



ED WILLIAMS
CHAIRMAN

These reports explain our governance policies and procedures in detail and describe how we have applied the principles contained in the UK Corporate Governance Code 2018 (the 'Code').

KEY SECTIONS IN THIS REPORT

Board leadership and company purpose

Read more P64 →

Division of responsibilities

Read more P65 →

Composition, succession and evaluation

Read more P66 →

Audit, risk and internal control

Read more P69 →

Remuneration

Read more P69 →

Compliance with the Corporate Governance Code

The Company complied with all provisions set out in the Code for the period. The Corporate Governance Code 2018 applied to us for the first time this year. Our governance arrangements were already largely in line with the requirements of the Corporate Governance Code 2018; however there were a limited number of changes that were made in order to comply fully with the provisions of the Code:

- The Terms of Reference of the Remuneration Committee were updated;
- A Cultural Scorecard was introduced to assist the Board in assessing and monitoring the culture of the organisation;
- A new Board Engagement Guild was introduced as the primary mechanism for workforce engagement with the Board; and
- A new stakeholder framework was introduced to assist the Board in ensuring that the views of and impact on the wider stakeholders are taken into account in decision making and discussions.

Directors and succession planning

As we announced on 29 April 2019, Trevor Mather retired from the Board on 29 February 2020. We were pleased to be able to put our succession plan into practice, and after a transitional period of several months, Nathan Coe was appointed as CEO on 1 March 2020, Catherine Faiers was promoted to the Board as Chief Operating Officer on 1 May 2019 and Jamie Warner was appointed as CFO on 1 March 2020. We also appointed an additional independent Non-Executive Director. Following a thorough and robust recruitment process, led by the Nomination Committee, Sigga Sigurdardottir was appointed as a Director with effect from 1 November 2019.

Following all the above changes, the Board is now comprised of four independent Non-Executive Directors, three Executive Directors and myself as Chairman, and I am pleased that we have reached our longer-term aspirational goal of having a Board with equal numbers of men and women.

All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

Board evaluation

We carried out an internal evaluation process this year. I was particularly pleased that, despite a number of Board changes within a short time (with four of the Board members having either joined the Board or changed roles within the past 12 months) the evaluation showed that the new Board is already operating very effectively, with only a few minor points for improvement.

Impact of COVID-19

The COVID-19 pandemic began to spread in the UK only a short time after the new Board was established. This required us to quickly change our established governance arrangements (including the frequency and format of meetings, and the level of involvement of Non-Executive Directors) so that the Board was able to react quickly and decisively to the situation as it unfolded.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Wednesday 16 September 2020 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. In light of the current restrictions over public gatherings due to COVID-19, the AGM will be run as a closed meeting. Myself and other Directors will join the meeting by telephone. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk.

Ed Williams
Chairman
25 June 2020

57%

Board independence as at 31 March 2020 (excluding the Chairman)

100%

Board and Committee meeting attendance for the year ended 31 March 2020

50%

Female representation on our Board as at 31 March 2020

A robust framework

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

The Board

Main responsibilities include:

Providing leadership for the long-term success of the Group.

Overall authority for the management and conduct of the Group's business, strategy, objectives and development.

Monitoring delivery of business strategy and objectives; responsibility for any necessary corrective action.

Oversight of operations including effectiveness of systems of internal controls and risk management.

Approval of changes to the capital, corporate and/or management structure of the Group.

Approval of the Annual Report and Financial Statements, communications with shareholders and the wider investment community.

Approval of the dividend policy.

Committees of the Board

The Board has established the following Committees and has delegated certain functions and tasks within their approved Terms of Reference. This allows the Board to operate efficiently and focus on relevant areas of its responsibilities.

The membership of each Committee and a summary of its role is below. The full Terms of Reference of each Committee are published on the Company's website at plc.autotrader.co.uk/investors.

Nomination Committee

Members
 Ed Williams (Chair)
 David Keens
 Jill Easterbrook
 Jeni Mundy
 Sigga Sigurdardottir

Role and Terms of Reference
 Reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board. Also covers diversity, talent development and succession planning.

Read more P70 →

Audit Committee

Members
 David Keens (Chair)
 Jill Easterbrook
 Jeni Mundy
 Sigga Sigurdardottir

Role and Terms of Reference
 Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors.

Read more P73 →

Remuneration Committee

Members
 Jill Easterbrook (Chair)
 David Keens
 Jeni Mundy
 Sigga Sigurdardottir

Role and Terms of Reference
 Responsible for all elements of the remuneration of the Executive Directors, the Chairman and senior employees.

Read more P77 →

Disclosure Committee

Members
 Nathan Coe
 Jamie Warner
 Claire Baty

Role and Terms of Reference
 Assists the Board in discharging its responsibilities relating to monitoring the existence of inside information and its disclosure to the market.

Go online →

plc.autotrader.co.uk/investors

BOARD OF DIRECTORS



ED WILLIAMS – CHAIRMAN

Biography

Ed was appointed as Chairman of Auto Trader Group plc in February 2015. Prior to this, Ed was a Non-Executive Director of Auto Trader Holding Limited from November 2010 and Chairman from March 2014.

He was the founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006.

Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to PLC Board
February 2015

Independent on appointment
Yes

External appointments
Idealista S.A.

Committee memberships

- Nomination (Chair)



NATHAN COE – CHIEF EXECUTIVE OFFICER

Biography

Nathan was first appointed to the Board as Chief Operating Officer ('COO') in April 2017 and as Chief Financial Officer ('CFO') in July 2017. Nathan was appointed Chief Executive Officer ('CEO') in March 2020, following the announcement of former CEO Trevor Mather's retirement.

Nathan joined Auto Trader in 2007 to oversee the transition from a magazine business to a pure digital company. Prior to his appointment to the Board, Nathan was the joint Operations Director, sharing responsibility for the day-to-day operations of the business.

Prior to joining Auto Trader, Nathan was at Telstra, Australia's leading telecommunications company, where he led Mergers and Acquisitions and Corporate Development for its media and internet businesses. He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com (Hons).

Appointed to PLC Board
April 2017

Independent on appointment
N/A

External appointments
None

Committee memberships

- Disclosure



CATHERINE FAIERS – CHIEF OPERATING OFFICER

Biography

Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer in May 2019. Catherine is responsible for the day-to-day operations of Auto Trader's business. She is also focused on guiding the Group's strategy and development.

Prior to this, Catherine was Chief Operating Officer at Addison Lee where she was responsible for all aspects of operations with a team of over 750 employees, management of the base of 6,000 driver partners, fleet logistics and customer operations. She was previously Corporate Development Director at Trainline with responsibility for strategy, change management and M&A and before that a Director at Close Brothers Corporate Finance.

Catherine graduated from the University of Durham with a BA in Economics and is a qualified Chartered Accountant, training at PwC.

Appointed to PLC Board
May 2019

Independent on appointment
N/A

External appointments
None

Committee memberships

- None



JAMIE WARNER – CHIEF FINANCIAL OFFICER

Biography

Jamie was appointed CFO in March 2020. Prior to this he was Auto Trader's CFO-Designate and Deputy CFO. During his seven years at Auto Trader, Jamie has worked in a variety of different roles across finance, covering commercial finance, financial reporting, pricing and investor relations.

Jamie initially worked as a freight derivatives broker for inter-dealer broker GFI. Jamie left to join a start-up company, Swapit, developing a children's online swapping and trading community, that was subsequently acquired by Superawesome. He then joined Auto Trader in 2012.

Jamie graduated from Bristol University with a BSc in economics and economic history and is a qualified Chartered Management Accountant.

Appointed to PLC Board
March 2020

Independent on appointment
N/A

External appointments
None

Committee memberships

- Disclosure

The dates of appointment shown are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc. Any reference pre February 2015 refers to the Group's previous parent company, Auto Trader Holding Limited.



DAVID KEENS – SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

David was appointed as a Non-Executive Director on 1 May 2015.

David was previously Group Finance Director of NEXT plc (1991 to 2015) and its Group Treasurer (1986 to 1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977 to 1986) and prior to that seven years in the accountancy profession.

David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

Appointed to PLC Board
May 2015

Independent on appointment
Yes

External appointments
J Sainsbury plc

Committee memberships

- Audit (Chair)
- Nomination
- Remuneration



JILL EASTERBROOK – INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill is currently also a Non-Executive Director of Ashted Group plc, the FTSE100 international equipment rental company.

Previously, Jill was a member of the Executive Committee at Tesco Plc where she held a variety of senior roles, and was the Chief Executive Officer of JP Boden & Co.

Jill started her career at Marks & Spencer in buying and merchandising and also spent time as a management consultant with Capgemini Ernst & Young.

Appointed to PLC Board
July 2015

Independent on appointment
Yes

External appointments
Ashted Group plc

Committee memberships

- Remuneration (Chair)
- Audit
- Nomination



JENI MUNDY – INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

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

Jeni is currently the Regional Managing Director UK & Ireland of Visa Inc.

She was previously at Vodafone Plc (1998 to 2017). She held Group Director roles across product management and sales, as well as serving as Chief Technology Officer on the UK and New Zealand Executive Boards.

Jeni started her career as a Telecommunications Engineer in New Zealand and holds an MSc in Electronic Engineering from Cardiff University.

Appointed to PLC Board
March 2016

Independent on appointment
Yes

External appointments
UK Finance Board

Committee memberships

- Audit
- Nomination
- Remuneration



SIGGA SIGURDARDOTTIR – INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography

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

Sigga joined Tesco Bank as Chief Customer Officer in November 2019.

Sigga has worked in the financial services industry for 18 years, pioneering digital transformation at both American Express and Santander UK. Most recently, she was responsible for the development and launch of Asto, a Santander Fintech business, providing innovative cash-flow solutions to small businesses.

Sigga holds a doctorate in leadership and innovation from Manchester Business School, an MBA from IESE Business School as well as a BS degree in Marketing from the University of South Carolina.

Appointed to PLC Board
November 2019

Independent on appointment
Yes

External appointments
Tesco Bank

Committee memberships

- Audit
- Nomination
- Remuneration



CLAIRE BATY – COMPANY SECRETARY

Biography

Claire joined Auto Trader in July 2015 and is Company Secretary and Director of Governance. She is responsible for corporate governance; legal services; regulatory compliance; customer security; procurement; and risk management.

Claire was previously Deputy Company Secretary at Betfair Group plc and prior to that was Company Secretary at Centaur Media plc.

Claire is a qualified accountant, a member of the Institute of Chartered Secretaries and Administrators and holds an MBA from Manchester Business School.

CORPORATE GOVERNANCE STATEMENT

This corporate governance statement explains key features of the Company's governance framework and how it complies with the UK Corporate Governance Code published in 2018 by the Financial Reporting Council.

Introduction

This statement also includes items required by the Listing Rules and the Disclosure Guidance and Transparency Rules ('DTRs'). The UK Corporate Governance Code (the 'Code') is available on the Financial Reporting Council website at frc.org.uk.

Compliance with the 2018 Code

The Company has complied in full with all provisions of the 2018 Corporate Governance Code during the year. This report is structured to follow each of the sections of the Code:

Board leadership and company purpose

Strategy

The Board is responsible for setting the Group's purpose, for determining the basis on which the Group generates value over the long term and developing a strategy for delivering the objectives of the Group. The Strategic report, which can be found on pages 2 to 59, sets out the Group's purpose, strategy, objectives and business model.

Culture

Auto Trader has a distinctive culture that is values-oriented and underpinned by a diverse and inclusive workforce. The Board plays an important role in ensuring that this culture remains aligned with our long-term strategy, in setting values, demonstrating behaviours consistent with these values, and in monitoring the culture and behaviours of the organisation.

Recognising the importance of our values-led culture, the Board focused its annual strategy offsite on people, culture and values. This included discussions on the evolution of the culture over time and how this may need to adapt in the future as the business enters new areas of opportunity. It also included specific initiatives including the introduction of more family friendly policies and flexible working arrangements; considerations of our working environment; and initiatives to improve the diversity of the organisation.

The Board receives a regular Cultural Scorecard, designed to allow monitoring of various cultural indicators such as staff retention, diversity, investment in training, absences, employee engagement and customer feedback. The Board receives and discusses this on a regular basis during Board meetings.

Workforce engagement

A Board Engagement Guild has been established as the core mechanism by which the Board engages with the workforce. The Board has decided that it is not appropriate to designate a specific NED to carry out this role and instead shares this role across all NEDs. The Guild meets with the Chairman and Non-Executive Directors without Executive Directors or any members of senior management present and has met twice during the year, covering topics such as the CEO succession, BAME and LGBT+ representation, climate change and sustainability.

The Board Engagement Guild comprises members from across different parts of the business and canvases views and opinions from their colleagues to share with the Board. They are all active members of the Company's other existing guilds, which cover areas such as family & wellbeing, diversity & inclusion and sustainability.



The Board plays an important role in ensuring that our culture remains aligned with our long-term strategy.

As well as the Guild there are already a number of established ways in which the Company engages with the workforce, for example, an annual employee engagement survey; an annual conference; regular sharing of information from the CEO via regular business updates, emails and videos; and informal open forums such as breakfast forums.

Engagement with shareholders

The Board has a comprehensive investor relations programme to ensure that existing and potential investors understand the Company's strategy and performance. As part of this programme, the Executive Directors give formal presentations to investors and analysts on the half-year and full-year results in November and June respectively. These updates are webcast live and then posted on the Group's investor relations website and are available to all shareholders.

The results presentations are followed by formal investor roadshows in the UK and overseas.

There is also an ongoing programme of attendance at conferences, one-to-one meetings and group meetings with institutional investors, fund managers and analysts. These meetings cover a wide range of topics, including strategy, performance and governance, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time. Meetings which relate to governance are attended by the Chairman or another Non-Executive Director as appropriate. Private shareholders are encouraged to give feedback and communicate with the Board through ir@autotrader.co.uk.

The Board receives regular reports on issues relating to share price, trading activity and movements in institutional investor shareholdings. The Board is also provided with current analyst opinions, forecasts and feedback from its joint corporate brokers, Bank of America and Numis, on the views of institutional investors on a non-attributed and attributed basis, and on the views of analysts from its financial PR agency, Powerscourt. Any major shareholders' concerns are communicated to the Board by the Executive Directors.

The Chairman, the Senior Independent Director and other Non-Executive Directors are available to meet with shareholders and arrangements can be made through the Company Secretary.

Annual General Meeting

At the 2019 Annual General Meeting, all resolutions were passed with votes in support ranging from 90.25% to 100%.

The 2020 AGM will take place at 10:00am on Wednesday 16 September 2020 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. In light of the current restrictions over public gatherings due to COVID-19, the AGM will be run as a closed meeting. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk.

All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. At the meeting itself, voting on all the proposed resolutions is conducted on a poll rather than a show of hands, in line with recommended best practice. The Chairman, the Chair of each of the Committees and the Executive Directors will join the 2020 AGM by telephone. Shareholders are strongly encouraged to send any questions in respect of the AGM by email to ir@autotrader.co.uk. Following the meeting, responses to questions will be published on the website at plc.autotrader.co.uk/investors.

The Notice of the AGM can be found in a booklet which is being mailed out at the same time as this Annual Report. The Notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

Results of resolutions proposed at the AGM will be published on the Company's website: plc.autotrader.co.uk/investors following the AGM.

Whistleblowing

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on an entirely confidential basis. Reports are directed to the Audit Committee Chair and the Company Secretary. The Audit Committee receives regular reports on the use of the service, any significant reports that have been received, the investigations carried out and any actions arising as a result.

Conflicts of interest

In accordance with the Company's Articles of Association, the Board has a formal system in place for Directors to declare conflicts of interest and for such conflicts to be considered for authorisation.

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not create any conflict of interest.

Concerns over operation of the Board

All of the Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Division of responsibilities

Board roles

To ensure a clear division of responsibility at the head of the Company, the positions of Chairman and Chief Executive Officer are separate and not held by the same person.

The division of roles and responsibilities between the Chairman and the Chief Executive Officer is set out in writing and has been approved by the Board.

David Keens is the Senior Independent Director.

Board and Committee responsibilities

The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. The schedule sets out key aspects of the affairs of the Company which the Board does not delegate and is reviewed at least annually.

Each Committee has formally approved Terms of Reference which are reviewed and approved at least annually, or more frequently as circumstances require.

Details are published on our website at plc.autotrader.co.uk/investors.

CHAIRMAN

- Leadership and governance of the Board.
- Creating and managing constructive relationships between the Executive and Non-Executive Directors.
- Ensuring ongoing and effective communication between the Board and its key shareholders.
- Setting the Board's agenda and ensuring that adequate time is available for discussions.
- Ensuring the Board receives sufficient, pertinent, timely and clear information.

CHIEF EXECUTIVE OFFICER

- Responsible for the day-to-day operations and results of the Group.
- Developing the Group's objectives, strategy and successful execution of strategy.
- Responsible for the effective and ongoing communication with shareholders.
- Delegates authority for the day-to-day management of the business to the Operational Leadership Team (comprising the Executive Directors and senior management) who have responsibility for all areas of the business.

NON-EXECUTIVE DIRECTORS

- Scrutinise and monitor the performance of management.
- Constructively challenge the Executive Directors.
- Monitor the integrity of financial information, financial controls and systems of risk management.

SENIOR INDEPENDENT DIRECTOR

- Acts as a sounding board for the Chairman.
- Available to shareholders if they have concerns which the normal channels through the Chairman, Chief Executive Officer or other Directors have failed to resolve.
- Meets with the other Non-Executive Directors without Executive Directors present.
- Leads the annual evaluation of the Chairman's performance.

COMPANY SECRETARY

- Available to all Directors to provide advice and assistance.
- Responsible for providing governance advice.
- Ensures compliance with the Board's procedures, and with applicable rules and regulations.
- Acts as secretary to the Board and all Committees.

Composition, succession and evaluation

At the date of this report, the Board consists of the Non-Executive Chairman, four independent Non-Executive Directors and three Executive Directors.

Ed Williams was considered to be independent on appointment. All of the Non-Executive Directors (David Keens, Jill Easterbrook, Jeni Mundy and Sigga Sigurdardottir) are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement. The Chairman's fees and the Non-Executive Directors' fees are disclosed on pages 84 and 85, and they received no additional remuneration from the Company during the year. Therefore, at 31 March 2020 and to the date of this report, the Company is compliant with the Code provision that at least half the Board, excluding the Chairman, should comprise independent Non-Executive Directors.

Board and Committee meetings and attendance

Board meetings are planned around the key events in the corporate calendar, including the half-yearly and final results and the Annual General Meeting ('AGM'), and a strategy meeting is held each year.

In months where there is no Board meeting, a financial update call is held at which the Board discusses results with operational management. Once a year, Directors spend a day visiting customers.

During the year, the Chairman and Non-Executive Directors have met without Executive Directors present. In addition, the Non-Executive Directors have met without the Chairman and the Executive Directors present.

Attendance at meetings

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of scheduled meetings held	9	4	7	3
Director				
Ed Williams	9/9	n/a	n/a	3/3
Trevor Mather ¹	8/8	n/a	n/a	n/a
Nathan Coe	9/9	n/a	n/a	n/a
Catherine Faiers ²	8/8	n/a	n/a	n/a
Jamie Warner ³	1/1	n/a	n/a	n/a
David Keens	9/9	4/4	7/7	3/3
Jill Easterbrook	9/9	4/4	7/7	3/3
Jeni Mundy	9/9	4/4	7/7	3/3
Sigga Sigurdardottir ⁴	4/4	2/2	4/4	2/2

1. Retired from the Board on 29 February 2020.
2. Appointed to the Board on 1 May 2019.
3. Appointed to the Board on 1 March 2020.
4. Appointed to the Board on 1 November 2019.

Note: In addition to the scheduled Board meetings detailed above, regular weekly Board calls relating to COVID-19 took place during March 2020.



The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders.

Time commitment

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not impact on the time that any Director devotes to the Company.

Induction and development

All newly appointed Directors receive an induction briefing on their duties and responsibilities as Directors of a publicly quoted company. There is a formal induction programme to ensure that newly appointed Directors familiarise themselves with the Group and its activities, either through reading, meetings with the relevant member of senior management or through sessions in the Board meetings. This was refreshed in response to the Board evaluation in 2019, and was utilised, tailored as appropriate, for the appointment of new Non-Executive and Executive Directors during the year.

The majority of Board meetings contain a presentation from senior management on one of the focus areas for the year. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate – refer to the table of activities on page 67.

All Directors are offered the opportunity to meet with customers and take part in sales calls to understand the business from a customer's perspective, or to take part or observe focus groups with consumers who use our website. All Directors receive regular newsletters from our sales and service team to ensure they are kept informed of the latest customer dialogue and sentiment.

The Board as a whole is updated, as necessary, in light of any governance developments as and when they occur, and there is an annual Legal and Regulatory Update provided as part of the Board meeting. All Directors are required to complete our annual compliance training modules covering anti-bribery, anti-money laundering, data protection, information security and other relevant subjects. As part of the Board evaluation, the Chairman meets with each Director to discuss any individual training and development needs.

Board and Committee activities in 2020

The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders, such as employees, consumers, customers and suppliers, and other factors as required of it under s172 of the Companies Act 2006. Board meetings are one of the mechanisms through which the Board discharges this duty, and in order to formalise this process, a stakeholder framework has been established which is applied to all Board papers and discussions. Further information about engagement with the Group's stakeholders is included in the table on pages 28 and 29.

The Board's activities are structured through the year to develop and monitor the delivery of the Group's strategy and financial results; to receive feedback from and engage with stakeholder groups such as employees, customers and suppliers; and to maintain a robust governance and risk management framework. The table below sets out some of the Board's key activities during the year.

		STRATEGY	OPERATIONAL	FINANCIAL	PEOPLE AND CULTURE	SHAREHOLDERS	RISK AND GOVERNANCE
REGULAR REPORTS RECEIVED			Monthly operational report with key achievements and issues in the month, view of the industry, competitors and customers.	Monthly financial report with results, KPIs, out-turn and external analyst consensus.	Monthly report of people changes, recruitment, resourcing needs and employee engagement. Quarterly Culture Scorecard monitoring.	Regular feedback from investor meetings. Quarterly shareholder analysis.	Approval of material contracts. Governance and regulatory updates.
	2019	April			• CEO departure and succession planning.		• Tenure of Chair discussion. Update Board Schedule of Matters to give more authority to management for charitable donations.
	June	• Review and approval of the mid-term financial plan.	• Focus area: Become to new cars what we are in used.	• Approval of Annual Report and Preliminary Results.	• Approval of 2019 Bonus out-turn. • PSP and Single Incentive Plan targets and grants.	• Approval of dividend policy, capital structure and share buyback programme. • Recommendation of final dividend.	• Review and approval of Group risk register. • Review and approval of viability statement.
	July	• Review of progress on Dealer Auction (joint venture with Cox Automotive).	• Review: Private advertising and Instant Offer. • Focus area: Develop a more efficient way to source, dispose and move vehicles.		• Board Engagement Guild.	• Review of feedback from analysts and investors from results roadshows.	• Audit Committee: internal audit and Cyber/GDPR updates.
	September	• Acquisition of KeeResources Limited.	• Focus area: Continually innovate to create value for our customers. • Focus area: Maintain the best consumer experience for buying and selling vehicles.			• Reviewed feedback from investors and proxy advisory agencies in advance of Annual General Meeting ('AGM').	• Review and approval of modern slavery statement. • Review of insurance programme.
	October	• Strategy off-site with a particular focus on culture and people.	• Customer visits to small and large retailers.	• Key events for FY21.			
	November		• Review: Use of our data.	• Approval of half-yearly report.	• Remuneration framework, employee share scheme, CEO and CFO salary.	• Approval of interim dividend.	• Review and approval of Group risk register. • Business continuity. • Audit Planning & SM&CR regime.
	December		• Review: OEM: Manufacturer and Agency.				• External legal and regulatory update.
2020	February	• 2020 focus areas and operating plan.	• Review: Audience and marketing activities. • Focus area: Extend our product offering further down the buying funnel, towards online transactions.	• Review of tax compliance.	• Review of remuneration framework. • Gender pay gap reporting. • Succession planning, talent development and diversity.		• Review of internal and risk management framework and internal controls. • Review of external audit effectiveness.
	March		• COVID-19 customer actions.	• COVID-19 financial scenarios planning.	• Director salary and fee reductions and bonus waivers. • Internal Board evaluation feedback and action plan.	• Approval of equity raise, suspension of share buybacks and suspension of guidance. • Agreement to set an ESG strategy and framework, and more metrics including Scope 3 GHG emissions reporting.	• COVID-19 contingency and business continuity planning. • Treasury Policy.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Information and support available to Directors

Full and timely access to all relevant information is given to the Board. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular operational and financial reports, provided to Directors in a timely manner in advance of meetings.

All Directors have access to the advice and services of the Company Secretary, Claire Baty. The appointment or removal of the Company Secretary is a matter for the whole Board.

Appointments to the Board

The Board has established a Nomination Committee, chaired by Ed Williams, with all other members comprising independent Non-Executive Directors. The main responsibilities of this Committee are to keep under review the structure, size and composition of the Board and its Committees; to identify and nominate candidates for appointment to the Board; to ensure that there are formal and orderly succession plans in place; and to oversee talent development, diversity and inclusion across the whole Group.

The work of the Committee is described on pages 70 to 72.

The Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively in accordance with main principle K of the Code. Biographies of all members of the Board appear on pages 62 and 63.

Election of Directors

The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next AGM and shall then be eligible for election by the shareholders. The AGM Notice sets out the specific reasons for reappointing each Director.

Tenure of Chair

The 2018 UK Corporate Governance Code contains a provision that the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. Ed Williams joined the Auto Trader business as a Non-Executive Director in November 2010 when it was under private ownership. He joined the Auto Trader Group plc Board in February 2015 and the Company listed on the London Stock Exchange in March 2015.

As disclosed in the 2019 Annual Report, the Nomination Committee, led by David Keens as Senior Independent Director, considered this change in the Code and consulted with the FRC. The understanding of the Committee and the Board is that the nine-year period commences on the date that Auto Trader listed on the London Stock Exchange. The nine-year period for Ed Williams therefore runs to March 2024. However, it should be noted that these comments are made in reference to the maximum term stipulated in the new Code and do not commit the Company or Ed Williams to him remaining as Chairman until 2024.

Board evaluation and effectiveness

An internal evaluation was conducted in 2020. The next external evaluation is due in 2021; however, given the unfolding COVID-19 pandemic, the Board may consider deferring this into the next financial year (2022).

The internal review included the completion of a detailed questionnaire by each of the Board Directors, covering the following areas:

- Board meetings and information flows.
- The Board's role, knowledge and skills.
- Board composition and succession planning.
- Business strategy, performance and culture.
- Risk management.
- Engagement with shareholders and other stakeholders.
- The operation of each of the Board's Committees.
- Follow up of the recommendations raised in the previous review.

The results were reviewed by the Chairman and then discussed with the Board in March 2020.

ACTIONS ARISING FROM THE 2019 INTERNAL REVIEW

Although Board papers are published on a timely basis, there is often a large volume of pre-reading in a short space of time.	There has been more discipline in ensuring the papers are as concise as possible without losing the detail required; and in publishing these piecemeal through a Board portal, so as to give more time to read.
As the Terms of Reference of each Committee expand, the agendas for each meeting become very full.	Additional Committee meetings were scheduled to spread the agenda items and enable more time for focus areas and discussions.
As the induction process has not been needed for a number of years, this becomes out of date and should be refreshed.	The induction process was reviewed and refreshed to ensure that it continues to provide Directors with the information and knowledge they need about the business and their role. This was used, on an appropriately tailored basis, for the new appointments during the year.

ACTIONS ARISING FROM THE 2020 INTERNAL REVIEW

Particularly for the newer Board members, Board papers may include jargon/Company-specific terminology.	More focus by the Executive Directors and Company Secretary to ensure the jargon is kept to a minimum.
More formality around training and development needs.	Training plans to be developed for individual Directors, taking into account their existing knowledge, skills and experience, and records to be maintained of development activities.
More understanding of and engagement with newer customer groups (for example, manufacturers, leasing companies, automotive finance houses).	Arrangements to be made for the Board to engage directly with these customer groups, including customer visits and/or invitations to attend Board meetings.
A greater focus on the strategy for ESG matters, including establishing a governance framework and setting targets.	Governance arrangements for ESG and sustainability matters to be reviewed, and more focus on a formal strategy to be introduced. Further details will be provided in the 2021 Annual Report.

In addition, an assessment of the Chairman's performance was carried out, led by the Senior Independent Director, and feedback was provided to him individually. Overall, the results showed that the Board and its Committees continue to operate well, and that each individual Director continues to make an effective contribution.

Letters of appointment

The Chairman and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the AGM from at least 15 minutes before and until the end of the meeting; or on request from ir@autotrader.co.uk. These letters set out the expected time commitment from each Director. Non-Executive appointments to the Board are for an initial term of up to three years. Non-Executive Directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period.

66

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls.

Audit, risk and internal control

The Board has established an Audit Committee, chaired by David Keens and comprised entirely of independent Non-Executive Directors. The Chairman is not a member of the Committee. The Committee has defined Terms of Reference which include assisting the Board in discharging many of its responsibilities with respect to financial and business reporting, risk management, internal control, internal audit and external auditors. The work of the Committee is described on pages 73 to 76.

Financial and business reporting

Assisted by the Audit Committee, the Board has carried out a review of the 2020 Annual Report and considers that, in its opinion, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Refer to the Report of the Audit Committee on pages 73 to 76 for details of the review process.

See pages 58 and 59 for the Board's statement on going concern and the viability statement.

Risk management and internal control

The Company does not have a separate Risk Committee; the Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The processes in place for assessment, management and monitoring of risks are described in Principal risks and uncertainties on pages 54 to 57.

The Audit Committee reviews the system of risk management and internal controls through reports received from management, along with others from internal and external auditors. Management continues to focus on how internal controls and risk management can be further embedded into the operations of the business and on how to deal with areas of improvement which come to the attention of management and the Board.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during the year ended 31 March 2020 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board considered the weaknesses identified and reviewed the developing actions, plans and programmes that it considered necessary. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

Remuneration

The Board has established a Remuneration Committee, chaired by Jill Easterbrook and comprised entirely of independent Non-Executive Directors. The Remuneration Committee is responsible for determining the remuneration policy, and for setting remuneration for the Executive Directors, the Chairman and senior employees; for monitoring the remuneration policies for the wider organisation; and for ensuring the alignment of reward with the culture of the organisation.

The work of the Committee is described on pages 77 to 89.



ED WILLIAMS
CHAIR OF THE NOMINATION COMMITTEE

OVERVIEW

- Composed of the Chairman and four independent Non-Executive Directors.
- At least one meeting held per year.
- Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation.

OUR PROGRESS IN 2020

- Implementation of succession plan, resulting in appointment of Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.
- Appointment of an additional independent Non-Executive Director, increasing the proportion of women on the Board to 50%.
- Followed up on the recommendations of the 2019 external Board evaluation, and reviewed the results of the 2020 internal evaluation.
- Review and updating of formal succession plans for the Chairman, Non-Executive Directors, Executive Directors and senior management.

FOCUS AREAS FOR 2021

- Continue to monitor Board and senior management succession in the context of the Company’s long-term strategy.
- Support management and the Board in promoting diversity in senior management and across the workforce, including identifying and developing talent.

3
meetings were held during the year:

100%
meeting attendance by all Committee members

Member	Meetings attended/total meetings held	Percentage of meetings attended
Ed Williams (Chair)	3/3	100%
David Keens	3/3	100%
Jill Easterbrook	3/3	100%
Jeni Mundy	3/3	100%
Sigga Sigurdardottir ¹	2/2	100%

1. Appointed to the Committee on 1 November 2019.

For more information on the Committee’s Terms of Reference visit plc.autotrader.co.uk/investors.



The Committee believes that effective succession planning is critical to the Company’s long-term success.

Dear shareholders,

I am pleased to present the Report of the Nomination Committee for 2020.

Role of the Committee

The Committee reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board for appointments to the Board. The Committee is responsible for ensuring that there are formal and orderly succession plans in place for the members of the Board.

The Committee oversees diversity and inclusion across the whole Group and monitors succession planning and talent development below Board level.

How the Committee operates

All members of the Committee are independent Non-Executive Directors. The Chairman of the Board chairs all meetings of the Committee unless they relate to the appointment of his successor or such other matters in which he may have a potential conflict of interest. For those meetings, the Senior Independent Director (‘SID’) is invited to take the Chair unless the SID is in contention for the role or also has a potential conflict of interest.

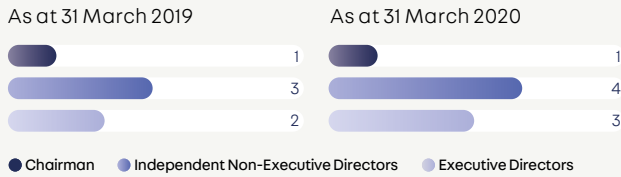
The Committee meets at least once a year, and on an ad hoc basis as required. Only members of the Committee have the right to attend meetings; however, the Chief Executive Officer attends for all or part of meetings so that the Committee can understand his views, particularly on key talent within the business.

Succession planning

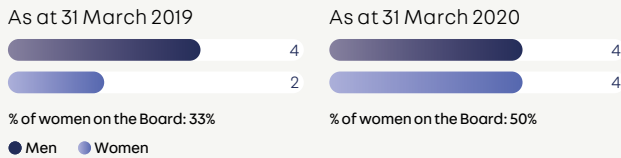
The Committee believes that effective succession planning is critical to the Company’s long-term success. We have a continual formal succession planning process to ensure orderly succession for the Board and senior management.

Our succession plan was put into practice this year when Trevor Mather retired as CEO on 29 February 2020.

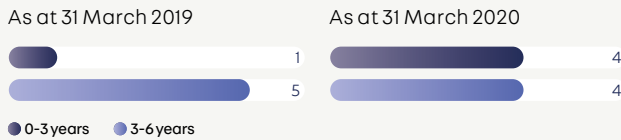
Board composition



Gender diversity



Board tenure¹



1. Refers to period since appointment to the PLC Board.

Board skills and experience

The Board brings a wide range of skills and experience to complement the Group and its strategy. Board members have leadership experience within large and listed companies, and each have their own specialist experience.



Following the announcement in April 2019 of Trevor’s planned retirement, Nathan Coe was appointed as CEO-Designate, and after a transitional period of several months, Nathan was appointed as CEO on 1 March 2020. Catherine Faiers was promoted to the Board as Chief Operating Officer on 1 May 2019, which enabled Nathan to focus on an orderly handover. Jamie Warner was appointed as CFO on 1 March 2020.

During the year, the Committee has updated and developed the formal succession plans for the new Board, including the Chairman, Non-Executive Directors, Executive Director and senior management.

Appointment of Non-Executive Director

The Committee keeps under continual review the size and composition of the Board, and also the skills, knowledge and experience required of the Board in the context of the Group’s strategy. Taking into consideration the Group’s increasing involvement in regulated activities such as consumer finance, and the need for an orderly succession plan for the current Non-Executive Directors, the Committee identified a need to appoint an additional independent Non-Executive Director.

The process for identifying candidates was led by the Committee:

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

Following this process, Sigga Sigurdardottir was identified as the Committee’s preferred candidate, having extensive experience in digital transformation and financial services. Following recommendation to the Board, Sigga was appointed as a Non-Executive Director with effect from 1 November 2019.

Policy on appointments to the Board

A priority for the Committee has been, and will continue to be, ensuring that members of the Board collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. The Committee takes account of a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity, including gender and ethnic diversity.

We adopted the Hampton-Alexander target for women representation on our Board in 2019, and we are pleased to report that we continue to exceed this target, with an equal number of women and men on the Board. We continue to aspire to this as a longer-term goal for the women in senior management and for the organisation as a whole.

We acknowledge the recommendations of the Parker review, but have not at this stage set a target, and do not currently meet the recommendations.

REPORT OF THE NOMINATION COMMITTEE CONTINUED

Diversity and inclusion

The Nomination Committee's Terms of Reference include the responsibility to oversee diversity and inclusion across the whole Group, not just at Board and senior management level. We recognise that women, and employees from a BAME (Black, Asian and Minority Ethnic) background continue to be under-represented at senior management level and throughout the organisation.

We remain committed to improving diversity at all levels, in particular in parts of the business where women are currently underrepresented, such as technology, and to attract and develop more employees from a BAME background at all levels and areas of the organisation.

The Company has established a Diversity and Inclusion Guild, with representation from across all parts of the business and led by members of our Operational Leadership Team. This Guild is responsible for developing and driving our strategy to create a diverse, inclusive and conscious Auto Trader, and reports to the Nomination Committee on its activities and progress. The work of the Guild is described in more detail on page 44.

At the end of our financial year, 40% of the Operational Leadership Team ('OLT') were women, and 32% of the OLT's direct reports were women, a combined total of 32%, which means that we are close to meeting the Hampton-Alexander Review recommendations.

Board evaluation

We carried out an internal Board evaluation during the year, which included following up on the recommendations of the 2019 externally facilitated Board evaluation. This is described in detail on pages 68 and 69 of the Corporate governance statement. Our next external Board evaluation is due to take place in 2021; however, given the evolving COVID-19 pandemic, the Board may consider deferring this into the next financial year.

Election and re-election of Directors

In accordance with the UK Corporate Governance Code, all Directors will retire and offer themselves for election or re-election to the Board. The Directors who have been in post throughout the year have been subject to a formal evaluation process, and both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company.

The Board therefore recommends that shareholders approve the resolutions to be proposed at the 2020 AGM relating to the election and re-election of the Directors.

I welcome any questions in respect of the work of the Committee, which can be submitted to ir@autotrader.co.uk.

Ed Williams

Chair of the Nomination Committee
25 June 2020

Impact of the 2018 Corporate Governance Code

As reported in the 2019 Annual Report, the 2018 UK Corporate Governance Code applies to us from 1 April 2019. The new Code contains a provision that the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board.

Ed Williams joined the Auto Trader business as a Non-Executive Director in November 2010 when it was under private ownership. He joined the Auto Trader Group plc Board in February 2015 and the Company listed on the London Stock Exchange in March 2015.

The Committee, led by David Keens as Senior Independent Director, has considered this change in the Code and has consulted with the FRC. The understanding of the Committee and the Board is that the nine-year period commences on the date that Auto Trader listed on the London Stock Exchange. The nine-year period for Ed Williams therefore runs to March 2024. However, it should be noted that these comments are made in reference to the maximum term stipulated in the new Code and do not commit the Company or Ed Williams to him remaining as Chairman until 2024.

REPORT OF THE AUDIT COMMITTEE



DAVID KEENS
CHAIR OF THE AUDIT COMMITTEE

OVERVIEW

- Composed of four independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant experience. All members have significant commercial and operating experience in consumer and digital businesses.
- At least three meetings held per year.
- Meetings are attended by the CEO, COO, CFO, internal auditors and external auditors by invitation.

OUR PROGRESS IN 2020

- Discuss key areas of financial judgement including the acquisition of KeeResources.
- Assessing the Group's going concern and viability statements, including the impact of COVID-19.
- Review the effectiveness of internal audit, internal controls and risk management.
- Evaluate the effectiveness and independence of external audit.

FOCUS AREAS FOR 2021

- Agree with KPMG any changes for their 2021 audit.

4

meetings were held during the year:

100%

meeting attendance by all Committee members

Member	Meetings attended/ meetings held	Percentage of meetings attended
David Keens (Chair)	4/4	100%
Jill Easterbrook	4/4	100%
Jeni Mundy	4/4	100%
Sigga Sigurdardottir ¹	2/2	100%

1. Appointed to the Committee on 1 November 2019.

For more information on the Committee's Terms of Reference visit plc.autotrader.co.uk/investors.

66

The Committee was fully engaged and supportive of the capital raising undertaken in April this year, which was a response to the disruption caused by COVID-19, as detailed in this Annual Report as a post balance sheet event.

Dear shareholders,

I am pleased to introduce this, my fifth, Audit Committee report.

The Committee is comprised entirely of independent Non-Executive Directors. I fulfil the requirement for a Committee member to have recent and relevant financial experience, and all members (and therefore the Committee as a whole) have competence in consumer and digital businesses.

The Board approves the Terms of Reference of the Committee, which assists the Board in discharging its responsibilities. This includes monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and risk management framework; internal audit; and the independence and effectiveness of external audit. Our internal audit function is outsourced to Deloitte LLP, who provide us with specialist expertise in delivering a risk based rolling review programme.

Our external auditors, KPMG, and internal auditors, Deloitte, regularly attend Audit Committee meetings. The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other members of management attend by invitation.

The Committee has reviewed the content in the Annual Report and believes that this explains our strategic objectives and is fair, balanced and understandable. We have considered the impact of COVID-19 on our business and you will find important detail on this in other sections of the Annual Report. The Committee was fully engaged and supportive of the capital raising undertaken in April this year, which was a response to the disruption caused by COVID-19, as detailed in this Annual Report as a post balance sheet event.

Whilst this Report of the Audit Committee contains some of the matters addressed during the year, it should be read in conjunction with the external auditor's report starting on page 94 and indeed the Auto Trader Group plc financial statements in general.

At the 2019 AGM, shareholders approved the Board's recommendation to re-appoint KPMG LLP as our external auditors. The Committee has carried out a review of the effectiveness and independence of KPMG and has recommended to the Board that they are re-appointed at the 2020 AGM.

David Keens

Chair of the Audit Committee
25 June 2020

REPORT OF THE AUDIT COMMITTEE CONTINUED

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, result announcements, dividend proposals and any other formal announcement relating to the Group's financial performance.

The Committee assessed the accounting principles and policies adopted, and whether management had made appropriate estimates and judgements.

In doing so, the Committee discussed management reports and enquired into judgements made. The Committee reviewed the reports prepared by the external auditor on the 2019 half-year statement and 2020 Annual Report.

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

DESCRIPTION OF SIGNIFICANT AREA	AUDIT COMMITTEE ACTION
<p>Revenue recognition Revenue recognition for the Group's revenue streams is not complex. However, this remained an area of focus due to the large volume of transactions and as revenue is the largest figure in the income statement.</p>	<p>The Committee reviewed the assumptions and disclosure around revenue recognition made by management, particularly in relation to offers given to customers as a response to the disruption caused by COVID-19 as set out on pages 4 to 7. This will result in reduced revenue for the first half of the year to March 2021 at least and increased bad debt risk as customers are under increased pressure.</p> <p>The Committee was satisfied with the explanations provided and conclusions reached in relation to revenue recognition.</p>
<p>Share-based payments The Company has a number of share-based payment arrangements, accounted for under IFRS 2. These require the use of valuation models and certain assumptions in determining their fair value at grant date and in the recognition of charges and, as such, this is a significant estimate.</p>	<p>The Committee reviewed the assumptions made by management, particularly in relation to profit forecasts that determine the proportion of shares granted under the PSP, DABP and Single Incentive Plan. The Committee reviewed the comments within KPMG's report into the calculation of the charge and is satisfied that the share-based payment accounting is appropriate and in accordance with accounting standards.</p>
<p>Acquisition accounting Management's assessment of the allocation and valuation of goodwill and intangible assets as part of the acquisition of KeeResources.</p>	<p>The Committee reviewed the assumptions made by management in respect of the identification and valuation of intangible assets, and the allocation of consideration, and was satisfied that these were appropriately accounted for under IFRS 3. KeeResources is a relatively small business in comparison to the Group and is in its early integration stage.</p>
<p>Investment value in joint venture In the prior year, the Group entered a joint venture agreement with Cox Automotive UK named Dealer Auction. Management's assessment of the recoverability of the investment value, given the infancy of the investment, is based on future estimated cash flow forecasts.</p>	<p>The Committee reviewed the assumptions made by management, particularly in relation to the future cash flow forecast to support the carrying value of the investment of the joint venture, and was satisfied that these were appropriately accounted for given the infancy of Dealer Auction.</p>
<p>Going concern and viability statement The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.</p>	<p>The Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group's medium-term plan and cash flow forecasts for the period to March 2023. The Committee discussed with management the appropriateness of the three-year period, and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 54 to 57. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.</p> <p>It is worth noting, the disruption caused by COVID-19 after the year end has required the Committee to regularly re-assess the projections and conclusions. Significant actions have been taken to limit the impact of loss of revenue, to reduce costs and to reduce debt by way of the capital raising completed on 1 April 2020. For additional detail, please refer to the external auditor's report and Strategic report contained in this Annual Report.</p>

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2020 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with an early draft of the Annual Report, and provided feedback on areas where further clarity or information was required in order to provide a complete picture of the Group's performance. The final draft was then presented to the Audit Committee for review before being recommended for approval by the Board. When forming its opinion, the Committee reflected on discussions held during the year and reports received from the internal and external auditors, and considered the following:

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

Following the Committee's review, the Directors confirm that, in their opinion, the 2020 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal control

The Committee's responsibilities include a review of the risk management systems and internal controls to ensure that they remain effective and that any identified weaknesses are properly dealt with. The Committee:

- reviews annually the effectiveness of the Group's internal control framework;
- receives reports from the Group's outsourced internal audit function and ensures recommendations are implemented where appropriate; and
- reviews reports from the external auditors on any issues identified in the course of their work, including any internal control reports received on control weaknesses, and ensures that there are appropriate responses, from management.

The Group has internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include the elements described below.

ELEMENT	APPROACH AND BASIS FOR ASSURANCE
Risk management	Whilst risk management is a matter for the Board as a whole, the day-to-day management of the Group's key risks resides with the Operational Leadership Team ('OLT') and is documented in a risk register. A review and update of the risk register is undertaken twice a year and reviewed by the Board. The management of identified risks is delegated to the OLT, and regular updates are given to executive management at monthly Risk Forum meetings.
Financial reporting	Group consolidation is performed on a monthly basis with a month-end pack produced that includes an income statement, balance sheet, cash flow and detailed analysis. The month-end pack also includes KPIs and these are reviewed each month by the OLT and the Board. Results are compared against the Plan or Reforecast and narrative provided by management to explain significant variances.
Budgeting and reforecasting	An annual Plan is produced and monthly results are reported against this. A monthly rolling forecast is also produced to identify how the Group is performing over the balance of the year versus the original Plan. The Plan is prepared using a bottom up approach, informed by a high-level assessment of market and economic conditions. Reviews are performed by the OLT and the Board whilst the Plan is also compared to the top down Medium Term Plan ('MTP') as a sense check. The Plan is approved by the OLT and the Board.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions is maintained beyond the Board's Terms of Reference. This is reviewed regularly by management to ensure it remains appropriate for the business.
Segregation of duties	Procedures are defined to segregate duties over significant transactions, including procurement, payments to suppliers, payroll and discounts/refunds. Key reconciliations are prepared and reviewed on a monthly basis to ensure accurate reporting.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Internal audit

Deloitte has been appointed as the Group's outsourced internal audit function. They are accountable to the Audit Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit work plan for 2020 was approved by the Audit Committee and covers a broad range of core financial and operational processes and controls, focusing on specific risk areas, including:

- Third-party verification and performance of revenue-share partners.
- Non-financial operating metrics.
- Procurement to payment processes.

Management actions that are recommended following the audits are tracked to completion and reviewed by the Committee to ensure that identified risks are mitigated appropriately.

The Committee met with representatives from Deloitte without management present and with management without representatives of Deloitte present. There were no issues of significance raised during these meetings.

External auditors

One of the Committee's roles is to oversee the relationship with the external auditor, KPMG, and to evaluate the effectiveness of the service provided and their ongoing independence. The Committee has carried out a review based on discussion of audit scope and plans, materiality assessments, review of auditors' reports and feedback from management on the effectiveness of the audit process, and has concluded that the external auditor remains effective and independent.

The Committee reviewed KPMG's findings of the external auditor in respect of their review of the half-yearly report for the six-month period ending 30 September 2019, and in respect of the audit of the financial statements for the year ended 31 March 2020. The Committee met with representatives from KPMG without management present and with management without representatives of KPMG present, to ensure that there were no issues in the relationship between management and the external auditor which it should address. There were none.

The Committee has reviewed, and is satisfied with, the independence of KPMG as the external auditor. In particular, discussions have been held with KPMG's senior management to verify the Group's audit partner's performance and standing within KPMG. There were no conflicts or matters of concern conveyed.

Non-audit services provided by the external auditor

The external auditor is primarily engaged to carry out statutory audit work. There may be other services where the external auditor is considered to be the most suitable supplier by reference to their skills and experience. It is the Group's practice that it will seek quotes from several firms, which may include KPMG, before engagements for non-audit projects are awarded. Contracts are awarded based on individual merits. A policy is in place for the provision of non-audit services by the external auditor, to ensure that the provision of such services does not impair the external auditor's independence or objectivity, in accordance with the EU Audit Reform, and will be assessed going forward in line with the FRC Ethical and Auditing Standards.

NON-AUDIT SERVICE	POLICY
Audit-related services directly related to the audit For example, the review of interim financial statements, compliance certificates and reports to regulators.	Considered to be approved by the Committee up to a level of £100,000 for each individual engagement, and to a maximum aggregate in any financial year of 70% of the average audit fees paid to the audit firm in the last three consecutive years. Any engagement of the external auditor to provide permitted services over these limits is subject to the specific approval in advance by the Audit Committee.
Prohibited services In line with the EU Audit Reform, services where the auditor's objectivity and independence may be compromised. Prohibited services are detailed in the FRC Revised Ethical Standard 2019 and include tax services, accounting services, internal audit services, valuation services and financial systems consultancy.	Prohibited, with the exception of certain services which are subject to derogation if certain conditions are met, in accordance with the EU Audit Reform, and will be assessed going forward in line with the new FRC Ethical and Auditing Standards.

Refer to plc.autotrader.co.uk/investors for full details of the policy. During the year, KPMG charged the Group £36,000 for audit-related assurance services.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 – statement of compliance

As a competitive tender was carried out in 2016, and KPMG LLP were first appointed as statutory auditors in the financial year to March 2017, we have complied with the requirement that the external audit contract is tendered within the 10 years prescribed by EU and UK legislation and the Code's recommendation. The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

David Keens

Chair of the Audit Committee
25 June 2020

DIRECTORS' REMUNERATION REPORT



JILL EASTERBROOK
CHAIR OF THE REMUNERATION COMMITTEE

OVERVIEW

- Composed of four independent Non-Executive Directors.
- The Company Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other relevant individuals are invited to attend the meetings when appropriate – no person is present during any discussion relating to their own remuneration.
- The Company Secretary acts as secretary to the Committee.

OUR PROGRESS IN 2020

- From 1 April 2020 the entire Board voluntarily waived at least 50% of their salaries or Board fees, to be returned to normal levels from 1 July 2020 following a return to charging customers and the unfurloughing of all employees.
- The Executive Directors have waived their FY20 annual bonus entitlement.
- For FY21 we will not be operating an annual bonus but will be granting a larger PSP three-year award which will vest based on TSR performance.

FOCUS AREAS FOR 2021

- Review the Remuneration Policy to ensure it is aligned with strategy and the creation of sustainable long-term value creation and that it is appropriate in the context of evolving shareholder guidance and corporate governance in advance of submitting a revised Policy to a binding vote at the AGM in September 2021.

7

meetings were held during the year:

100%

meeting attendance by all Committee members

Member	Meetings attended/total meetings held	Percentage of meetings attended
Jill Easterbrook (Chair)	7/7	100%
David Keens	7/7	100%
Jeni Mundy	7/7	100%
Sigga Sigurdardottir ¹	4/4	100%

1. Sigga Sigurdardottir was appointed to the Board and Remuneration Committee on 1 November 2019.

In addition, Ed Williams was in attendance at all meetings by invitation.

For more information on the Committee's Terms of Reference visit plc.autotrader.co.uk/investors.

Annual statement by the Chair of the Remuneration Committee

66

In these uncertain times, it is important that remuneration arrangements continue to align Executive Directors with the long-term interests of shareholders.

Dear shareholders,

I am pleased to present, on behalf of the Board, the Report of the Remuneration Committee (the 'Committee') for the year ended 31 March 2020.

As highlighted in the Chairman's statement on page 8 and the Chief Executive Officer's statement on page 12, the business's performance before the outbreak of COVID-19 was good with both revenue and operating profit increasing year on year, despite it being a challenging year for retailers due to UK automotive market pressures. Since the start of the COVID-19 crisis, the business has focused on its people, customers and long-term priorities to ensure the business emerges from the crisis strongly and the business's operations continue to be maintained to a high standard.

On 1 April 2020 we announced that the entire Board had voluntarily offered to temporarily forego at least 50% of their salaries or Board fees, and that the Executive Directors had also requested that their annual FY20 bonus entitlement be waived. The Board believes that acting swiftly in this way is the clearest indication that we stand together with all our stakeholders, whether employees, customers, shareholders or suppliers. Following the return to charging customers from 1 June 2020, and the return of all of our employees from furlough, we intend to return Directors' salaries and fees to normal levels from 1 July 2020.

Remuneration approach for 2021

To date, we have operated a traditional remuneration framework including an annual bonus with deferral and an annual award under our long-term incentive plan, the Performance Share Plan.

The COVID-19 outbreak has resulted in significant disruption in the UK automotive market, with dealerships closed for an extended period. Retailers in England were able to reopen their forecourts from 1 June 2020. England has subsequently been followed by Northern Ireland (8 June 2020) and Wales (22 June 2020), while showrooms in Scotland will open on 29 June 2020. There remains, however, a significant degree of uncertainty for the sector as well as the wider economy.

Board changes

On 6 February 2020, we announced that, as the transition to the new executive team has been progressing well, the retirement date of Trevor Mather was brought forward and he stepped down from the Board on 29 February 2020 (rather than 31 March 2020 as originally announced). Nathan Coe was therefore appointed as CEO

(previously CFO & CEO-designate) effective from 1 March 2020. In addition, Jamie Warner joined the Board as CFO effective from 1 March 2020. Catherine Faiers was promoted to COO and joined the Board from 1 May 2019. Details of their remuneration arrangements are provided in this report.

This uncertainty makes it difficult to predict performance over the short and medium term which makes setting robust and meaningful targets for incentive arrangements very challenging. While the short term is difficult to predict the Board continues to have full confidence that we have the right offering, operational structure and culture to succeed over the long term and deliver value for our shareholders. The Committee considers that it is important that remuneration arrangements continue to align Executive Directors with the long-term interests of shareholders.

We therefore intend to operate a modified approach to remuneration for FY21 as follows:

- **No annual bonus plan** will operate for FY21 (meaning executives will not receive any bonus payment for a two-year period covering April 2019 to March 2021).
- The Executive Directors will be made an award under the **Performance Share Plan** ('PSP') of 250% of salary. The proposed award represents a reduction of c.30% for the CEO and c.10% for the CFO and COO compared to their previous aggregate incentive opportunity of 350% of salary (200% PSP and 150% annual bonus) and 280% (150% PSP and 130% annual bonus) of salary respectively, and is below the maximum PSP grant allowed under our approved Remuneration Policy of up to 300% in exceptional circumstances.
- The PSP award will be based on the Company's **TSR performance** compared to the FTSE350 index (excluding investment trusts) over three years from 1 April 2020. No portion of the award will vest for performance which is below the index, 25% of the award will vest for performance equal to the index. Maximum vesting will require performance 25% ahead of the index. This vesting schedule is consistent with the approach used for PSP awards in 2015, 2016 and 2017.

When determining the proposed approach for FY21 the Committee sought to meet three key principles: (1) to minimise the potential cash outflow to protect the business; (2) to maintain as much consistency as possible with the approach used in prior years; (3) to align Executive Directors' remuneration with shareholder returns.

The Committee considers that this approach meets these objectives. Not operating a cash bonus minimises cost and cash liability in respect of the financial year, and by having the incentive opportunity fully awarded in shares (with a three-year vesting period plus a two-year holding period) we will align executives with shareholders over the medium term. We have also reduced the overall incentive opportunity by c.30% for the CEO and c.10% for the CFO and COO recognising the broader economic environment and to support our cost management programme.

Due to the current uncertainty it was considered very challenging to set robust and fair financial targets for the PSP, and furthermore we believe that the success or otherwise of the Company's response to COVID-19 is most likely to be reflected in the share price relative to that of other companies. We also wanted to ensure that the vesting outcome remains aligned with shareholder returns and hence the award is based on TSR performance.

In line with best practice and shareholder expectations the Committee shall retain discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

The intention is that we will operate this approach for FY21 only. We are due to submit a new Directors' Remuneration Policy to shareholders at the 2021 AGM (our last policy was approved by shareholders at the 2018 AGM). The Committee will therefore be undertaking a full review of our approach to remuneration policy over the next 12 months and will be consulting with shareholders on any proposed changes in due course.

The CEO and CFO's salaries were reviewed in advance of their appointment and were set at £568,000 and £330,000 respectively, with effect from 1 March 2020. The COO's salary will remain at £350,000. In response to the COVID-19 outbreak, with effect from 1 April 2020 the Executive Directors have voluntarily offered to temporarily forego 50% of their salaries. Pension and benefits are unchanged for 2020. The Company Chairman and the Senior Independent Director have waived 100% of their fees, and I and the other Non-Executive Directors have waived 50% of our fees from the same date. The intention is to return all salaries and fees to normal levels from 1 July 2020.

Performance and reward in 2020

Annual bonus

The annual bonus for 2020 was based 75% on Operating profit and 25% on strategic targets (average live car stock and live retailers paying for our new car package). Up until the outbreak of COVID-19 the business was performing well considering the challenging market, with revenue and operating profit improving year on year. The steps taken towards the end of the year to protect the long-term interests of the business have, however, impacted overall performance for the year. Performance against annual bonus targets would have resulted in a total bonus for 2019/20 of c.26% of maximum. In response to the COVID-19 outbreak, however, the Executive Directors have requested that their bonus for FY20 be waived. The Chief Financial Officer, Jamie Warner, who was appointed to the Board on 1 March 2020, has waived part of his pre-appointment Single Incentive Plan award, which was based on the same performance conditions as the annual bonus scheme.

Performance Share Plan ('PSP')

PSP awards granted in June 2017 will vest in June 2020 based on performance over the three years to 31 March 2020. The award was based 75% on Cumulative Underlying operating profit performance and 25% on TSR relative to the FTSE250 (excluding investment trusts). As detailed on page 85, actual performance resulted in a payout of 48.6% of the maximum 75% in respect of Cumulative Underlying operating profit performance, and the maximum of 25% in respect of TSR, giving an overall total performance of 73.6%. The net value of vested awards is subject to a two-year holding period.

The Committee carefully considered the level of payout and concluded that the level of PSP award vesting appropriately reflected the underlying performance of the Company and the strategic progress over the three years and therefore it was not necessary to exercise discretion to adjust payouts.

UK Corporate Governance Code and amended disclosure requirements

The Committee continues to monitor developments in the 2018 UK Corporate Governance Code and emerging guidance from investors. We comply with the requirements of the new Code, following the introduction of a number of provisions last year. These will form part of the Remuneration Policy put to shareholders at the 2021 AGM.

- Our pension provision for Executive Directors since listing has been aligned with our broader employee population.
- We operate a post-vesting holding period for the PSP and malus and clawback provisions apply.
- Last year, the Committee introduced a post-employment shareholding guideline in line with best practice and the requirements of the 2018 Code. Any Executive Director who leaves from 1 April 2019 will be expected to retain an interest in shares with a value of 200% of salary (or their actual shareholding if lower) for a period of two years following departure.

- This is our second year of disclosing our CEO pay ratio, as we voluntarily disclosed a year in advance of being required to under the regulations. Our median all employee to CEO pay ratio is 34.2 compared to 42.0 last year, and compared to a median ratio for the FTSE250 of 37.0 and for the FTSE100 of 72.0. The Committee considers the ratio is within a reasonable range taking into account the structure and nature of our business.

The Committee intends to review our Remuneration Policy in the coming year in advance of putting the Policy to a binding vote at the 2021 AGM in line with the normal renewal cycle.

Retirement arrangements for Trevor Mather

As noted above, Trevor Mather stepped down from the Board and his role of CEO on 29 February 2020. Trevor received his normal base salary, pension and benefits until his retirement. Trevor was eligible for an annual bonus in respect of FY20 but elected to waive any bonus in line with other Executive Directors. The Committee determined that Trevor will be treated as a 'good leaver' in respect of outstanding share incentives. In light of his planned retirement, Trevor Mather did not receive a PSP award 2019. Trevor Mather has undertaken to retain shares equivalent to 200% of his salary for a minimum of two years post leaving following his retirement from the Board on 29 February 2020. Further details are provided on page 87.

I look forward to receiving your support on the Directors' remuneration report at the 2020 AGM and I welcome any specific questions, which can be submitted to ir@autotrader.co.uk.

Jill Easterbrook

Chair of the Remuneration Committee
25 June 2020

Annual remuneration report

This report has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) and the UKLA's Listing Rules. This report is subject to an advisory shareholder vote at the AGM on 16 September 2020.

Summary of Directors' Remuneration Policy ('Policy') and implementation for 2021

Our Policy was put to shareholders for approval at the AGM on 20 September 2018 and applies to payments made from this date. We consulted with shareholders when designing and implementing this Policy and received a strong level of support with 96% of shareholders voting in favour. The following provides a summary of the Policy along with details of how the Policy will be implemented during 2021.

As outlined above, the COVID-19 outbreak has resulted in significant disruption in the UK automotive market, with dealerships closed for an extended period. Retailers in England were able to reopen their forecourts from 1 June 2020. England has subsequently been followed by Northern Ireland (8 June 2020) and Wales (22 June 2020), while showrooms in Scotland will open on 29 June 2020. There remains, however, a significant degree of uncertainty for the sector as well as the wider economy. This uncertainty makes it difficult to predict performance over the short and medium term which makes setting robust and meaningful targets for incentive arrangements very challenging. In light of this **no annual bonus plan** will operate for FY21 with the Executive Directors receiving an award under the **Performance Share Plan** only.

For full details of the Policy approved by shareholders please refer to the 2018 Annual Report and Accounts which can be found at plc.autotrader.co.uk/investors.

ELEMENT	OVERVIEW OF OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE CONDITIONS	IMPLEMENTATION FOR 2021
Salary	Salaries are normally reviewed annually with changes effective from 1 April.	No maximum salary level or salary increase; however, any base salary increases will normally be in line with the percentage increases awarded to other employees of the Group.	N/A	<p>The CEO and CFO's salaries were set at £568,000 and £330,000 respectively, with effect from 1 March 2020 following their appointment to their roles. When setting their salaries, the Committee considered:</p> <ul style="list-style-type: none"> • Market reference points • Individual performance and experience • Wider context in the organisation – salary levels for other employees and wider business performance <p>The COO's salary will not be increased from 1 April 2020 and will remain at £350,000.</p> <p>In response to the COVID-19 outbreak, with effect from 1 April 2020 the Executive Directors voluntarily offered to temporarily forego 50% of their salaries. The intention is to return these to normal levels from 1 July 2020.</p>
Benefits	Benefits include private medical cover, life assurance and income protection insurance.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A	No changes.
Pension	Directors are eligible to receive employer contributions to the Company's defined contribution pension plan, a salary supplement in lieu of pension benefits (or combination of the above).	Maximum contribution in line with the contribution of other employees in the Group, currently 5% of salary.	N/A	<p>No changes.</p> <p>Our pension policy is in line with the wider workforce and therefore we already comply with the 2018 Code in this area.</p>

ELEMENT	OVERVIEW OF OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE CONDITIONS	IMPLEMENTATION FOR 2021						
Performance Share Plan ('PSP')	<p>Awards vest after three years subject to performance conditions and continued employment.</p> <p>Awards are normally in the form of nil-cost options.</p> <p>Executive Directors are required to retain vested shares for at least two years from the point of vesting.</p> <p>A dividend equivalent accrues on awards.</p> <p>Recovery and withholding provisions apply, as described below.</p> <p>A dividend equivalent provision applies, as described below.</p>	<p>Normal circumstances: maximum of 200% of salary.</p> <p>Exceptional circumstances: maximum of 300% of salary.</p>	<p>For awards granted in 2020, performance measures and targets will be as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Threshold (25% vesting)</th> <th>Stretch (100% vesting)</th> </tr> </thead> <tbody> <tr> <td>TSR (100% weighting)</td> <td>Equal to Index TSR</td> <td>Equal to Index TSR plus 25% or above</td> </tr> </tbody> </table> <p>TSR performance is calculated based on a three-month average to the beginning and end of the performance period.</p> <p>Vesting is on a straight-line basis between threshold and stretch.</p> <p>Performance will be assessed based on the Company's TSR performance compared to the FTSE350 Index (excluding investment trusts) over the three years ending 31 March 2023.</p> <p>See below for further details on performance measures.</p>		Threshold (25% vesting)	Stretch (100% vesting)	TSR (100% weighting)	Equal to Index TSR	Equal to Index TSR plus 25% or above	<p>No annual bonus plan will operate for FY21.</p> <p>The Executive Directors will be made an award under the Performance Share Plan of 250% of salary. This represents a reduction of c.30% for the CEO and c.10% for the CFO and COO compared to the previous aggregate incentive opportunity (annual bonus plus PSP) of 350% of salary and 280% of salary respectively.</p>
	Threshold (25% vesting)	Stretch (100% vesting)								
TSR (100% weighting)	Equal to Index TSR	Equal to Index TSR plus 25% or above								
All-employee Share Plans – SIP & SAYE	<p>The Company operates two all-employee tax-advantaged plans, namely a Save As You Earn ('SAYE') and a Share Incentive Plan ('SIP') for the benefit of Group employees.</p> <p>Executive Directors are eligible to participate on the same basis as other employees.</p>	<p>Maximum permitted based on HMRC limits from time to time.</p>	N/A	No changes.						

DIRECTORS' REMUNERATION REPORT CONTINUED

ELEMENT	OVERVIEW OF OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE CONDITIONS	IMPLEMENTATION FOR 2021
Share ownership guidelines	Executive Directors are expected to build and maintain a holding of shares in the Company. This is expected to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met.	The minimum share ownership guideline is 200% of salary for current Executive Directors.	N/A	<p>In 2019, the Committee introduced a post-employment shareholding guideline in line with best practice and the requirements of the 2018 Code.</p> <p>Any Executive Director who leaves from 1 April 2019 will normally be expected to retain an interest in shares with a value of 200% of salary (or their actual shareholding if lower) for a period of two years following departure.</p> <p>This guideline will apply to any shares acquired from incentive plans from 1 April 2019 and may include the net value of outstanding DABP awards and PSP awards subject only to a holding period.</p> <p>The Committee will have discretion to operate the policy flexibly and may waive part or all of the requirement where considered appropriate, for example in compassionate circumstances.</p> <p>Trevor Mather has undertaken to retain shares equivalent to 200% of his salary for a minimum of two years following his retirement from the Board on 29 February 2020.</p>

Additional information

UK Corporate Governance Code

The Directors' Remuneration Policy has been developed taking into account the following principles:

- **Simple and clear:** the remuneration framework has been designed to be simple and transparent to ensure that it is understood by shareholders, participants and other stakeholders. Remuneration opportunities are set taking into account external and internal comparisons. Incentive opportunities are capped so that the maximum potential payout under each scheme is clear.
- **Aligned to strategy, culture and purpose:** the remuneration framework has been designed to support our strategy of leading the future of the UK's digital automotive marketplace. When setting Directors' Remuneration Policy, the Committee considers the approach to remuneration throughout the workforce and how this framework supports the dynamic, inclusive, collaborative culture Auto Trader aims to create and sustain.
- **Shareholder value and alignment:** the remuneration framework provides close alignment with long-term value creation for shareholders through the selection of appropriate performance measures and targets, with the majority of remuneration delivered in shares. Executives are expected to build up and retain (including post stepping down as an Executive Director) a shareholding in the Company.
- **Mitigating risk:** our remuneration framework includes features which mitigate risk where appropriate. Our policy includes provisions which enable the Committee to exercise discretion to ensure that incentive outcomes are appropriate. Our policy also includes provisions which allow for the application of clawback and / or malus in specific negative circumstances. We normally carry out a robust target setting process each year taking into account our strategic plan as well as external expectations of performance. Targets are set to ensure that the maximum remuneration can only be earned for delivering exceptional performance while not encouraging excessive risk taking.

Recovery and withholding provisions

Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP in the event of the following negative events occurring within three years of the payment of a cash bonus, the grant date of an award under the DABP or the vesting date of PSP awards:

- a material misstatement of or restatement to the audited financial statements or other data;
- an error in calculation leading to over-payment of bonus; or
- individual gross misconduct.

Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the net bonus or PSP vesting and seeking a cash repayment.

Selection of performance measures

Annual bonus

The annual bonus scheme will not operate for FY21.

PSP

2020 PSP awards will be based on relative TSR performance compared to the FTSE350 (excluding investment trusts). Due to the current uncertainty, it was considered very challenging to set robust, fair and appropriate financial targets for the PSP. We also believe that the success or otherwise of the Company's response to COVID-19 is most likely to be reflected in the share price relative to that of other companies, as opposed to revenue and profit performance. We also wanted to ensure that the vesting outcome remains aligned with shareholder returns.

Differences in Remuneration Policy between Executive Directors and other employees

Whilst the Policy described above applies specifically to the Company's Executive Directors, the Policy principles are designed with due regard to employees across the Group.

- Pay increases for Executive Directors are generally in line with the increase received for other senior employees across the Group, and lower than the average increase in salary across the wider employee population of around 3.75% (reflecting both general market, promotions and individual rewards for performance). However, during FY21, there will be no pay increase for Executive Directors, nor for the wider workforce.
- Pension contributions for Executive Directors are also in line with the wider workforce. The Executive Directors have the same access to benefits as all other members of the workforce.

However, there are some differences.

- 'At risk, performance-linked pay' is restricted to the most senior employees in the Company, as it is this group that is most influential in driving corporate performance.
- The Committee is committed to promoting a culture of widespread share ownership across all levels of the organisation. At senior levels this will predominantly be achieved through participation in performance-based incentive plans, whilst across the rest of the workforce it will be supported via all-employee share plans.

As described more fully on pages 42 and 64, a Board Engagement Guild has been established to enable the Non-Executive Directors, including all members of the Remuneration Committee, to engage directly with the workforce. The Committee also has access to the results of the annual employee survey which includes matters relating to remuneration and wider pay policies.

Service contracts and policy for payments on loss of office

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary and pension. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of 12 months' contractual benefits.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period and will normally be subject to mitigation. The Committee will consider the particular circumstances of each leaver and retains flexibility as to at what point, and the extent to which, payments are reduced.

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

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration Policy for the Chairman and Non-Executive Directors

ELEMENT	OVERVIEW OF OPERATION	IMPLEMENTATION FOR 2021
Fees	<p>Both the Chairman and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits.</p> <p>The Chairman receives a single fee covering all of his duties.</p> <p>The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit and Remuneration Committees and for performing the Senior Independent Director role.</p>	<p>There will be no increase in Chairman or Non-Executive Director fees with effect from 1 April 2020. In response to the COVID-19 outbreak, with effect from 1 April 2020 the Chairman and the Senior Independent Director voluntarily temporarily waived all of their fees, and the other Non-Executive Directors voluntarily temporarily waived 50% of their Board fees. The intention is to return these to normal levels from 1 July 2020.</p> <p>Base fees</p> <ul style="list-style-type: none"> Chairman – £184,013 Non-Executive Directors – £56,827 <p>Additional fees</p> <ul style="list-style-type: none"> SID – £9,742 Audit Committee Chair – £9,742 Remuneration Committee Chair – £9,742 <p>There is no additional fee payable to the Chair of the Nomination Committee. The Company Chairman is currently Chair of the Nomination Committee.</p>

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment. The letters of appointment are available for inspection at the Company's registered office or on request from ir@autotrader.co.uk. Details of the appointment terms of the Non-Executive Directors are as follows:

	Start of current term	Expiry of current term
Ed Williams	6 March 2018	5 March 2021
David Keens	1 May 2018	30 April 2021
Jill Easterbrook	1 July 2018	30 June 2021
Jeni Mundy	1 March 2019	28 February 2022
Sigga Sigurdardottir	1 November 2019	31 October 2022

Single figure of remuneration for the year ended 31 March 2020 (Audited)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2020.

£'000	Salary and fees	Benefits	Annual bonus ¹	Long-term Incentives ²	Pension	Total
Executive						
Trevor Mather ³	521	1	-	1,008	26	1,556
Nathan Coe ⁴	393	1	-	533	20	947
Catherine Faiers ⁵	321	1	-	54	16	392
Jamie Warner ⁶	28	-	-	7	1	36
Non-Executive						
Ed Williams	184	-	-	-	-	184
David Keens	76	-	-	-	-	76
Jill Easterbrook	67	-	-	-	-	67
Jeni Mundy	57	-	-	-	-	57
Sigga Sigurdardottir ⁷	24	-	-	-	-	24

- The outcome for the annual bonus for FY20 was c.26% of maximum as detailed below however, in response to the COVID-19 outbreak, the Executive Directors have requested that their bonus for FY20 be waived.
- 73.6% of PSP awards granted in 2017 will vest in June 2020 for performance over the three-year period to 31 March 2020. For the purpose of the single figure the vested shares have been valued based on the three-month average share price to 31 March 2020 of 529.38p. Dividend equivalents to the value of £40,852 for Trevor Mather, £21,615 for Nathan Coe, £2,171 for Catherine Faiers and £160 for Jamie Warner have also been included. 24% of the vested value is due to share price growth of 32% since the date of award. No discretion was exercised in relation to share price appreciation. Jamie Warner includes a pro-rated amount for the Single Incentive Plan.
- Trevor Mather stepped down from the Board on 29 February 2020. His amounts reflect his service as an Executive Director. Further details on his leaving arrangements are set out on page 87.
- Nathan Coe was promoted to the role of CFO and CEO-designate effective 1 May 2019 from his previous role as COO & CFO. He was appointed CEO effective 1 March 2020. The amounts disclosed reflect his service as COO & CFO, CFO & CEO-designate and CEO during the year.
- Catherine Faiers was appointed COO and to the Board effective 1 May 2019. The amounts disclosed reflect her service in the year as an Executive Director.
- Jamie Warner was appointed CFO and to the Board effective 1 March 2020. The amounts disclosed reflect his service in the year as an Executive Director.
- Sigga Sigurdardottir was appointed to the Board on 1 November 2019. The amounts disclosed reflect fees from this date.

The following table shows the aggregate emoluments earned in the year ended 31 March 2019.

£'000	Salary and fees	Benefits	Annual bonus	Long-term Incentives ¹	Pension	Total
Executive						
Trevor Mather	557	1	641	825	28	2,052
Nathan Coe	370	1	426	353	19	1,169
Non-Executive						
Ed Williams	180	-	-	-	-	180
David Keens	75	-	-	-	-	75
Jill Easterbrook	65	-	-	-	-	65
Jeni Mundy	56	-	-	-	-	56

1. 51.2% of PSP awards granted in 2016 vested in June 2019 for performance over the three-year period to 31 March 2019. In last year's report, for the purpose of the single figure the vested shares were valued based on the three-month average share price to 31 March 2019 of 467.88p, giving a value of £683k for Trevor Mather and £292k for Nathan Coe including dividends. The amounts disclosed in the table have been revalued based on the share price on the date of vesting of 564.80p. c.31% of the vested value is due to share price growth of 45% since the date of award. No discretion was exercised in relation to share price appreciation.

Additional information to support the single figure

Benefits

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

Pension

Employer's pension contributions of 5% of salary were paid in respect of Executive Directors in line with those received for the wider UK employee population.

Annual bonus for the year ended 31 March 2020

The performance measures, targets and performance outcomes for the annual bonus for the year ended 31 March 2020 are shown in the following table:

Performance measures	Weighting	Threshold	Target	Stretch	Actual performance	Payout (as a % of maximum)	
Financial	Operating profit	75%	£258m	£268m	£278m	£259m	17.2% of the 75%
Strategic targets	Stock - average live car stock	12.5%	470k	490k	500k	478k	4.0% of the 12.5%
	New cars - live retailers paying for our new car package	12.5%	600	1,200	1,850	1,028	5.2% of the 12.5%
Total		100%					26.4% of the 100%

Payout for performance between threshold and stretch is calculated on a pro-rata basis. The payout at threshold is 20% of maximum, and the payout at target is 50% of maximum. As noted above, in response to the COVID-19 outbreak, the Executive Directors have requested that their bonus for FY20 be waived. In respect of 2019/20 Jamie Warner participated in the Single Incentive Plan which is our incentive plan for below Board senior roles, and is based on the same performance measures as the annual bonus plan. Jamie waived the vesting element of this award which was due to vest in 2020.

Performance Share Plan vesting for year ended 31 March 2020

The PSP award granted in 2017 and will vest in June 2020 based on performance to 31 March 2020. The performance conditions this award was based on, the targets and performance delivered are set out in the table below:

Measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual performance	Payout (as a % of maximum)
Cumulative Underlying operating profit	75%	£690m	Equal to or above £750m	£721.8m	48.6% of the 75%
TSR compared to the FTSE250 Index (excluding investment trusts) ¹	25%	Equal to Index TSR	Equal to Index TSR plus 25% or above	Index TSR plus 26%	25% of the 25%
Total vesting					73.6% of the 100%

1. TSR performance is calculated based on a three-month average to the beginning and end of the performance period.

For performance between the threshold and stretch targets, vesting is calculated on a pro-rata basis.

Nathan Coe and Trevor Mather will be required to retain vested shares delivered under this PSP for at least two years from the point of vesting, subject to the terms of the PSP holding period. 2017 PSP awards were granted to Catherine Faiers and Jamie Warner before they were appointed to the Board. Their awards are therefore not subject to a holding period.

DIRECTORS' REMUNERATION REPORT CONTINUED

When considering the level of annual bonus payout and long-term incentive vesting, the Committee also considered the underlying performance of the Group over the performance period, taking into account performance against key financial and non-financial indicators as well as the share price performance and the experience of shareholders and other stakeholders. The Committee also considered whether there had been a significant negative event (such as an ESG event) which would warrant an adjustment. The Committee concluded the proposed pay-out outcomes detailed above to be appropriate. Overall, the Committee considers that the Remuneration Policy has operated as it intended during 2019/20.

Scheme interests awarded during the year (Audited)

Awards granted in the year under the DABP and PSP are shown below. The award granted to Jamie Warner under the Single Incentive Plan, prior to his appointment to the Board, are also shown.

Executive Director	Number of shares awarded	Face/maximum value of awards at grant date ²
DABP awards¹		
Trevor Mather	57,125	£320,700
Nathan Coe	37,937	£212,981

Awards are granted as nil-cost options.

- DABP awards were granted in respect of the annual bonus for the year to 31 March 2019. The awards will normally be eligible to vest two years from grant (17 June 2021) based on continuous employment.
- Face/maximum value was calculated based on the closing share price on the day before grant date (17 June 2019) of 561.40p.

Executive Director	Number of shares awarded	Multiple of salary	Face/maximum value of awards at grant date ³	% award vesting at threshold (% maximum)	Performance period
PSP awards¹					
Nathan Coe	134,307	200%	£754,000	25%	1 April 2019 to 31 March 2022
Catherine Faiers	93,516	150%	£525,000	25%	1 April 2019 to 31 March 2022
Jamie Warner ²	32,062	n/a%	£180,000	25%	1 April 2019 to 31 March 2022

Awards are granted as nil-cost options.

- PSP awards will normally be eligible to vest three years from grant (17 June 2022) based on performance over the three years to 31 March 2022 and continuous employment.
- Prior to his appointment to the Board, Jamie Warner received a PSP award in line with his previous role.
- Face/maximum value was calculated based on the closing share price on the day before grant date (17 June 2019) of 561.40p.

The performance conditions applying to the 2019 PSP awards shown in the table above are set out below. Each element will be assessed independently.

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
Operating profit	75%	Operating profit compound annual growth rate for the three years ended 31 March 2022	6.5% p.a.	Equal to or above 11% p.a.
Total Group revenue	25%	Total Group revenue compound annual growth rate for the three years ended 31 March 2022	5% p.a.	Equal to or above 8% p.a.

For performance between the threshold and stretch targets, vesting will be calculated on a pro-rata basis. There is no vesting below threshold performance.

Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting.

Executive Director	Number of shares awarded	Face/maximum value of awards at grant date
Single Incentive Plan awards¹		
Jamie Warner	68,133	£382,500

Awards are granted as nil-cost options.

- In June 2019 Jamie Warner was granted an award under the Single Incentive Plan, which operates for senior executives below the Board. This award vests based on performance for 2019/20 based on the same performance criteria as the annual bonus for Executive Directors as summarised above. 26% of this award is therefore capable of vesting based on performance achieved. 50% of this amount may vest in June 2020, 25% in June 2021 and 25% in June 2022. In response to the COVID-19 outbreak, Jamie has elected to waive the 50% of the award which was due to vest in June 2020. The face/maximum value was calculated based on the closing share price on the day before grant date (17 June 2019) of £561.4p.

Directors' shareholding and share interests (Audited)

Executive Directors are required to maintain shareholding in the Company equivalent in value to 200% of salary. If an Executive Director does not meet the guideline, they will be expected to retain at least half of the net shares vesting under the Company's discretionary share-based employee incentive schemes until the guideline is met. Non-Executive Directors do not have shareholding guidelines.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 31 March 2020, or at the date of retiring from the Board.

Director	Beneficially owned shares ¹	Number of awards held under the PSP conditional on performance	Number of vested but unexercised nil cost options	Number of awards held under the DABP and Single Incentive Plan ² conditional on continued employment	Unvested Sharesave options and Share Incentive Plan shares	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 31 March 2020 (or date of leaving) ³
Executive Directors							
Trevor Mather ⁴	11,623,031	389,136	587,772	103,129	-	200%	9,440%
Nathan Coe	2,924,366	430,981	251,901	63,485	-	200%	2,455%
Catherine Faiers	16,792	175,187	-	31,335	-	200%	21%
Jamie Warner	-	56,140	-	53,570	7,449	200%	Nil%
Non-Executive Directors							
Ed Williams	6,875,444	-	-	-	-	N/A	N/A
David Keens	50,000	-	-	-	-	N/A	N/A
Jill Easterbrook	-	-	-	-	-	N/A	N/A
Jeni Mundy	-	-	-	-	-	N/A	N/A
Sigga Sigurdardottir	-	-	-	-	-	N/A	N/A

1. Includes shares owned by connected persons and shares vesting under the PSP subject to a holding period. Only beneficially owned shares count towards the shareholding guideline.

2. The Single Incentive Plan operates for senior executives below the Board. These awards were granted to Catherine Faiers and Jamie Warner before they were appointed to the Board.

3. Based on the Director's salary and the mid-market price at close of business on 31 March 2020 of 439.1p.

4. Trevor Mather retired from the Board on 29 February 2020. The shareholdings disclosed were as at the date of leaving the Board.

Payments to former Directors (Audited)

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

Retirement arrangements for Trevor Mather

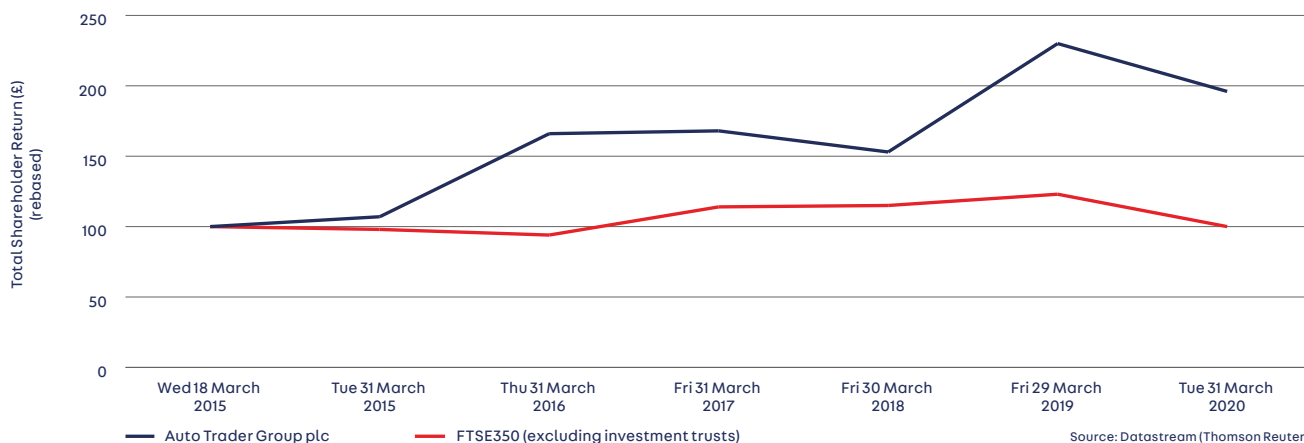
Trevor Mather stepped down as CEO and from the Board on 29 February 2020. Trevor received his normal base salary, pension and benefits until his retirement on 29 February 2020. He did not receive any payment in lieu of notice under his contract as he worked substantially all of his notice. Trevor was eligible to receive an annual bonus in respect of 2019/20, however, in line with the other Executive Directors, Trevor elected to waive his bonus for 2019/20. Further details are provided on page 84.

On the recommendation of the Remuneration Committee, the Board has determined that Trevor will be treated as a "good leaver" in respect of the annual bonus, the Company's Performance Share Plan ('PSP') and the Deferred Annual Bonus Plan ('DABP').

In accordance with the scheme rules, outstanding PSP awards will vest to the extent that targets are met. They will be pro-rated for time elapsed since grant and will vest on the normal vesting dates. In light of his planned retirement, Trevor Mather did not receive a PSP award in June 2019. Outstanding DABP awards will vest in full on the normal vesting dates. Trevor has voluntarily undertaken to retain shares equivalent to 200% of his salary, for a minimum of two years post leaving, in line with the newly adopted post-employment shareholding guidelines.

Performance graph and CEO remuneration table

The graph below illustrates the Company's TSR performance relative to the FTSE350 Index (excluding investment trusts) of which the Company is a constituent, from the start of conditional share dealing on 18 March 2015. The graph shows the performance over that period of a hypothetical £100 invested.



Source: Datastream (Thomson Reuters).

DIRECTORS' REMUNERATION REPORT CONTINUED

CEO remuneration

The table below sets out the CEO's single figure of total remuneration together with the percentage of maximum annual bonus awarded over the same period.

	2020 ¹	2019 ²	2018	2017	2016	2015 ³
CEO total remuneration (£'000)	1,619	2,052	2,929	980	1,339	20
Annual bonus (% of maximum)	n/a ⁴	76.75%	50.3%	51.8%	100%	N/A ⁵
PSP vesting (% of maximum)	73.6%	51.2%	100%	N/A ⁶	N/A ⁶	N/A ⁶

1. The 2020 figures reflect Trevor Mather's service as CEO to 29 February 2020, and Nathan Coe's service as CEO from 1 March 2020.
2. The 2019 CEO total remuneration has been updated to reflect the value of the PSP based on the share price on the date of vesting of 564.80p rather than the three-month average share price to 31 March 2019 of 467.88p.
3. From the date of Admission in March 2015.
4. The CEO elected to waive his bonus in respect of 2019/20.
5. Private company when bonus plan implemented in 2015.
6. No awards were eligible to vest in respect of long-term performance ending in 2015, 2016 or 2017.

Percentage increase in the remuneration of the CEO

The table below shows the average increase in each component between the CEO and the average employee in the Company from 2019 to 2020.

Component	Change in remuneration levels	
	CEO	Average employee
Salary	2%	4%
Benefits ¹	12%	19%
Bonus ²	(100%)	n/a

1. The average value of benefits has increased due to an increase in the cost of private medical insurance.
2. There are no employees participating in the annual bonus scheme other than the CEO and COO & CFO as all other employee variable pay schemes are now settled in shares.

CEO pay ratio

The table below shows the ratio between the CEO's total single figure calculated as set out above on page 84 and the median, lower and upper quartile total remuneration for our UK based workforce. Our median all employee to CEO pay ratio is 34.2:1 which the Committee considers is within a reasonable range taking into account the structure and nature of our business. Last year, we voluntarily disclosed our CEO pay ratio a year in advance of being required to under the regulations.

A significant proportion of the CEO's pay is in the form of variable pay through the annual bonus and the PSP. CEO pay will therefore vary year on year based on Company and share price performance. The CEO to all-employee pay ratio will therefore also fluctuate taking this into account.

Year	Method	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2020	A	50.4:1	34.2:1	24.8:1
2019	A	59.4:1	42.0:1	30.3:1

- Notes:
- Method A has been used to determine the relevant employees on the basis that this approach is in line with the approach used to calculate the single total figure for the CEO and therefore is the most robust.
 - The salary for the P25 employee was £30,125 and total remuneration was £32,119. The salary for the P50 employee was £45,000 and total remuneration was £47,379. The salary for the P75 employee was £62,782 and total remuneration was £65,196.
 - The P25, P50 and P75 employees were determined as at 31 March 2020 based on full-time equivalent remuneration. Only employees who were employed as at the end of the financial year were included; salaries were annualised, taking account of mid-year increases. The total remuneration includes salary, allowances, taxable benefits, pension contributions and share-based payments. Taxable benefits are based on the previous tax year (2019) with estimates used for those employees who joined part way through the year. Options under the SAYE scheme are included as at the date of grant, based on the difference between the market value at grant date and the exercise price. Options under discretionary plans (PSP and Single Incentive Plan) are based on the date that the performance conditions were achieved, and valued using the three-month average share price to 31 March 2020 of 529.8p.

The CEO single figure used for the purpose of calculating the pay ratio is based on Trevor Mather's service as CEO to 29 February 2020, and Nathan Coe's service as CEO from 1 March 2020.

It should be noted that the CEO's single figure of remuneration includes PSP awards, which are affected by changes in the Company's share price and achievement of targets over a three-year performance period; and also Annual Bonus, which are affected by achievement of targets over a one-year performance period. The fall in the ratio between 2019 and 2020 is due to the waiver by the CEO of the Annual Bonus for FY20.

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

Relative importance of the spend on pay

The following table shows the Group's actual spend on pay for all employees compared to distributions to shareholders. The average number of employees has also been included for context. Revenue and Operating profit have also been disclosed as these are two key measures of Group performance.

	2020 £m	2019 £m	% change
Employee costs (see note 7 to the consolidated financial statements)	55.3	56.0	(1%)
Average number of employees (see note 7 to the consolidated financial statements)	849	802	6%
Revenue (see Consolidated income statement)	368.9	355.1	4%
Operating profit	258.9	243.7	6%
Dividends paid and proposed and share buybacks (see notes 25 and 27 to the consolidated financial statements)	84.1	156.4	(46%)

Funding of equity awards

Share awards may be funded by a combination of newly issued shares, treasury shares and shares purchased in the market. Where shares are newly issued or from treasury, the Company complies with Investment Association dilution guidelines on their issue. The current dilution usage of all share plans is c. 0.75% of shares in issue.

Where shares are purchased in the market, these will be held by a trust, in which case the voting rights relating to the shares are exercisable by the Trustees in accordance with their fiduciary duties. At 31 March 2020, the Trust held 523,955 shares in respect of the Share Incentive Plan.

External directorships

Auto Trader recognises that its Executive Directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden a Director's experience and knowledge which can benefit Auto Trader. The Company Chairman would approve any such directorships in advance to ensure that there was no conflict of interest. Trevor Mather was appointed as a director on the board of Matches Fashion Limited, a fashion retail business, on 9 September 2018. From the period from appointment until 29 February 2020, fees of £55,000 were payable to Trevor for this appointment, and which he was entitled to retain. The Board approved the appointment and confirmed that it was satisfied that there was no conflict of interest.

Membership of the Committee

Jill Easterbrook is the Committee Chair, and its other members are David Keens, Jeni Mundy and Sigga Sigurdardottir. Refer to pages 61 and 77 for further details of the membership of the Committee, the Terms of Reference, the meetings held and activities during the year.

External advisors

During the year the Committee received advice from Deloitte who were appointed in October 2017 following a competitive tender process. Deloitte are founding members of the Remuneration Consultants Code of Conduct and adhere to this Code in their dealings with the Committee. The Committee is satisfied that the advice provided by Deloitte is objective and independent. The Committee is comfortable that the Deloitte engagement partner and team that provide remuneration advice to the Committee do not have connections with the Company or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Fees are charged on a time and materials basis. During the year Deloitte was paid £16,250 for advice provided to the Committee. Deloitte provided additional services to the Company in relation to internal audit, risk advisory and tax services.

Statement of shareholder voting

Shareholder voting in relation to recent AGM resolutions is as follows:

	Votes for	% of votes cast for	Votes against	% of votes cast against	Abstentions
2018 AGM: Remuneration Policy (binding)	746,257,288	94.93%	39,870,834	5.07%	152,057
2019 AGM: Annual Report on Remuneration (advisory)	754,803,958	95.56%	35,075,821	4.44%	224,875

Approval

This Directors' remuneration report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Jill Easterbrook

Chair of the Remuneration Committee
25 June 2020

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and the audited financial statements of Auto Trader Group plc (the 'Company') and its subsidiaries (together the 'Group') for the financial year to 31 March 2020.

Statutory information

Information required to be part of the Directors' report can be found elsewhere in this document, as indicated in the table below, and is incorporated into this Report by reference:

SECTION OF ANNUAL REPORT	PAGE REFERENCE
Employee involvement	Strategic report; Making a difference (page 42)
Employees with disabilities	Strategic report; Making a difference (page 44)
Financial instruments	Note 2 to the consolidated financial statements
Future developments of the business	Strategic report (pages 22 to 27)
Greenhouse gas emissions	Strategic report; Making a difference (page 47)
Non-financial reporting	Strategic report: Making a difference (page 40)

Information required by LR 9.8

Information required to be included in the Annual Report by LR 9.8 can be found in this document as indicated in the table below:

SECTION OF ANNUAL REPORT	PAGE REFERENCE
Allotment of shares during the year	Note 25 to the consolidated financial statements
Directors' interests	Directors' remuneration report (page 87)
Significant shareholders	Directors' report (page 92)
Going concern	Principal risks and uncertainties (pages 58 and 59)
Long-term incentive schemes	Directors' remuneration report (pages 80 to 89)
Powers for the Company to buy back its shares	Directors' report (page 91)
Significant contracts	Directors' report (page 92)
Significant related party agreements	Directors' report (page 92)
Statement of corporate governance	Corporate governance statement (pages 64 to 69)

Management report

This Directors' report, on pages 90 to 93, together with the Strategic report on pages 2 to 59, form the Management Report for the purposes of DTR 4.1.5R.

Strategic report

The Strategic report, which can be found on pages 2 to 59, sets out the Group's strategy, objectives and business model; the development, performance and position of the Group's business (including financial and operating key performance indicators); a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

UK Corporate Governance Code

The Company's statement on corporate governance can be found in the Corporate governance statement, the Report of the Nomination Committee, the Report of the Audit Committee and the Directors' remuneration report on pages 64 to 89, all of which form part of this Directors' report and are incorporated into it by reference.

2020 Annual General Meeting

The 2020 AGM will take place at 10:00am on Wednesday 16 September 2020 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. In light of the current restrictions over public gatherings due to COVID-19, the AGM will be run as a closed meeting. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk. The Notice of Meeting sets out the resolutions to be proposed and specifies the deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Board of Directors

The following individuals were Directors of the Company for the whole of the financial year ending 31 March 2020, and to the date of approving this report unless otherwise stated:

- Ed Williams.
- Trevor Mather (resigned 29 February 2020).
- Nathan Coe.
- David Keens.
- Jill Easterbrook.
- Jeni Mundy.
- Catherine Faiers (appointed 1 May 2019).
- Sigga Sigurdardottir (appointed 1 November 2019).
- Jamie Warner (appointed 1 March 2020).

All Directors will stand for election or re-election at the 2020 AGM in line with the recommendations of the Code.

Appointment and replacement of Directors

At each AGM each Director then in office shall retire from office with effect from the conclusion of the meeting. When a Director retires at an AGM in accordance with the Articles of Association of the Company, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring

Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 100 to 149.

The Company declared an interim dividend on 7 November 2019 of 2.4 pence per share which was paid on 24 January 2020.

As a result of the current economic uncertainty surrounding the impact of COVID-19, the Directors are not recommending a final dividend for the year.

Amendment of the Articles

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. At the 2020 AGM, resolution 18 proposes an amendment to the Articles of Association to reflect recent developments in market practice in respect of holding combined physical and electronic general meetings (also known as 'hybrid' meetings). These hybrid meetings would enable members to attend and participate in the business of the meeting by attending a physical location or by means of an electronic facility or facilities. It is not the current intention of the Board to routinely hold combined physical and electronic general meetings. These amendments are being made to provide the Directors with the flexibility should they need to make alternative arrangements for participation in meetings (including where physical participation may be prevented or restricted).

Share capital and control

The Company's issued share capital comprises ordinary shares of £0.01 each which are listed on the London Stock Exchange (LSE: AUTO.L). The ISIN of the shares is GB00BVYVFW23.

The issued share capital of the Company as at 31 March 2020 comprised 922,540,474 of £0.01 each, and 4,090,996 shares were held in treasury. On 3 April 2020, 46,468,300 additional shares were allotted for a consideration of £4.00 per share as a result of a non-pre-emptive placing.

As at 25 June 2020 the issued share capital of the Company comprises 969,008,774 of £0.01 each, and 3,429,427 shares were held in treasury.

Further information regarding the Company's issued share capital and details of the movements in issued share capital during the year are provided in note 25 to the Group's financial statements. All the information detailed in note 25 forms part of this Directors' report and is incorporated into it by reference.

Details of employee share schemes are provided in note 29 to the Group financial statements.

Authority to allot shares

Under the 2006 Act, the Directors may only allot shares if authorised to do so by shareholders in a general meeting. In the 2019 AGM, resolution 13 conferred upon the Directors the authority under Section 551 of the 2006 Act to allot ordinary shares up to a maximum nominal amount of £6,196,079 (619,607,899 shares), representing approximately two thirds of the Company's existing share capital of which 309,757,499 shares (representing approximately one third of the Company's issued ordinary share capital) could only be allotted pursuant to a rights issue. Special resolution 14 further conferred upon Directors the authority to allot ordinary shares up to a maximum nominal amount of £464,683 (46,468,300 shares), for cash, on a non-pre-emptive basis. As noted above, the Directors used this authority to conduct a non-pre-emptive placing of 46,468,300 ordinary shares which was completed on 3 April 2020.

In the Notice for the 2020 AGM, ordinary resolution 13 seeks a new authority to allow the Directors to allot ordinary shares up to a maximum nominal amount of £6,437,518 (643,751,750 shares), representing approximately two thirds of the Company's existing share capital at 25 June 2020, of which 321,827,596 shares (representing approximately one third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. Special resolution 14 seeks a new authority to allow the Directors to allot ordinary shares on a non-pre-emptive basis up to a maximum nominal amount of £482,790 (48,278,967 shares), representing approximately 5% of the Company's existing share capital at 25 June 2020. Special resolution 15 seeks a new authority to allow the Directors to allot ordinary shares on a non-pre-emptive basis in connection with an acquisition or specified capital investment, up to a further maximum nominal amount of £482,790 (48,278,967 shares), representing approximately 5% of the Company's existing share capital at 25 June 2020.

Authority to purchase own shares

The Company's share buyback programme continued during the year. By resolutions passed at the 2019 AGM the Company was authorised to make market purchases of up to 92,936,538 of its ordinary shares, subject to minimum and maximum price restrictions. A total of 11,431,823 ordinary shares of £0.01 each were purchased in the year to 31 March 2020, being 1.23% of the shares in issue at the time the authority was granted. The average price paid per share was 538.85p with a total consideration paid (inclusive of all costs) of £62.0m. 774,734 shares were purchased for treasury, and the remaining 10,657,089 shares were purchased to be immediately cancelled. The Directors will seek authority from shareholders at the forthcoming AGM for the Company to purchase, in the market, up to a maximum of 10% of its own ordinary shares (excluding shares held in treasury) either to be cancelled or retained as treasury shares.

Rights attaching to shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Auto Trader Group Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

Voting rights

Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands, unless the Directors decide in advance that a poll will be conducted, or unless a poll is demanded at the meeting. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy,

DIRECTORS' REPORT CONTINUED

in respect of any share held by him, unless all amounts presently payable by him in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Company's share dealing code whereby Directors and certain employees of the Company require approval to deal in the Company's securities.

Change of control

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

Significant contracts

The only significant agreement to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the revolving credit facility agreement, which contains customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

Transactions with related parties

As described in note 33, during the year, the Group transacted with Burns Sheehan Limited, a third party in which a Director holds a shareholding. This company is deemed to be a related party. Costs incurred were in respect of recruitment consultancy services which amounted to £26,250 (2019: £1,250). There were no amounts outstanding at the year end. All transactions were completed at an arm's length basis.

Compensation paid to Directors and Key Management is as disclosed in note 8 to the Group financial statements.

Research and development

Innovation, specifically in software, is a critical element of Auto Trader's strategy and therefore of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to this area.

Interests in voting rights

At the year end the Company had been notified, in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, of the following significant interests in the issued ordinary share capital of the Company:

SHAREHOLDER	AT 31 MARCH 2020		AT 25 JUNE 2020	
	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each
BlackRock Inc.	90,997,987	9.90%	88,810,670	9.20%
Kayne Anderson Rudnick Investment Management LLC.	76,844,345	8.31%	76,844,345	8.31%
Baillie Gifford & Co.	47,482,549	5.01%	47,482,549	5.01%

Since 30 September 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements, and as a result the amount of capitalised development costs has decreased as less expenditure meets the requirements of IAS 38, Intangible Assets.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries and such insurance was in force for the whole of the financial year ending 31 March 2020. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of Section 236 of the Companies Act 2006: in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director Liability provisions of the Companies Act and the Company's Articles.

Environmental

Information on the Group's greenhouse gas emissions is set out in the 'Making a difference' section on page 47 and forms part of this Report by reference.

Political donations

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

Post balance sheet events

COVID-19

Conditions were present regarding the pandemic including the social distancing measures at the balance sheet date. Given the circumstances, management made judgements relating to revenue recognition and recoverability of assets, in particular accrued income and trade receivables. These judgements have been disclosed in note 1.

Management have assessed these events as adjusting post balance sheet events given that they provide evidence of conditions that were present at the balance sheet date. Management have therefore reflected the impact of these events in the estimates made.

Equity raise

As noted above, on 1 April 2020 the Company announced its intention to conduct a non-pre-emptive placing of up to 5% of its issued share capital. On 3 April 2020 the placing was completed, and a total of 46,468,300 new ordinary shares were allotted for a consideration of 400.00 pence per Placing Share, a discount of 8.9% to the closing share price of 439.1 pence on 31 March 2020. The placing raised gross proceeds of £185.9m for the Company, or £183.2m net of fees incurred.

RCF extension

On 1 June 2020, the Group extended the term for £316.5m of the Syndicated RCF for one year, incurring additional associated debt transaction costs of £0.5m. The facility will terminate in two tranches: £316.5m will now mature in June 2025; and £83.5m will mature at the original termination date of June 2023. There is no change to the interest rate payable and there is no requirement to settle all, or part, of the debt earlier than the termination dates stated.

External branches

The Group had no active registered external branches during the reporting period.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk, are given in note 31 to the consolidated financial statements.

Disclosure of information to auditors

Each of the Directors has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs as adopted by the EU') and applicable law, and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm, to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approval of Annual Report

The Strategic report and the Corporate governance report were approved by the Board on 25 June 2020.

Approved by the Board and signed on its behalf.

Claire Baty
Company Secretary
25 June 2020