

By understanding our stakeholders' diverse needs, we factor into Board discussions the potential impact our decisions could have on them. Below are two material decisions made during the financial year with an explanation of how we considered the needs of our stakeholders in each.

Read more overleaf 

OUR STRATEGIC PRIORITIES

-  **Classified marketplace**
-  **Platform**
-  **Digital retailing**
-  **Being a responsible business**

THE COST OF LIVING CRISIS

CONTEXT

As inflation began to rise and the cost of living crisis began to impact daily life, the Board considered the impact on stakeholders in response to growing financial concerns.

BOARD CONSIDERATIONS

Given the significant shift in the macro-economic backdrop at the start of our financial year, with rising inflation and weaker consumer confidence, the Board devoted significant time to reviewing the impact on the business and each stakeholder group. This included our product and pricing strategy; the management of our own cost base; the impact on employees (particularly lower paid employees); the implications for customers, consumers and suppliers; as well as considering any impacts on the wider community and the environment.

OUTCOME

The Board noted that the increase in the cost of living and inflation pressure would impact all employees, in particular those on lower salaries. Allowance was made for this in the annual pay review, which weighted increases towards employees on lower incomes. In addition, a one-off payment of £700 per employee was made (excluding the OLT and the Board) in December 2022.

Relevant strategic priorities:



The Board considered the impact of rising costs on our customers, and decided to continue to prioritise developing and launching products that would help our customers to inform their own pricing and improve their profitability, such as the Auto Trader Connect: 'Valuations' module and AT Moves, which many customers have made significant cost savings through.

Recognising an increase in our own cost base, and the expectations of investors to grow revenue in line with inflation, the Board considered a number of options in relation to annual price rises, including consideration of a one-off inflationary rise. However, balancing the need to support our customers in a sustainable way, this approach was ruled out, and we maintained the existing policy of a single annual rise.

The Board reviewed consumer behaviour during previous recessions or economic slowdowns, and noted that consumer behaviour has generally remained resilient to economic shocks. However, it was also noted that there was a risk that cost pressures could result in a slowing down in the adoption of electric vehicles, which are on average 37% more expensive than an internal combustion engine ('ICE') vehicle. It was agreed that we need to enhance the content around affordability, including finance options, but to balance this with a continued focus of being the best buying destination for EVs.



The Board noted it was important to continue to work in a partnership approach with suppliers, particularly smaller suppliers. Material supplier contracts were reviewed for inflation linked cost increases and we enhanced our supplier risk review processes over their financial stability.

Noting that the charity sector was likely to be impacted adversely, the Board agreed that it was important to maintain existing levels of corporate charitable donations and to continue to support employees with their fundraising efforts.

Overall, the Board agreed that the actions taken in response to the cost of living crisis are in line with our purpose and the long-term interests of the business.

RELEVANT STAKEHOLDERS

- Consumers
- Customers
- Our people
- Partners & suppliers
- The community & the environment
- Investors

DISPOSAL OF WEBZONE LIMITED

CONTEXT

Webzone Limited, which trades in the Republic of Ireland under the Carzone brand, was sold to Mediabus Ireland for consideration of €30 million.

BOARD CONSIDERATIONS

Webzone Limited is the second largest automotive marketplace for retailers and consumers in Ireland and is headquartered in Dublin. For the year ended 31 March 2022, Webzone Limited contributed total revenue of £4.9m (which included £4.1 million of retailer revenue) and operating profit of £1.3 million to Auto Trader's Group results. It represented 4% of the Company's average retailer forecourts and 4% of its full-time equivalent employees.

Relevant strategic priorities:



In making its decision about whether to proceed with the disposal of Webzone Limited, the Board considered various factors, including the valuation of the business in comparison to current profitability; the impact of the disposal on the Auto Trader UK business; the impact on Webzone Limited's management team and employees; and the impact on Webzone Limited's customers and suppliers, which were taken into account when negotiating the final terms of the disposal.

OUTCOME

Webzone Limited had been part of the Auto Trader Group for almost 20 years, and whilst this would represent a significant change for employees and customers, the Board agreed that the disposal was likely to promote the success of the Company for the benefit of its members, and would enable Auto Trader to focus fully on the opportunities in the UK automotive market.



RELEVANT STAKEHOLDERS

- Consumers
- Customers
- Our people
- Partners & suppliers
- Investors