

Section 172(1) statement continued

Material decisions taken by the Board

We set out below two examples of material decisions made during the financial year with an explanation of how we considered the needs of our stakeholders in each.

OUR STRATEGIC PRIORITIES

- Marketplace
- Digital retailing
- Platform
- Working responsibly

[OUR PURPOSE-DRIVEN STRATEGY P10](#)

ALL-EMPLOYEE SHARE AWARD

RELEVANT STRATEGIC PRIORITIES:



An extra
10%
of salary awarded in
shares each year

CONTEXT

Our people are one of our most valuable assets and we continuously work towards enhancing the overall employee experience. We take a holistic approach towards employee remuneration, to ensure that it remains fair, competitive and transparent. We have made improvements over recent years around pension arrangements, salary benchmarking and ensuring the application of a Real Living Wage, as set by the Real Living Wage Foundation, is our minimum salary level across the business.

Over a number of years, the Board has considered how best to enable our people to participate in the success of their efforts and encourage a culture of shared ownership, to align employees' interests with that of shareholders, to enhance attraction and retention, and to improve the overall total reward package for employees. During 2023, the Board considered and approved a new all-employee scheme which we believe will achieve these aims.

BOARD CONSIDERATIONS

As outlined above, the Board considered the impact on employees, and concluded that a new share scheme which aimed to increase a culture of ownership would benefit employees, as an enhancement of the current employee remuneration package.

Given the significant financial commitment, the Board devoted considerable time to reviewing the financial impact on the business. The awards are to be granted annually to employees, based on a value of 10% of base salary, vesting over a three-year period, and therefore the cost would increase in each subsequent year before reaching a stable ongoing cost.

The Board considered that the scheme would have a positive impact on employee engagement, retention and attraction, and would strengthen our overall proposition in a competitive market.

From an investor perspective, although the awards do carry a financial cost and will be dilutive, this is within the limits prescribed by the Investment Association. The awards are intended to further align employees' interest with that of shareholders.

OUTCOME

Overall, the Board agreed that the all-employee share award was in the best long-term interests of the business, and would provide a fair, transparent and inclusive way to enable our people to benefit from the business success they have helped to create, and a cost-effective way of providing long-term reward.

RELEVANT STAKEHOLDERS

- Our people
- Investors

NEW CAR PRODUCTS ON AUTO TRADER

RELEVANT STRATEGIC PRIORITIES:



c.2,100
paying new car retailers in
March 2024 (March 2023: c.1,900)

CONTEXT

Over the past 24 months the new car market has seen increased structural changes. These include the growth in electric vehicles; new market entrants; a move to more direct and digital sales channels; and the implementation of agency agreements by a number of manufacturers. Part of our strategy is to ensure Auto Trader is as relevant to new car buyers as it is for used cars.

BOARD CONSIDERATIONS

In light of these ongoing structural changes the Board has had to consider a number of new product launches and their impact on different stakeholder groups. When buying an electric car for the first time, the considerations are different to when buying a combustion engine. It became clear that the content and search experience available on Auto Trader to purchase an electric car needed further investment to support consumers making more environmentally friendly vehicle choices.

With changing distribution models, the Board had to consider the competing nature of franchise customers, manufacturers selling direct and personal leasing as different methods by which new cars can potentially be sold. As well as the sellers, the Board also had to consider car buyers and ensuring that Auto Trader continues to offer the best range of choice.

OUTCOME

Whilst further work is still required, we have added new EV content, tools and evolved search. We have also actively started to incorporate EVs into our marketing campaigns, launched new media partnerships to promote EVs, hosted live events, and continued our successful monthly EV giveaway.

The number of franchise customers advertising new cars on Auto Trader grew in the year, despite a change to our commercial model.

We have launched a new car product allowing manufacturers operating an agency model to advertise new cars directly to consumers nationally. Importantly, this product is not available to manufacturers operating a franchise model.

Throughout the year we have further integrated leasing deals for cars, vans and pickups into the core Auto Trader search experience. Our car leasing tab consolidates all available deals and provides a full checkout journey on Auto Trader.

RELEVANT STAKEHOLDERS

- Customers
- Consumers
- The community & the environment

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties