023 HIGHLIGHTS

- Our long-term target to be net zero by 2040 has been validated by the Science Based Targets initiative ('SBTi').
- Included Autorama in our carbon footprint calculations.
- 80% of Auto Trader employees have completed the Carbon Literacy training, putting us at Platinum award level.
- 114 organisations have engaged with the Automotive Carbon Literacy Toolkit, with over 1,000 people completing their accreditation.
- Hosted two industry-focused sustainability events, bringing together sustainability-focused organisations to collaborate and share ideas.
- Earned a Guinness World Record for the 'largest online quiz', amplifying our monthly electric vehicle giveaway.
- Launched new sustainability awards for manufacturers and retailers at our flagship Retailer and New Car Awards.
- Three more cohorts (32 employees) completed our Diverse Talent Accelerator programme during the year, developing our next level of leadership talent.
- Fully launched our Continuous Leadership Development programme to support senior leaders within the business.
- Launched our social mobility network and we were 33rd on the Top 75 Employers in the Social Mobility Index produced by the Social Mobility Foundation.
- Four colleagues recognised at the Automotive 30% Club Most Inspiring Automotive Women Awards for 2022.
- Launch of our new 'Your Community Fund' to support local community based charities.
- We have again been named as one of the Inclusive Top 50 companies in the UK.
- Ethical procurement questionnaires completed covering 75% of our supplier spend.
- Further evolved our TCFD reporting to include scenario analysis.
- Fully migrated our technology infrastructure to the cloud and will exit from our two main data centres by June 2023.
- Red team testing undertaken to ensure our processes for responding to a cyber incident are robust and fit for purpose.
- Comprehensive implementation plan in place to ensure compliance with the forthcoming FCA Consumer Duty.
- Began the process of integrating Autorama into the Group governance framework following acquisition.

ALIGNMENT WITH THE UN SDGS



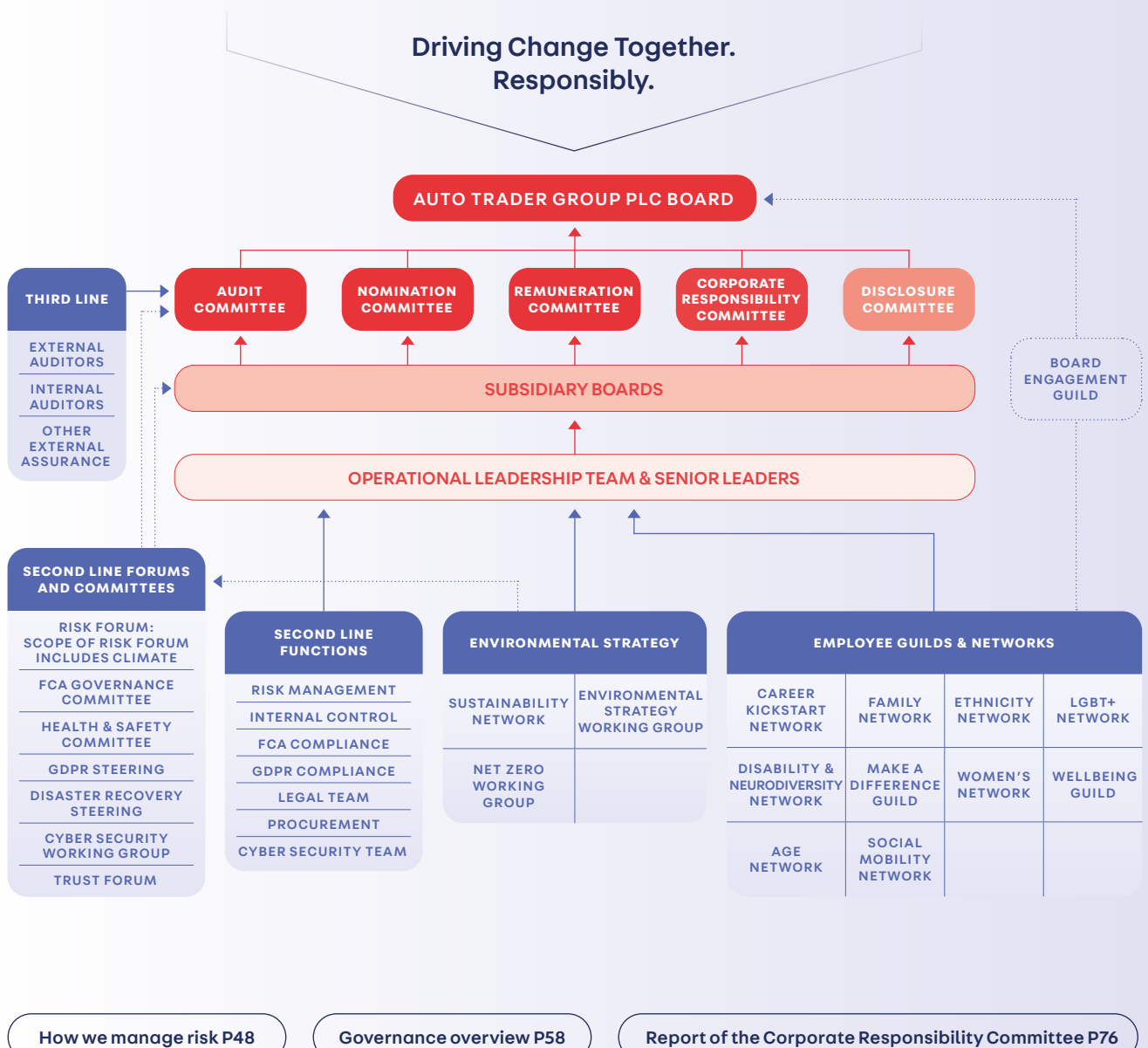
There are 17 UN SDGs that form a shared global agenda to achieve a better and more sustainable future for all. Whilst all of the goals are important, we believe our ambitions and priorities best align with the above SDGs, which are most relevant to our strategy and where we believe we can have the greatest impact.

Governance of our ESG strategy

We recognise that our activities, and the way in which we carry them out, impact well beyond our financial performance. There is increasing evidence that sustainable businesses drive greater long-term profit and value for stakeholders. With this in mind, in 2021 we established our Corporate Responsibility Committee to sit alongside our Audit, Remuneration

and Nomination Committees. Whilst ESG related topics are covered in all Committees, this is a formal Committee of the Board with the overarching goal of monitoring our corporate responsibility initiatives and sustainability targets. The Committee, chaired by Jeni Mundy, plays a crucial role in overseeing the progress towards fulfilling our ESG strategy and ensuring that our

targets and goals are ambitious and realistic. Responsibility for putting our ESG strategy into action spans across the business through specific functions within the business and through our individual guilds and networks, which are empowered to drive change within the organisation.





Our environment

Minimise our impact on the environment, thereby protecting our business from the impact of climate change.

Drive change across our own operations and supply chain, but also use our capabilities and voice to influence the automotive industry to support urgent action to tackle climate change.



Task Force on Climate-related Financial Disclosures ('TCFD') compliance statement

The Group has prepared its TCFD disclosures in line with guidance from the 2021 updates to the TCFD Final Report and Annex, including the supplementary guidance for all sectors. At the time of publication, the Group has made climate related financial disclosures consistent with the TCFD recommendations set out on pages 30 to 34. We have built on our progress from previous years to develop a net zero strategy and we continue to identify the risks and opportunities to our business as a result of climate change and their potential financial impact.

TCFD: Governance

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, adopting a climate change focused mindset. There is a clear commitment from the Board to deliver on our environmental commitments and ensure relevant accountability across the business. Our environmental strategy was initiated to ensure a joined up approach across the business considering the risks and opportunities climate issues pose and how we are responding to them.

TCFD: Strategy

As the world transitions to a low carbon economy, regulatory change and changes in consumer behaviour will have an impact on the automotive market, meaning we need to develop and adapt our business strategy accordingly. Reducing the impact our business has on the environment is embedded into our wider business strategy of acting responsibly and we are committed to being a net zero business by 2040. As well as reducing our own emissions, we are also raising environmental awareness with both our customers and consumers, encouraging them to reduce their own environmental impact.

We use our breadth of expertise, data and market insight to accelerate the transition to low carbon transport, working with the automotive industry.

How we govern this area



1. BOARD RESPONSIBILITY

The Corporate Responsibility Committee is responsible for holding the Executive Directors to account with respect to climate risks and their impacts on the business. Our environmental strategy is a standing agenda item for all Committee meetings.

2. EXECUTIVE RESPONSIBILITY

The responsibility for assessing and managing climate related risks sits at both executive and Board level. Executive responsibility for climate change impact is held by all our Executive Directors, who have responsibility for overseeing our climate change agenda and are responsible for ensuring that climate related risks are integrated into our existing business strategy. Responsibility for the consideration of climate related risks on the financial performance of the Group and compliance with environmental reporting rests with our CFO, Jamie Warner.

3. RISK FORUM

Our Risk Forum undertakes a review of climate related risks with our Operational Leadership Team ('OLT').

4. REMUNERATION COMMITTEE

The Committee introduced ESG related targets into the Performance Share Plan ('PSP') for the first time in 2021. In 2022, the PSP included a performance target linked to a reduction of our GHG emissions and it will also be included in the 2023 PSP.

5. THIRD-PARTY ASSURANCE

Our GHG emissions have been independently assured by EcoAct using ISO 14064-3 for all scopes of our carbon footprint.

6. ENVIRONMENTAL WORKING GROUPS

Our environmental strategy not only focuses on our own environmental impact, but also aims to support our customers, consumers and the industry in which we operate and, as a result, various parts of the business play a part in delivering our ambitions. Different parts of the business are brought together through our various working groups, which are supported by members of our OLT. Key activities and milestones are set for each financial year and these are shared with the Corporate Responsibility Committee. The working groups meet individually as required but meet collectively on a quarterly basis:

- Net Zero working group (sponsored by Jamie Warner, CFO): responsible for our commitment to net zero in line with our SBTi targets.
- Environmental strategy working group (sponsored by Ian Plummer, Commercial Director): responsible for helping consumers make more environmentally friendly vehicle choices.

7. EMPLOYEE GUILDS & NETWORKS

Our employees play a fundamental role in the success of our environmental strategy. Our Sustainability Network comprises passionate individuals from across the business who are focused on making life at Auto Trader more sustainable through increasing employee awareness and driving impactful changes for both individuals and our business, supporting our overall goal of reducing our carbon emissions.

Climate related risks and opportunities

To build climate resilience into our business strategy we identify climate related risks and opportunities. As an online marketplace, we have a relatively small carbon footprint and our business model is sustainable in a low carbon environment. However, with the acquisition of Autorama, our emissions have increased due to the vehicles sold by Autorama that temporarily pass through their balance sheet. The nature of the risks and opportunities that we face depends not just on the physical aspects of climate change, but also on transition risks. These are driven by the trajectory of our customers and consumers in responding to climate change and the regulations applied to the market we operate in.

During the year we refined our assessment of the risks and opportunities posed by climate change and how they might impact our business. We considered the transitional and physical climate risks and opportunities presented by rising temperatures, climate related policy and emerging technologies. We agreed the methodology for assessing and quantifying financial impacts. For the purposes of our assessment, the time horizons we used were as follows:

- Short term: 0-5 years
- Medium to long term: 5 years +

In each case, the likely impact on costs or revenues was assessed. We have assessed how the risks can be better managed, reduced or mitigated in line with the Group's risk management framework and business strategy. The risks identified during our analysis are more likely to present themselves in the medium or long term.

Having assessed and modelled the risks, we believe that there is no immediate material financial risk or threat to our business model. Even though there is uncertainty around the time horizon over which climate risks will materialise, stakeholder expectations and regulatory attention could develop at pace, impacting the rate at which the business may need to cut carbon emissions.

We recognise that we will need to keep abreast of future climate change legislation as well as consumer preferences and retailers' ability to adapt. However, we have a strong track record of quickly evolving.

The results of our scenario analysis inform our long-term strategic business planning and are overseen by the Corporate Responsibility Committee.

Climate related scenario analysis




To further understand and explore how potential climate risks and opportunities could evolve and impact our business over the medium to longer term, the TCFD recommends undertaking climate scenario analysis, which includes a '2°C or lower scenario' in line with the 2015 Paris Agreement.

We examined three climate scenarios against two timeframes for the purposes of our analysis. The three scenarios we considered were as follows:

Scenario	Description
Disorderly transition	Rapid change in policy and legislation to encourage businesses to rapidly achieve reductions and avoid climate change - UK takes immediate and substantial action - governments make dramatic policy interventions to make up for a late start.
Orderly transition	Additional policy and legislation introduced to limit climate change - UK does not take immediate and substantial action - gradual and deliberate shift towards a low carbon economy.
Hot house world	Business as usual - no change in climate policy and legislation - UK takes limited or no action - continuation of current projection of carbon emissions without any significant abatement or mitigation.

Impact	Mitigation/response	Financial impact	Inherent likelihood
Physical risk: Increased frequency/severity of extreme weather and climate related natural disasters			
<ul style="list-style-type: none"> Offices closed. Data centre disruption. Customers cannot open their showrooms. 	All technology infrastructure is cloud based. Disaster recovery/business continuity planning in place, including tools and guidance to support our people in emergency situations. COVID-19 proved the sales process can be completed without physical showrooms, plus development of digital retailing will enable all retailers to compete on our digital marketplace.		Low
<ul style="list-style-type: none"> Weather has the potential to disrupt the supply chain and limit vehicles entering the UK car parc. 	We have experienced the impact of disrupted supply chains as a result of recent external catastrophic and geo-political events. These significant supply side challenges have constrained new and used car transactions for much of the past three years. However, our business has remained healthy as market dynamics have adjusted and OEMs and retailers learnt to adapt their business models. We would anticipate weather related disruption to be more intermittent and comparatively less severe than the disruption caused by recent events.		Low
<ul style="list-style-type: none"> Costs - increased operational costs such as heating/aircon, insurance, cloud costs. 	In order to have a significant impact on our business, costs would need to increase significantly. We are continually reviewing our cost base such that any increases can be managed and profit margins retained.		Medium
Transition risk: Increased regulation relating to climate change			
<ul style="list-style-type: none"> Regulation banning the sale of new internal combustion engine ('ICE') vehicles from 2030 is existing UK regulation that the industry is already working towards. 	We already closely monitor the implementation of policies relating to our core business. We will continue to monitor policies with a view to identifying potential risks and opportunities and related financial impacts. We are already evolving our product offering and provision of information to support the effectiveness of EVs on our marketplace and will continue to meet changing preferences of car buyers.		High
<ul style="list-style-type: none"> Increased regulatory scrutiny and introduction of new legislation could result in increased reputational risk but also increased compliance costs. Failure to deliver against our environmental commitments would undermine our reputation as a responsible business and may result in loss of revenue, legal exposure or regulatory sanctions. 	We have formed a Corporate Responsibility Committee to oversee our environmental commitments. We will report in line with the TCFD recommendations and report progress towards our net zero ambitions against our science based targets.		Low

Impact	Mitigation/response	Financial impact	Inherent likelihood
Transition risk: Regulation ramping up of internal combustion engine ('ICE') vehicle taxation			
<ul style="list-style-type: none"> Cost of ownership increases, making ICE vehicles less appealing. Consumers stop buying petrol or diesel vehicles, demand switches over to electric. If EVs remain expensive some consumers could be priced out of the market presenting a risk to demand. 	We will continue with our strategy to adapt our marketplace to meet changing preferences of all car buyers. It is likely that used car prices will continue to move in line with supply and demand dynamics such that lower demand will make vehicles more affordable.		Low/Medium
Transition risk: Demand for sustainable products & services			
<ul style="list-style-type: none"> Risk: Consumers' preferences shift away from ICE vehicles; steep decline in purchase of petrol or diesel vehicles in favour of EVs. Opportunity: Help our audience to find the sustainable options they are seeking. 	We will continue with our strategy to adapt our marketplace to meet changing preferences of all car buyers and continue to be the largest marketplace for EVs.		Low/Medium
Transition risk: Increased reputational risk associated with the automotive industry and misrepresenting environmental claims			
<ul style="list-style-type: none"> As consumer consciousness around climate change rises, there is increased scrutiny on our industry's role on the environment. Failure to appropriately demonstrate that as a business we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/or remain relevant to our customers and consumers. 	As part of our goal to be net zero by 2040 we will focus not only on our own operational footprint but also on how we can positively support our industry. We have set clear reduction targets for our own operations and report progress to stakeholders. We work with customers, suppliers and the industry on education and policy.		Low
Transition risk: Achieving resource efficiency through cutting our carbon footprint and improving energy efficiency			
<ul style="list-style-type: none"> Reduced costs associated with energy use and avoid increased costs associated with carbon taxation. 	Reduction initiatives to reduce our absolute carbon usage, including moving our technology infrastructure to the cloud.		Medium
Transition risk: Increase in towns and cities introducing pedestrian zones/Ultra Low Emission Zones ('ULEZs') supported by government scrappage schemes and/or improvements in public transport			
<ul style="list-style-type: none"> Risk: Consumers stop buying ICE vehicles as they no longer require a vehicle. Opportunity: Consumers' desire/need to switch to EV. 	Likely the risk and opportunity would be taken together, and stock/demand would be maintained as the desire for personal transportation/vehicle ownership remains strong. We will continue with our strategy to adapt our marketplace to meet changing preferences for all car buyers and continue to be the largest marketplace for EVs.		Low/Medium

 Minor  Moderate  Major

We intend to periodically review the scenarios and timeframes we choose to apply in our analysis and refine them as needed. The risk management recommendations arising from our climate change scenario analysis were:

- Policy/regulation:** it is likely that increased policy and regulation will have the most significant financial impact on Auto Trader over the longer term. The most significant action we can take is to reduce our exposure to this risk and continue with our strategy to adapt our marketplace to meet the changing preferences of all car buyers. We also need to make sure we continue to remain abreast of regulatory requirements to ensure we are compliant with all relevant reporting obligations.
- Market:** climate change is expected to impact the supply and demand for ICE vehicles and EVs. Auto Trader can mitigate this risk by continuing to develop its strategy to be the destination of choice for consumers searching for a more environmentally friendly vehicle.

TCFD: Metrics and targets

Methodology

The Group is required to measure and report its direct and indirect greenhouse gas ('GHG') emissions by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The GHG reporting period is aligned to the financial reporting year. The methodology used to calculate 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 the UK Government's Department for Business, Energy and Industrial Strategy ('BEIS') conversion guidance for the year reported.

We have calculated our footprint using the official UK Government conversion factors. For general procurement categories, an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year. For vehicle purchases, a bottom-up, life cycle assessment-based approach has been used.

We have approximated and rounded up where necessary, reflecting this is a 'scoping exercise' to indicate the broad quantum of emissions rather than a precise calculation. The accuracy of our footprint will get better each year as we revisit and refine the methodology and underlying dataset. We have reported our Scope 2 emissions using both a location based and market based approach, with the latter taking into account renewable energy consumed.

Rebasing of our calculations

During the year we acquired Autorama and we have therefore undertaken work to calculate their emissions and include them within our base year (2019/20) and every year thereafter. We have also undertaken work to identify more accurate data in relation to our suppliers and include this in our calculations. The data resulted in a change of more than 5% in our emissions and so we have recalculated our base year and every year thereafter using the updated data.

We have disclosed our rebased base year, prior year and current year to take into account these changes and will be updating our climate targets accordingly.

Independent verification of our GHG emissions

EcoAct has independently assessed and verified Auto Trader's GHG emissions following verification standard ISO 14064-3:2019. Based on the data and information provided by Auto Trader and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the GHG emissions totals for all years reported are not fairly stated and free from material error.

TCFD: Risk management

The Board is collectively responsible for determining the nature and extent of the principal risks which may impact the business as it seeks to achieve its strategic objectives. We recognise climate change as a principal risk (see page 51) as it poses a threat to our business and supply chain, mainly through regulatory changes. We have updated our risk management process to enhance our assessment of the potential implications of climate change on our business and its operations. Our risk management framework, including the processes for identifying, assessing and managing risk, is described on pages 48 and 49.

Our total CO₂ emissions¹

	2023		2022		2020 (base year restated)	
	UK	Global	UK	Global	UK	Global
Scope 1	342	363	276	294	441	487
Scope 2 (location based)	297	310	368	385	510	542
Total (Scopes 1 and 2)	639	674	644	679	951	1,029
KWh ('000s)	2,714	2,775	2,618	2,767	3,462	3,766
Purchased goods & services		19,537		23,562		50,149
Capital goods		498		794		477
Fuel and energy-related activities		133		196		244
Upstream transportation & distribution		72		115		210
Waste generated in operations		5		16		16
Business travel		365		63		1,141
Employee commuting (inc. working from home)		1,746		1,004		716
Upstream leased assets		129		106		33
Use of sold products		56,323		102,807		302,267
End of life treatment of sold products		31		50		191
Investments		26		27		29
Scope 3 (total)		78,865		128,740		355,473
Total (Scopes 1, 2 and 3)		79,540		129,419		356,502
Revenue ³		£510.4m		£491.1m		£458.9m
Tonnes of CO ₂ equivalent per FTE ²		68.5		107.9		334.1
Tonnes of CO ₂ equivalent per £million turnover ³		155.8		263.5		1,091.9
Scope 2 (market based)		3		91		N/A
% renewable		99% ⁴		76% ⁴		N/A

1. Scopes 1, 2 & 3 are reported in tonnes of CO₂ equivalent.

2. Based on average number of employees in the Group throughout the year (2023: 1,160, 2022: 1,199, 2020: 1,067). The average number of employees included Autorama FTEs for the period 1 April to 31 March for each period reported.

3. This includes Autorama revenue for the period 1 April to 31 March for each period reported.

4. Emissions from our data centres are included within our Scope 2 emissions. It has been confirmed by our provider that our data centres continue to be powered by 100% renewable - we have received a certificate covering the period to 31 December 2022 and the period 1 Jan to 31 Mar 2023 is currently being verified by a third party.

Our pathway to net zero

Overview

We want to minimise our impact on the environment, thereby protecting our business from the impact of climate change. Our strategy is to put the brakes on carbon, not only across our own operations and supply

chain, but also using our capabilities and voice to influence the automotive industry to support others in the transition to a low carbon economy and take urgent action to tackle climate change.

1. Our net zero commitment

In June 2021, we signed up to the Science Based Targets initiative ('SBTi') Business Ambition for 1.5°C. By doing so, we are committed to achieving net zero before 2050 and to reducing emissions in line with the Paris Agreement goals. Net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. We reach net zero when the amount we add is no more than the amount taken away. Our near and long-term net zero targets have both been approved by the SBTi.








We have committed to reach net zero greenhouse gas emissions across our value chain by 2040, committing to:

- Reduce absolute Scope 1 and 2 GHG emissions by 50% before 2030 from a 2020 base year.
- Reduce absolute Scope 3 GHG emissions by 46.2% over the same timeframe.
- Reduce absolute Scope 1, 2 and 3 GHG emissions 90% by 2040 from a 2020 base year.

How we're taking action

To meet the SBTi's definition of net zero, we need to reduce our emissions by at least 90% and then use carbon removal initiatives to neutralise any limited emissions that cannot yet be eliminated. It is therefore essential that we fully understand the source of our emissions and undertake

targeted actions. The make up of our carbon emissions is heavily weighted towards Scope 3, and within that, purchased goods and services and use of sold goods are the biggest contributors. During the year, our GHG emissions totalled 79.5ktCO₂e. Whilst this represents a significant reduction from our restated 2020 baseline year (2020: 356.5k CO₂e), it was principally due to a reduction and mix of vehicles passing through Autorama's balance sheet. Further work is required to understand the emissions associated with these vehicles. In respect of our other emissions, we have a committed climate action plan and our targets and progress are set out below:

Metric	Emission type	Target year	Our progress	Current status
Switch 100% of our fleet vehicles (Auto Trader fleet) to be EV or low emission.	SCOPE 1	2030	Base year $\xrightarrow{\hspace{2cm}}$ Current year 240 tCO₂e $\xrightarrow{\hspace{2cm}}$ 91 tCO₂e <ul style="list-style-type: none"> • Any newly ordered vehicles must be fully electric or hybrid with emissions 75g/km or less. • 16% of the Auto Trader fleet is now an EV or ULEV. 	 ON TRACK
Auto Trader data centres to be fully migrated to the cloud.	SCOPE 2	2024	Base year $\xrightarrow{\hspace{2cm}}$ Current year 168 tCO₂e $\xrightarrow{\hspace{2cm}}$ 74 tCO₂e <ul style="list-style-type: none"> • Our data centres are powered entirely by renewable energy. • 100% of our data centres will be migrated to the cloud by June 2023. 	 ON TRACK
Energy: reduce overall electricity use by 50% (against a 2020 baseline) and procure 100% renewable energy for our remaining needs.	SCOPE 2	2030	Base year $\xrightarrow{\hspace{2cm}}$ Current year 542 tCO₂e $\xrightarrow{\hspace{2cm}}$ 310 tCO₂e <ul style="list-style-type: none"> • Moved to a smaller London office but contracts are not renewable. • Disposed of High Wycombe and Dublin offices. • Energy saving initiatives implemented including removal of printers, switching off electrical items while the office is closed. 	 ON TRACK
Business travel emissions: achieve a 50% reduction (against a 2020 baseline).	SCOPE 3	2030	Base year $\xrightarrow{\hspace{2cm}}$ Current year 1,141 tCO₂e $\xrightarrow{\hspace{2cm}}$ 365 tCO₂e <ul style="list-style-type: none"> • Air travel has reduced with more people opting to travel by rail. • Enhanced video conferencing equipment to facilitate enhanced virtual meetings and collaborative online working. 	 ON TRACK
Commuting emissions (including emissions generated from working from home): achieve a 50% reduction (against a 2020 baseline).	SCOPE 3	2030	Base year $\xrightarrow{\hspace{2cm}}$ Current year 716 tCO₂e $\xrightarrow{\hspace{2cm}}$ 1,746 tCO₂e <ul style="list-style-type: none"> • Employee commuting survey launched in January 2023 giving us more accurate commuting data. • Introduction of Connected Working which offers all employees greater flexibility in where and when they work, resulting in less commuting. • Launched employee salary sacrifice scheme to lease electric vehicles with 6% of eligible employees participating to date. 	 MORE WORK NEEDED
Suppliers: require 50% of suppliers, by spend, to have meaningful carbon reduction targets.	SCOPE 3	2030	<ul style="list-style-type: none"> • Overall significant reduction in Scope 3 but more work is needed on supplier engagement. • Ethical procurement questionnaires completed covering 75% of our supplier spend. • 20% of Auto Trader suppliers by spend have CDP responses. 	 MORE WORK NEEDED
Autorama Scope 3 emissions	SCOPE 3	2030	<ul style="list-style-type: none"> • The first phase of recalculating our emissions to include the impact of Autorama is complete. • As can be seen from our restated emissions, the acquisition of Autorama has resulted in a significant increase in our Scope 3 emissions as we are required to account for the projected life time carbon emissions of vehicles held temporarily on the balance sheet. Further work will be undertaken in 2024 to form relevant metrics to monitor reduction of their emissions. 	 ON TRACK

Developing the first ever industry-specific Carbon Literacy Toolkit

Developed in partnership with the Carbon Literacy Trust, the toolkit is the first of its kind, being carefully designed in close collaboration with leading retailers and manufacturers, including: Nissan, Marshall Motor Group, Lookers, Motorpoint, AvailableCar and SYNETIQ.

Available for any organisation, of any size, working within the automotive industry, it has been developed with the purpose of supporting individuals and businesses in their journey towards reducing their carbon footprint.



Carbon Literacy Project



2. Supporting the automotive industry

Our aim is to support the industry in the transition to the mass adoption of electric vehicles ('EVs').

The automotive industry is under enormous pressure to reduce its carbon emissions and whilst many manufacturers and retailers have bold commitments to reduce emissions, many are still very early on in their sustainability journeys and are actively seeking support to help them develop a carbon reduction plan. Therefore, our partnership with the Carbon Literacy Trust, and the resulting Automotive Carbon Literacy Toolkit we created, has been well received. 114 organisations have now completed the training (as at 31 March 2023) which many see as an important step in their sustainability strategy, as well as a key initiative to engage their workforces. Once an individual in a business has been accredited as 'carbon literate', the business is then provided with training content and trainer manuals that enable them to run their own one-day Carbon Literacy training. Over 1,000 people in these businesses have now completed the training.

In addition to the training, we launched a new sustainability themed series of events where we invite businesses to share their sustainability journeys, ask questions and share ideas with the aim of inspiring action and motivating businesses to be more sustainable. We've hosted two in the year and are planning our third in the autumn.

The production and distribution of electric vehicles is also a key part of many businesses' sustainability strategies, so in order for retailers to feel equipped to sell these vehicles, we launched a 'Retailer Performance Module' focusing on EVs.

We also support the National Franchise Dealership Association's 'Electric Vehicle Accreditation' scheme; once retailers become accredited, we add their badge to their Auto Trader profile and adverts on our marketplace, enabling them to promote their knowledge to consumers.

As manufacturers and retailers become more focused on their own environmental impacts, we felt it was important to start recognising those who are leading the way as another way to inspire others to do more. We therefore introduced sustainability-focused awards at both our Retailer Awards and New Car Awards. The categories are self-nominated and attracted a high level of entries.

The government's mandate to ban the sale of new petrol and diesel cars by 2030 has created huge levels of change in the industry, and a lot needs to happen in the coming years to ensure the mass adoption of electric vehicles. We regularly meet with various government departments to share our data and insights to help guide policy required to support the mass adoption of EVs.

CELEBRATING SUSTAINABILITY IN THE AUTOMOTIVE INDUSTRY

To celebrate and support the industry's efforts to do business more sustainably, we have introduced new sustainability awards at both our New Car Awards and Retailer Awards.

114

organisations have engaged with the Carbon Literacy Automotive Toolkit training during the year

Our wealth of data and insight gives us a unique view of consumer car buying intentions, and particularly consumer EV buying intentions. This data forms the basis of our 'Road to 2030' Reports, which are extremely valuable to not only the government, but also to media and the industries involved in the transition to EVs. The Report is widely reported in national press and is regularly presented at key industry events.



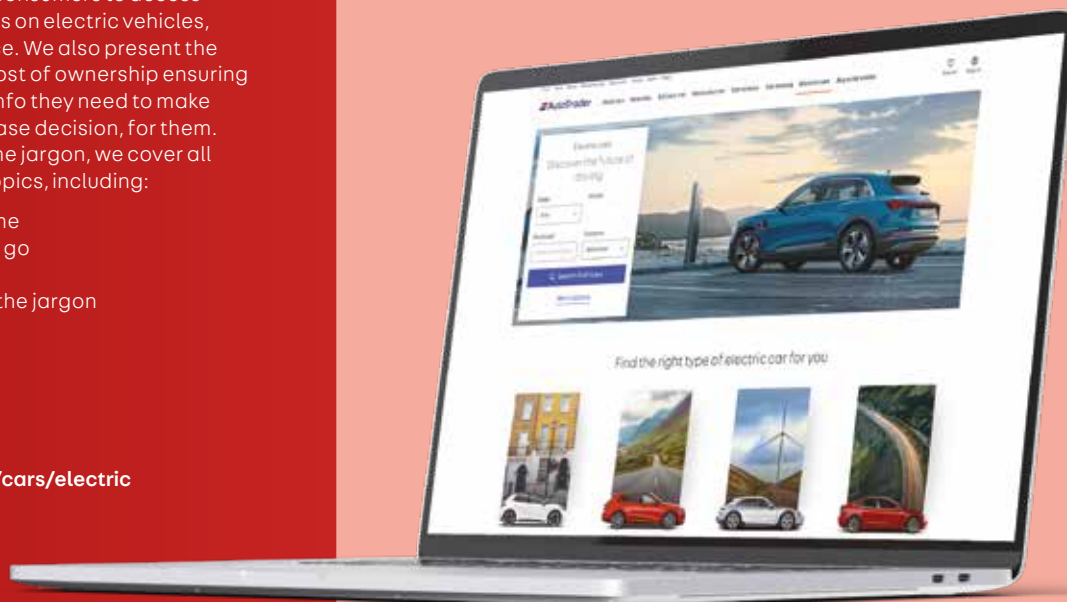
Evolving our dedicated EV hub

The dedicated EV hub on our marketplace makes it easy for consumers to access articles and videos on electric vehicles, reviews and advice. We also present the facts regarding cost of ownership ensuring they have all the info they need to make the correct purchase decision, for them. Cutting through the jargon, we cover all of the pertinent topics, including:

- Charging at home
- Charging on the go
- Range
- Understanding the jargon
- Battery life



[autotrader.co.uk/cars/electric](https://www.autotrader.co.uk/cars/electric)



3. Supporting consumers

Our aim is to support consumers in making the switch to more environmentally friendly vehicles and be the number one electric car destination in the UK.

We have increased the coverage and exposure we give EVs across all our platforms. On our marketplace, we have taken steps to make it easier for car buyers to search for EVs, so the filters now reflect the key attributes of an EV. Our EV adverts now include more information about battery range and charge time, which are key to helping consumers to make the switch. The number of EV models listed on Auto Trader has grown from 84 to 129 in the year and over 23,000 adverts appeared on our site on average across the last year.

We launched an EV hub on site which has new content and tools added to it all the time, so consumers can get the information they need to decide whether an EV is right for them, right now.

The team have published more than 110 electric-themed editorial reviews, news, help and advice articles on site (2022: 91). Across our tracked electric keyword set as a whole, including consumer FAQs, our share of voice grew from 27% to 33%. As part of this we grew our electric make model terms share of voice by 11% over the year, giving us the third highest market share in this area.

EVs have been a key marketing focus in the year, with new partnerships formed and campaigns launched. The EV monthly giveaway continued and achieved over 3.5 million entries, and we achieved a Guinness World Record which saw the team host the largest online quiz to promote EVs. We developed 'Electric Sceptics', our first original social content series with full marketing mix support, and signed a three-year partnership with Green TV to build association with EVs, both with consumers through their World EV Day and EV Live events and with the industry at the EV Summit.

23,000

EV adverts appeared on our site on average across 2023

SUPPORTING WOMEN AND NEW AUDIENCES IN MAKING THE SWITCH TO EVS

Our research shows that women are more likely to say they don't like the car buying process and they don't feel confident in buying a car. They are also less likely to consider buying an electric vehicle. So we are actively trying to change this by engaging the media that influence women and changing the conversation so that women feel more empowered about buying their next car, be that electric or otherwise.





Our people & communities

Build diverse teams and an inclusive culture.

Maintain high levels of employee engagement, supporting positive health and wellbeing.

Partner with charities, community groups and industry bodies to make a difference to the communities where we work and live.



Our values

Our values underpin everything we do from the delivery of our products and services to recruitment, career development and recognition.

REFLECTING OUR CULTURE AND COMMITMENT TO MAKING A POSITIVE IMPACT

BE DETERMINED

We are passionate, resilient and have the conviction to do the right thing. We roll up our sleeves to get the job done.

BE RELIABLE

We are outcome-oriented and we do what we say we will do. We perform under pressure and have a strong work ethic.

BE COURAGEOUS

We are bold in our thinking, overcoming fears, challenging convention and embracing change.

BE HUMBLE

We are open, honest, approachable and we treat each other fairly. We recognise success in ourselves and others but admit and learn from mistakes.

BE CURIOUS

We are always learning. We question why, we search for better ways, ask questions and actively listen.

BE COMMUNITY-MINDED

We look after each other, respect diversity and advocate inclusion. We are committed to making a difference to the communities around us and think of others before ourselves.

How we govern this area



1. BOARD RESPONSIBILITY

Material ESG topics discussed by the Board include diversity and inclusion, employee engagement and talent development. The Corporate Responsibility Committee is responsible for holding the Executive Directors to account and on a quarterly basis our people scorecard is reviewed and progress against our cultural KPIs is monitored. The Board plays an important role in ensuring our culture is aligned with our long-term strategy.

2. EXECUTIVE RESPONSIBILITY

The responsibility for assessing and managing our people and culture sits at both Executive and Board level. Our Executive Directors have responsibility for oversight of our diversity and inclusion agenda and are responsible for ensuring that our values are embedded into all parts of our business.

3. OPERATIONAL LEADERSHIP TEAM

Our Operational Leadership Team ('OLT') is responsible for driving our culture that is values-led, customer-centric and data driven, underpinned by a diverse and inclusive team. Having a progressive culture and environment, ensuring the attraction, development and retention of a talented, engaged and diverse workforce.

4. REMUNERATION COMMITTEE

The Committee introduced diversity related metrics into the Performance Share Plan ('PSP') for the 2021 PSP award, and introduced an underpin for the 2022 PSP award. For the 2023 PSP award performance will again be measured against our diversity ambitions as part of an underpin rather than as a standalone measure.

5. EMPLOYEE GUILDS & NETWORKS

Our employees play a fundamental role in the success of our ESG strategy. Through our thriving networks and guilds, our ESG priorities and ambitions are championed and driven forward by our employees. See page 42 for more information about our networks. These networks feed into a wider Diversity and Inclusion Guild which oversees the various networks to ensure they drive real change across our organisation.

Our Board Engagement Guild is the primary mechanism for our Board to engage with our employees and meetings are not attended by the Executive Directors. Employees are able to share their experiences and views, as well as providing the opportunity for them to ask questions directly of Non-Executive Directors. The Board Engagement Guild has representatives from across different parts of the business and canvasses views and opinions from their colleagues to share with the Board.

6. THIRD-PARTY CHARTERS & ACCREDITATIONS

We have signed up to various third-party charters and have received a number of accreditations, most notably:

- Race at Work Charter.
- Change the Race Ratio.
- Disability Confident Leader.
- Social Mobility Top 75.
- Inclusive Companies.

Engaging our employees

We welcome open and honest feedback from our employees and surveys are conducted on a regular basis. We aim to understand job satisfaction, measure opinion and find where changes may be necessary. Summary results are made available and feedback acted upon by management, which is then presented to the Board. In our most recent survey we were pleased that 91% (2022: 95%) of our employees agreed or strongly agreed with the statement "I am proud to work for Auto Trader", a measure which we view as a proxy for engagement.¹

Wellbeing and safety of our employees

We are committed to supporting our employees in all aspects of their health and wellbeing. We provide a comprehensive range of healthcare benefits as well as access to tools and education, mental health support and supportive pathways to empower our employees to have more good days. We have tools to support employees with their financial wellbeing and all employees can join the Group's Save As You Earn Scheme, with 68% (2022: 66%) of eligible employees participating in one of the current schemes. A Group personal pension plan is offered to all employees, under which they can contribute between 3% and 5% (or higher) of their salary and Auto Trader contributes between 5% and 7%.

We are committed to creating a safe space for our colleagues in the office environment.

Our principal objective is to prevent or minimise accidents, injury and ill health to staff working at our premises or remotely. This includes contractors, and others, who work at, or visit our premises. We have a fully compliant Health and Safety Policy and appropriate insurance for all employees. We can report that we have had no fatalities or serious injuries during the year, and there was no impact to our operations due to work-related incidents or work-related occupational disease.

Following the introduction of our Connected Working approach, which offers all employees greater flexibility in where and when they work, a programme of ergonomic assessments was carried out to review and ensure effective and safe homeworking environments. This approach allows people to stay connected with their team and the wider Auto Trader community and maintains our collaborative culture.

1. The employee engagement score excludes employees of Autorama. Autorama currently conduct their own survey with a different question set. In their March 2023 survey, Autorama employees were asked to rate the question "How likely is it you would recommend Vanarama as a place to work?" Answers were given on a 10-point scale, 10 representing highly recommend. The survey had a 71% response rate and 62% responded 9 or above.

Investing in and supporting our talent

Our ambition is to make sure that everyone's career is supported by learning opportunities, including self-learning, mentoring, coaching and formal programmes. We pride ourselves on having a community focused on development where everyone can be successful. Despite challenging times we still retain a strong level of retention and employee engagement. Our attrition rate remains low at 11% (2022: 11%) when compared to industry and national averages.

Our learning academy platform provides a range of opportunities to support careers at Auto Trader and during the year 100% of our employees (including part-time and contractors) were offered training. We also provide sponsorship for professional qualifications and access to continuing professional development for our people. Mandatory training covers our compliance essentials to ensure compliance with our legislative and regulatory requirements. Our non-mandatory training covers a broad range of learning and development, including awareness, technical skills and soft skills. Our mentoring and coaching programmes are available to all employees. We currently have five colleagues qualified as coaches, with two more working towards their qualification, to build internal coaching capability.



Year ¹	2023	2022
Hours of mandatory training (see pages 44 to 47 for more detail)	2,286	2,657
Hours of non-mandatory training	27,316	19,739
Annual cost of training ²	£494k	£379k
Average cost per employee	£487	£378
Employees studying for professional qualification	8	6
Employees on an apprenticeship/early careers	78	61

1. The number of hours/cost of training does not include Autorama employees.
 2. This includes external trainer and platform costs, but excludes the employment costs of our in-house Learning & Development team.

Degree apprenticeship programme

We are proud to support degree apprenticeships – they provide the opportunity to gain a paid-for degree while getting industry experience and earning a salary, and Auto Trader also benefits from a great pipeline of talent.



Being on the degree apprenticeship programme has meant I can study for a degree at the same time as working towards becoming an experienced UX designer.

Eniya Ali
 Digital User Experience Apprentice



Gender and ethnicity pay gap

We released our third combined Gender and Ethnicity Pay Gap Report 2022 (published in November 2022, reporting the pay gap as at 5 April 2022). This year we joined forces with other FTSE 100 companies to encourage more companies to report and to campaign to make ethnicity pay gap reporting mandatory in the same way that it is for gender. Please see our website, plc.autotrader.co.uk, for more information.

We continue to make progress in reducing our gender pay gap. Our mean gender pay gap decreased by 0.3% (2021: 2.7% decrease), however, our median pay gap increased by 0.4% (2021: 0.7% decrease). During the reporting period, we performed well in retaining women in our upper quartiles (25% women leavers compared to 57% for men), and of the 136 new hires included in the report, 43% were women (2021: 81 new starters, 42% women). We believe that hiring women early on in their careers and progressing them through the business, taking into consideration the fact that women are greatly underrepresented in both the technology and automotive sectors, is the most sustainable way to reduce the pay gaps in the long term. Between April 2021 and March 2022, we were pleased to see that women accounted for 41% of all promotions, and we continue to strive to increase this further.



During the reporting period, the mean and median ethnicity pay gaps have decreased by 0.8% and 1.2% respectively (2021: increased by 2.7% and 0.7% respectively). The main drivers include the retention of ethnically diverse colleagues in the upper quartiles while also hiring new talent across the

business. The highest representation for ethnically diverse colleagues is still in the lower quartile pay bands, mainly driven by our early careers intake. 33% (2021: 31%) of early career hires during the reporting period were ethnically diverse.

At a Board level, over half of our Board are women, exceeding the FTSE Women Leaders Review recommendation, which has a target of 40% women's representation. We also satisfied the recommendation of the Parker Review that at least one Director should be from an ethnically diverse background.

The percentage of the total company who are from an ethnically diverse background has increased from 14% to 15% during the year, with the percentage of those from an ethnically diverse background in leadership increasing from 6% to 8%.

	As at 31 March 2023								As at 31 March 2022									
	Board			Executive management OLT ²		OLT direct reports		Total company		Board			Executive management OLT ²		OLT direct reports		Total company	
	Number	%	Number of senior positions ¹	Number	%	Number	%	Number	%	Number	%	Number of senior positions ¹	Number	%	Number	%	Number	%
Men	4	44%	4	4	44%	45	62%	696	57%	4	44%	4	5	56%	57	63%	599	60%
Women	5	56%	-	5	56%	28	38%	524	43%	5	56%	-	4	44%	34	37%	400	40%
Non binary /other	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	3	-
	As at 31 March 2023								As at 31 March 2022									
	Board			Executive management OLT ²		OLT direct reports		Total company		Board			Executive management OLT ²		OLT direct reports		Total company	
	Number	%	Number of senior positions ¹	Number	%	Number	%	Number	%	Number	%	Number of senior positions ¹	Number	%	Number	%	Number	%
White British or other White	8	78%	3	9	100%	62	85%	876	72%	8	78%	3	9	100%	79	87%	739	74%
Mixed ethnic groups	-	-	-	-	-	1	1%	29	2%	-	-	-	-	-	1	1%	23	2%
Asian /Asian British	1	11%	-	-	-	4	6%	103	8%	1	11%	-	-	-	3	3%	79	8%
Black/African /Caribbean /Black British	-	-	-	-	-	2	3%	37	3%	-	-	-	-	-	1	1%	26	3%
Other	-	-	-	-	-	-	-	15	1%	-	-	-	-	-	1	1%	11	1%
Not disclosed	-	11%	1	-	-	4	6%	166	14%	-	11%	1	-	-	6	7%	124	12%

1. Senior positions defined as CEO, CFO, SID and Chair of the Board.

2. Excludes CEO, COO and CFO who are included in the Board numbers.

Diversity and inclusion

We define diversity as any classification that can be used to differentiate groups or individuals from one another, including: gender; sex; age; sexual orientation; disability & neurodiversity; race and ethnic origin; religion & faith; marital status; and social/educational background and way of thinking. We define inclusion as a state of being valued, respected and supported for who you are. We, and our people, strongly believe in pursuing this aim authentically and systemically, expecting to see improvements in metrics, but not being driven by them. We are committed to driving long-term change in both the technology and automotive industries. Our focus is on developing diverse leaders as well as representative workforces in these industries. We invest heavily in our early careers programmes, as well as supporting several initiatives and partnerships, including DigitalHer with Manchester Digital, AUTO30% and our STEM Ambassador Programme.



Driving our D&I strategy through our internal networks

We have a number of internal networks that support and align with our diversity and inclusion strategy. These employee-driven networks and their leaders are a core part of our culture, helping to welcome employees when they join our

organisation, empowering team members to thrive and spearheading outreach programmes that support our local communities. Everyone at Auto Trader is encouraged to join one of our employee-driven networks.



Our Ethnicity Network is a well-established group of Black, Asian and minority ethnic colleagues, and allies, that works to tackle inequalities and celebrate inclusivity.



Our LGBT+ Network representation is currently 9.1% (2022: 8.3%) and the network has continued to support our colleagues and connect with local LGBT+ charities, including The Proud Trust and the George House Trust.



Our Women's Network is focused on improving and evolving representation of women at all levels in Auto Trader, the automotive industry and the digital communities within which we operate, by recruiting, retaining and developing female talent.



Our Age Network was launched last year and focuses on creating an inclusive environment for the multigenerational workforce of Auto Trader.



Our Disability & Neurodiversity Network continues to create a more accessible and inclusive environment for our colleagues. 13.5% (2022: 12.8%) of our colleagues have disclosed a disability or neurodiverse condition. The network partners with various charities including Leonard Cheshire, the Royal National Institute for Deaf People and the Business Disability Forum to educate colleagues and raise awareness.



Supporting parents and carers across our business, our Family Network works closely with our other networks, our People team and with charities such as Carers UK.



The Career Kickstart Network brings together colleagues from across the business to learn and grow together through shared experiences, resources and discussion.



Our Social Mobility Network is focused on understanding how socio-economic background can influence individuals in the workplace and working to remove barriers and open opportunities. Auto Trader has signed the Social Mobility Pledge, committing to putting social mobility at the heart of what we do.

Our representation of women at a total company level increased from 40% to 43%. During the year, the percentage of women on our Operational Leadership Team ('OLT') increased from 44% to 56%. We also increased the percentage of women in leadership roles to 40% as at 31 March 2023 (March 2022: 38%), as defined by the FTSE Women Leaders Review (formerly the Hampton-Alexander review).

To increase our representation across all levels of the organisation, we aim to stimulate the flow of diverse talent from early careers through to senior leadership by both targeted development programmes and equipping our leaders to get the very best out of everyone on their team and support their development through the organisation. Our Continuous Leadership Development programme, made up of a range of training interventions, supports our senior leaders and people managers. We have also continued with our Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues.

Promoting diversity in the workplace

We want to build a diverse and inclusive workplace where every one of us can be our best and true selves; only with a mix of different ideas and perspectives can we come up with the most exciting new ideas and create the best experience for our customers and consumers.

We have a number of internal networks that support and align with our diversity and inclusion strategy.

Everyone at Auto Trader is encouraged to join one of our employee-driven networks. These networks and their leaders are a core part of our culture, helping to welcome employees when they join our organisation, empowering team members to thrive and spearheading outreach programmes that support our local communities.



Making a difference to our communities and the industries we operate in

Community-minded is one of the values that shapes our culture and we are committed to making a difference and having a positive impact on the communities we operate in. Our Make a Difference Guild is committed to empowering our employees to support our local communities and national charities. During the year we continued our partnership with Forever Manchester to operate the Auto Trader Community Fund that provides support for community projects across Greater Manchester. We also launched a new 'Your Community Fund' available to all employees to nominate charities close to their hearts and local communities. We continue to work closely with our charity partner in London and support and promote all Disasters Emergency Committee ('DEC') appeals. We operate in both the automotive and technology industries. BEN is a key charity supporting the automotive industry with the aim to offer life changing support which empowers people to take control of their mental and physical health. As with all charities, BEN was heavily impacted by the pandemic, making it even more important that we continue to support them.

Forever Manchester

The Auto Trader Community Fund, powered by the charity Forever Manchester, considers applications and awards up to £1,000 aimed at supporting grassroots projects across Greater Manchester, and in London.

During the year we celebrated the sixth anniversary of the Auto Trader Community Fund at Forever Manchester that provides support for a wide range of volunteer-led community projects across Greater Manchester.





Our governance & compliance

Uphold the values of good corporate governance and risk management and consider the needs of all our stakeholders in our strategic decision-making.

Comply with our legal and regulatory obligations and behave ethically and with integrity at all times.

Maintain a trusted marketplace for our customers and consumers to find, buy and sell vehicles.



Overview

To ensure that high standards are embedded across the business and form part of our culture, we have a compliance framework in place, consisting of policies, processes, guidance and training focused on a number of core compliance topics. Details of our Board governance framework and policies can be found in the Governance section (page 58 onwards).

As an online marketplace, cyber security and protecting customer and consumer data are primary areas of focus. They are fundamental to our future success and to build trust with our customers and consumers. As we shift to an accelerated adoption of digital retailing it is paramount that our cyber and data security and infrastructure evolve with our business priorities.

Cyber security

Attempts to breach our systems to access our data and the threat of an unauthorised malicious attack on our systems pose a significant and perpetual threat. The nature of cyber-attacks has continued to evolve and changes in ways of working have created more opportunities for cyber criminals, increasing in both frequency and sophistication. A successful breach could lead to significant impairment of our reputation with customers and regulators and could be costly in terms of fraud losses, regulatory sanction or remediation activity – one of our viability scenarios reflects the risk of a data breach (see page 57).

Whilst cyber security risks cannot be fully mitigated, having an effective cyber security risk and governance framework can help to significantly reduce the impact of such events. We have a security programme in place that covers both our corporate systems and the Auto Trader platform which includes a defined security governance framework, overseen by our Chief Technology Officer.

NIST Cybersecurity Framework

We have adopted the NIST Cybersecurity Framework ('NIST CSF') to help us understand and define our existing policies, processes and technical measures in place with the aim to better govern our cyber security position. It enables us to identify areas of improvement and focus our efforts by agreeing and setting a target state, with the understanding that the NIST CSF is designed to complement and enhance existing business and cyber security operations.

Internal Audit function

We operate a rolling internal audit programme (outsourced to a third party) which includes annual reviews of cyber security. As part of this programme, a review of our NIST Framework has been carried out to validate the status and perform an operating effectiveness review, the purpose of which is to provide confidence that the framework is robust, appropriate and effective.

How we govern this area



1. BOARD RESPONSIBILITY

Material ESG topics are discussed by the Board including cyber security and GDPR.

The Corporate Responsibility Committee assists the Board in fulfilling its oversight responsibilities in respect of governance and compliance, where topics have not been covered by the Board.

2. EXECUTIVE RESPONSIBILITY

Responsibility for assessing and managing our governance and compliance sits at both Executive and Board level. Our Executive Directors have responsibility for ensuring we conduct ourselves with the highest standards of honesty and integrity.

3. OPERATIONAL LEADERSHIP TEAM

The Group's Chief Technology Officer, Chris Kelly, is responsible for setting the Group technology strategy, including our cyber security framework. The Group's Director of Governance, Claire Baty, is responsible for regulatory compliance, customer security, procurement, legal services and risk management. Her remit includes compliance with GDPR and FCA regulation.

4. AUDIT COMMITTEE

Internal audit reports are reported to the Audit Committee and monitored to ensure recommendations are actioned.

5. SECOND LINE FORUMS & COMMITTEES

We operate the following second line forums and committees:

- Risk Forum.
- FCA Governance Committee.
- GDPR Steering.
- Cyber Security working group.
- Trust forum.
- Health & Safety Committee.

6. INTERNAL AUDIT PROGRAMME

We operate a rolling internal audit programme which provides independent and objective assurance activities relating to the Group's governance, risk management and internal control processes. The programme includes regular reviews of cyber security, enterprise risk management, GDPR compliance and FCA compliance.

We have successfully adopted the practical elements of the NIST CSF effectively.

Policies and procedures

- A proactive awareness programme to educate all employees on cyber security risks.
- A dedicated security operations team to detect and respond to security incidents in line with our cyber security incident management procedures.
- Enhanced backup solutions have been implemented across consumer facing and internal systems, to guard against the increasing threat of ransomware.
- All employee accounts are protected by multi-factor authentication ('MFA') regardless of device and location, providing enhanced authentication protection.
- Major incident response simulations and business continuity tests are carried out periodically.
- System vulnerability and penetration testing is carried out regularly by both external and internal resources, including: application vulnerability testing; penetration testing of our platform and infrastructure; and Red team testing to ensure our processes for responding to a cyber incident are robust and fit for purpose.

- All aspects of our applications are designed and deployed with security in mind so that Auto Trader can deliver a secure and trusted platform for our customers.

Protecting our customer and consumer data

Data is at the heart of everything we do and data compliance and protection is therefore of critical importance to Auto Trader. We operate a structured framework which supports us in meeting our compliance obligations, the expectations of customers and clients, fulfil privacy rights and mitigate the risks of a data breach. We comply with the Data Protection Act 2018 ('DPA 2018'), and the UK General Data Protection Regulation ('UK GDPR') as our benchmark for data protection.

When it comes to collecting and storing personal data, be that for consumers, customers or our employees, we have a comprehensive set of policies which reflect the applicable privacy legislation and abide by a clear set of principles. We act as data processor for our customers and a data controller for the personal data of our people.

We are committed to ensuring that the personal information we collect is used for the appropriate purpose, which does not constitute an invasion of privacy and is held securely, responsibly and transparently in accordance with our privacy notices which govern all our platforms and subsidiaries.

To ensure we are meeting our compliance obligations we have a dedicated team that is responsible for data privacy, data breach prevention and reporting, policy compliance, record keeping and data subject rights. We have an assurance framework in place to monitor compliance with data privacy laws and to ensure any breaches are dealt with in a robust manner.

We hold GDPR Steering meetings bimonthly, attended by data owners from all business areas. The meeting is a central point of communication and coordination and provides guidance on the governance of our data strategy and ongoing compliance with relevant data security and privacy regulations.

All Auto Trader employees, including part-time employees, contractors and all Board members, are required to complete annual data privacy and security training and we have established processes to cover all aspects of the GDPR: Data Protection Impact Assessments ('DPIAs'). These are conducted to help identify and minimise any data protection risks for new or changed products or services; and all processes are recorded and records of processing activity ('ROPAs') are reviewed quarterly by data owners. These include the lawful basis for processing and data retention periods; our privacy notices are reviewed and updated regularly. We have separate notices for consumers, employees and retailers; and we have processes in place to respond to Subject Access Requests ('SAR') and Erasure requests.

Where required, Auto Trader obtains consent from consumers to gather personal data to service their enquiries for products, services or vehicles advertised on the site. Explicit consent (gathered separately) is also obtained to contact consumers for marketing purposes. Where we pass personal data to third-party service providers contracted to Auto Trader in the course of dealing with customers or employees, we carefully vet any third parties that we share data with, and they are obliged to keep it securely, and use it only to fulfil the service they provide on our behalf.

We record all instances of data loss and have a rigorous incident management process in the unlikely event a breach occurs. This includes reporting notifiable breaches to the relevant regulatory authorities without undue delay and within stipulated deadlines. Where required we take remedial action as soon as possible.

FCA compliance

Auto Trader Limited, the main trading subsidiary of the Group, is authorised by the FCA for consumer credit and insurance intermediary activities. Our activities primarily relate to providing finance and insurance introductions to consumers for third parties, be it retailers or commercial partners. We are developing and trialling consumer journeys for some of our regulated activities as part of the business's wider digital retailing proposition using the technology of Blue Owl Limited (trading as 'AutoConvert'), a wholly owned subsidiary. AutoConvert became an Authorised Representative of Auto Trader Limited in 2022 in respect of consumer credit activities.

Autorama UK Limited (trading as 'Vanarama'), acquired in 2022, is authorised by the FCA for consumer credit and insurance activities. The activities relate to brokering vehicle leasing to retail and trade customers and we also arrange General Insurance Services under the trading name Vanarama Insurance Services. We are developing and trialling consumer journeys where consumers start their journey on Auto Trader and complete an onward journey with Vanarama.

We have specialist internal resource within our Governance, Risk and Compliance team with significant experience of working in FCA regulated businesses, and we have developed a detailed governance framework to ensure that we comply with the principles, rules and guidance applicable to our activities. We have implemented the Senior Managers & Certification Regime, which came into effect in December 2019. Senior Managers at Auto Trader are Nathan Coe, Catherine Faiers, Jamie Warner and Claire Baty. Certain members of the Operational Leadership Team hold Certified Functions. Senior Managers at Vanarama are members of the company's board and other members of the Vanarama senior leadership team. All of these individuals have been assessed and certified as Fit and Proper. All employees are subject to the Conduct Rules and have received appropriate training and guidance. We have a comprehensive suite of policies, training and monitoring procedures to ensure awareness of and compliance with the requirements, including financial promotions, product change management, complaint handling, vulnerable customers and transparency. Our Customer Charter outlines our commitment to Treating Customers Fairly.

We also have in place a comprehensive implementation plan in respect of ensuring our compliance with the FCA's forthcoming Consumer Duty.

Maintaining a trusted marketplace

As a leading online marketplace, we strive to provide a marketplace that is relevant, reliable and fair. It is important to our customers and our consumer audience that adverts displayed on Auto Trader are accurate and genuine. Our goal is also to provide a valuable service for our customers and consumers and provide an engaging user experience.

Retailer feedback

We actively seek retailer feedback in all aspects of product and service development to ensure that we continue to provide market-leading solutions and support to our retailer partners. We also actively monitor consumer sentiment across our various products and channels, and our teams review thousands of items of feedback a week.

Product research and testing

When we bring a product to market, we go through a rigorous process of discovery to ensure solutions meet the varied needs of both our retailer partners and consumers. Retailers are involved at all stages of product development, including beta testing prior to scaling solutions.

Sentiment tracking

We survey retailers on a monthly basis through marketing channels to capture structured feedback on our relationship with retailers to ensure we're meeting their needs and gauge sentiment towards our brand. This ensures we can keep an eye on overall satisfaction, value for money and the partnership we aim to foster.

Voice of the customer

We actively monitor feedback which our Retailer Development and Support teams capture from retailers during the course of the thousands of inbound and outbound calls we field per week, ensuring we keep a good gauge on retailer sentiment and can react to market challenges facing our retailers quickly.

Consumer sentiment

We've maintained extremely positive feedback scores across external review platforms including Trustpilot (4.7/5 based on 80,453 reviews), iOS App Store (4.8/5 based on 165,159 reviews) and Android Play Store (4.7/5 based on 67,967 reviews).

TAG verification

We have achieved verification by TAG ('Trustworthy Accountability Group'), achieving the Brand Safety Recognition seal. TAG is the world's leading programme to fight criminal activity and protect brand safety in digital advertising. They have established best in class global standards that protect the industry from potentially harmful threats around fraud, malware and brand safety. Obtaining our TAG status is recognition that we meet the high standards required by TAG and our contribution towards fighting criminal activity and increasing trust and transparency in digital advertising.

VSTAG forum

We continue to actively participate in the Vehicle Safe Trading Advisory Group ('VSTAG'), an industry forum we founded over 15 years ago. The forum brings together the UK's leading online automotive advertising companies, advisors from the Metropolitan Police, Get Safe Online and Action Fraud to work together to reduce online vehicle crime and help protect buyers and sellers of pre-owned vehicles from fraud.

Business ethics and compliance

We have a zero tolerance approach to bribery, corruption and other financial crime within our business and/or in any dealings with our customers, suppliers and other third parties who we deal with in the course of our business. We require regular compliance training for all Auto Trader employees and contractors, including all Board members. We have a well established online training and awareness programme which includes compliance modules for information security, GDPR, anti-bribery and corruption, the corporate criminal offence of facilitating tax evasion, anti-money laundering, modern slavery and whistleblowing to ensure all employees uphold our ethical standards in their day-to-day decision-making and actions, remain up to date and are alert to unethical practices and potential risks to our consumers or customers. We do not conduct business with any service provider, customer or supplier which does not meet the principles of our policies with respect to these areas.

Human rights

We are opposed to all forms of discrimination with respect to employment and occupation, modern slavery, human trafficking, forced or compulsory labour and child labour, in our business and our supply chain. We are committed to supporting human rights through our compliance with national laws and through our internal policies which adhere to internationally recognised human rights principles. In line with our commitment to creating a diverse and inclusive culture, our internal policies require respect and equal and fair treatment of all persons we come into contact with. All employees are paid in excess of the Real Living Wage, ensuring that all employees and contractors working in our offices receive at least the Living Wage. We are an accredited Living Wage Employer. We safeguard our employees through a framework of policies and statements including Modern Slavery, Gender Pay, Flexible Working, Equal Opportunities and Inclusion Policies.

Modern slavery

We are committed to preventing slavery and human trafficking in our business and supply chains. We require the highest standards of honesty and integrity in all our business dealings and relationships. We will not tolerate the mistreatment of people in our employment and, wherever possible, employed in our supply chain. During 2023, no incidents of modern slavery or human rights abuse have been identified in our business or supply chain.

Tax transparency

Auto Trader is committed to being a responsible taxpayer acting in a transparent manner at all times. Our detailed tax policy includes further transparency on our approach to risk management and governance. In 2023, our total tax contribution was £175.4m (2022: £143.5m). Taxes borne by the Group totalled £69.4m (2022: £63.8m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £106.0m (2022: £79.7m) and consist of PAYE deductions, employees' NICs and net VAT collected.

Supplier ESG engagement

We hold ourselves and our suppliers to the highest standards of behaviour. We want to engage suppliers that share our values and collaborate with them to build a stronger, more responsible supply chain. We have an established supplier engagement strategy and the information we collect through our supplier engagement/onboarding process provides us with greater insight into numerous aspects of our suppliers' performance, including Environmental, Social and Governance practices such as: how they are engaging the communities they are based in; what charitable activities they are undertaking; how they identify and improve diversity and inclusion; what governance they have in place to ensure good practice and limit instances of modern slavery, bribery or breaches of other relevant legislation; and sustainability. As part of our environmental strategy, we have expanded our discussions on sustainability with our highest spending suppliers to deep dive into understanding where our suppliers are on their own sustainability journey. We have published a supplier code of conduct which outlines Auto Trader's stance on important matters and our expectations of our suppliers.

Grievance reporting or escalation procedures

We aim to create a working environment in which all individuals enjoy coming to work, where they can perform at their best, and where they are free from discrimination or harassment.

We foster a culture of open and healthy conversations, mutual appreciation and respect. We treat any behaviour that undermines this aim as totally unacceptable and it will not be tolerated. We are committed to a culture where staff can freely report any issue that needs attention and access support via the escalation procedures we have in place. Our grievance policy sets out both informal and formal avenues for addressing concerns.

Whistleblowing

We are committed to carrying out all business activities in an honest and open manner and strive to apply high ethical standards in all our business dealings. We actively cultivate a transparent and open culture, encouraging our employees to speak up whenever they have concerns, if they suspect anything inappropriate or experience any serious malpractice or wrongdoing in our business. We believe this contributes to a fairer and transparent marketplace where customers and consumers know that we can be trusted. We have an internal reporting facility for employees to discuss concerns and we also operate an anonymous and confidential whistleblowing helpline through an independent organisation. Reports are directed to the Audit Committee Chair and the Company Secretary or via the independent hotline.

Further information

To find out more about all of our governance & compliance policies, please go online:



plc.autotrader.co.uk



careers.autotrader.co.uk



autotrader.co.uk

