

Driving change together.
Responsibly.



Auto Trader Group plc is the UK and Ireland's largest digital automotive marketplace. Our marketplace sits at the heart of the vehicle buying process, with the largest number of car buyers having access to the largest choice of trusted stock.

Auto Trader exists to grow both its car buying audience and core advertising business. It will change how the UK shops for cars by providing the best online car buying experience, enabling all retailers to sell online. We aim to build stronger partnerships with our customers, use our voice and influence to drive more environmentally friendly vehicle choices and create an inclusive and more diverse culture.

2

STRATEGIC REPORT

- 2 Business at a glance
- 4 Why invest in us?
- 6 Chairman's statement
- 8 Chief Executive Officer's statement
- 12 Market overview
- 16 Our purpose
- 18 How we create value
- 20 How we engage with our stakeholders
- 28 Our strategy
- 32 Key performance indicators
- 38 Operational review
- 42 Financial review
- 46 Make a difference
- 62 How we manage risk
- 64 Principal risks and uncertainties

72

GOVERNANCE

- 72 Governance overview
- 74 Board of Directors
- 78 Corporate governance statement
- 84 Report of the Nomination Committee
- 86 Report of the Audit Committee
- 90 Report of the Corporate Responsibility Committee
- 94 Directors' remuneration report
- 114 Directors' report

118

FINANCIAL STATEMENTS

- 118 Independent auditor's report to the members of Auto Trader Group plc
- 124 Consolidated income statement
- 125 Consolidated statement of comprehensive income
- 126 Consolidated balance sheet
- 127 Consolidated statement of changes in equity
- 128 Consolidated statement of cash flows
- 129 Notes to the consolidated financial statements
- 168 Company balance sheet
- 169 Company statement of changes in equity
- 170 Notes to the Company financial statements
- 175 Unaudited five-year record
- 176 Shareholder information

Making key decisions to strengthen our business

The past year has perhaps been the greatest challenge ever faced by our Company and our industry. As a result of early and decisive action that we took to protect our people and support our customers; our business, culture and customer relationships are in a strong position.

Looking ahead, we believe these actions have strengthened our foundations and positioned us well to enable car buying to shift online, which has been accelerated by the COVID-19 pandemic.

Chief Executive Officer's statement P8 →

How we engage with our stakeholders P20 →



Guaranteed Part-Exchange

We launched our Guaranteed Part-Exchange ('GPX') and Instant Offer products. GPX enables the consumer to get a guaranteed price for their part-exchange, while Instant Offer enables private sellers to sell their car at a guaranteed price.

c.1,000

retailers trialling our Guaranteed Part-Exchange product at year end

AutoConvert acquisition

We acquired AutoConvert, a finance, insurance and compliance software platform with integrated customer relationship management; which will help us deliver future finance products on Auto Trader.

AutoConvert

>60

lenders integrated into AutoConvert

Financial

Revenue

£m



Operating profit

£m



Operating profit margin

%



Basic EPS

Pence per share

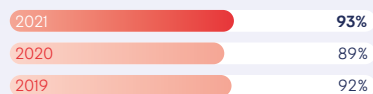


Financial KPIs P32 →

Cultural

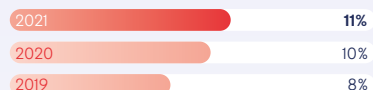
Employee engagement

% of employees who are proud to work at Auto Trader



BAME representation as a % of total staff

As at March each year



Cultural KPIs P36 →

Operational

Cross platform visits

Monthly average visits across all platforms (millions)



Cross platform minutes

Monthly average minutes spent across all platforms (millions)



Live car stock

Average number per month



Number of retailer forecourts

Average number per month



Operational KPIs P34 →

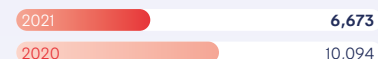
Women as a % of total staff

As at March each year



Total CO₂ emissions¹

Tonnes of carbon dioxide equivalent



1. The total amount of CO₂ emissions includes Scope 1, 2 and 3. 2021 and 2020 totals include emissions from additional relevant Scope 3 categories. The 2019 total includes limited Scope 3 emissions and has therefore been excluded from the above comparative.

Chairman's statement



I hope and believe Auto Trader has looked after its shareholders, not at the expense of stakeholders, but precisely by focusing on doing the right thing for all stakeholders.



Ed Williams
Chairman

We have responded to the pandemic and are well positioned for the future

Overview

In this year's annual statement, I wanted to pose and attempt to answer two questions:

1. How has Auto Trader responded to the COVID-19 pandemic?
2. Is it possible that, following our biggest ever decline in revenues and profits, Auto Trader might be stronger than ever?

In doing so I may neglect other topics which, under normal circumstances, I might have focused on. In particular there is much I could have said regarding our focus on ESG matters, covered in detail elsewhere in this Annual Report.

COVID-19 and our stakeholders

On 1 April 2020, Auto Trader made use of the powers explicitly granted to the Board through our annual shareholder resolutions to issue new equity up to 5% of the total issued share capital of the Company. We raised £182.9m net of all fees. I thank our shareholders who supported this equity raise.

We used the proceeds of the equity raise to pay down the majority of our outstanding debt. Thereby we eliminated for all practical purposes the possibility of breaching our banking covenants. We suspended our dividend to conserve cash, as well as our share buyback programme, but also to protect our shareholders from the perception of their benefiting at a time when other stakeholders were suffering.

We provided our advertising services to all retailer customers for free in April, May, December and February and at a discount in June. We also extended payment terms in relation to invoices falling due during certain periods of lockdown. To the best of our knowledge this level of support from a market leading portal to its customers during the COVID-19 crisis is unprecedented anywhere in the world. Our ability to do this was made significantly easier as a result of removing the risk of breaching our banking covenants.

At the start of the crisis we furloughed around 25% of our employees, as retailers essentially closed their businesses. Towards the end of May and as soon as it seemed likely that the business could survive even the worst scenarios, all of our people placed on furlough returned to work and in September we voluntarily repaid all amounts to the Government claimed under the furlough scheme.

These have been challenging times for all our employees and continue to be so. None of our employees have to my knowledge suffered serious medical problems as a result of COVID-19, nor been infected with COVID-19 through work. But inevitably, given the number of deaths and the knock-on consequences to other healthcare, to mental health and to the restrictions imposed on us and our families, these have been challenging times. I would like to thank all our employees.

I hope our employees feel that the decision not to charge our customers helped make their working life a bit easier. I know the many messages of thanks from our customers have been greatly appreciated. I also hope that the financial strength of our business has given comfort about job security when so many have lost theirs or worry about the prospect.

Another stakeholder in our business is our Government. Our business benefits from so many things provided by the state and which we sometimes barely acknowledge. Education, healthcare, transportation and the rule of law, that allows increasingly sophisticated and "virtual" business to flourish. All things that benefit Auto Trader. We appreciate the support offered. We felt it essential to return the furlough money in full at the very earliest prudent time as well as paying our taxes when they would normally fall due rather than take advantage of further deferrals.

Auto Trader's rate of taxation is directly in line with the corporation tax rate of 19%. It is a source of pride to us that we make this contribution to our society; not a source of embarrassment that our approach to tax is less sophisticated than those of many companies. Like every company, we have many other stakeholders. I hope they all feel fairly treated and respected by Auto Trader.

Supporting stakeholders has never been more important

Nathan Coe
Chief Executive Officer

Overview

The past year has been like no other. The coronavirus pandemic ('COVID-19') has had a significant impact on all aspects of our lives and posed unforeseen challenges for all businesses, including our own. The automotive industry has had to face these challenges at a time when underlying pressures already existed, whether due to Brexit, increased regulation or the shift away from internal combustion powered vehicles. The way our customers do business is changing and following COVID-19 is set to change even quicker.

Throughout this year, we have consistently looked to support our stakeholders. Early in the crisis we looked to move quickly and decisively, which we believe has served us well. We have supported our employees and focused on their mental and physical wellbeing; we have adapted our marketplace to help consumers shop safely for their next vehicle; and we have supported the industry with offers and discounts at a time when our customers needed us. We have done all of this while making continued investments in our priority areas of putting more data in the hands of our customers, part-exchange and supporting a move towards selling online.

The support we provided, most notably to our customers, has had a material impact on our results for this financial year. Throughout the crisis we focused on three priorities:

- Protecting our people.
- Protecting our standing with customers.
- Ensuring we exit the crisis quickly and in a stronger position than before the pandemic.

We believe we have delivered on all three of these priorities. As the pandemic passes and restrictions are eased, we are in the best possible position to prosper and we are committed to taking a leadership position to bring the benefits of new technologies to car retailers and the car buying public.

Summary of operating performance

COVID-19 has had a significant impact over the last year. To support our customers through the various periods of national lockdown,

we offered four months of free advertising and one month with a 25% discount. This was the primary contributing factor to our revenue decline of 29% to £262.8m which, due to our high operating leverage, resulted in an Operating profit decline of 38% to £161.2m. Despite this we feel confident in our strengthened audience position, our strong volumes of both stock and retailers at year end, and our opportunity to bring more of the car buying journey online.

Our purpose and strategic focus

Our purpose is encapsulated by 'Driving change together. Responsibly'. We aim to be at the forefront of helping the whole automotive industry to change. We will look to help retailers to digitise their businesses, move more of the car buying process online and assist consumers when making more environmentally friendly vehicle choices. We strive to be the best place to find, buy and sell a car in the UK on a platform that enables data-driven digital retailing for our customers. We continue to think about our strategy in terms of three commercial growth horizons: core; adjacent; and future, which sits alongside our make a difference strategy. We have made good progress across all areas through the year.

The COVID-19 pandemic has changed consumers' buying behaviour with more transactions being done remotely away from the retailer's physical showroom. Whilst we believe that the physical showroom will continue to play a role in the car buying process for some time to come, many of the processes that currently take place offline will be digitised, enabling more of the car buying journey to be done online. This is our key strategic focus and alongside continued growth in our core forms the basis of our growth aspirations.

Over the past year, we have developed and launched a Guaranteed Part-Exchange product that provides consumers with a convenient way to dispose of their vehicle, and digitises a core component of the buying journey. We also acquired AutoConvert,

a finance, insurance and compliance software platform. The business's core functionality will underpin our future finance product on Auto Trader, which will enable finance agreements to be completed online. Finally, we are developing a way for consumers to reserve a car with a retailer on Auto Trader.

Fundamental to our core growth horizon is our ability to innovate and deliver continuous product development and user improvements for consumers, retailers and manufacturers. We adapted our marketplace to further help retailers advertise their stock during the pandemic. We increased the size of retailer adverts in search listings, added COVID-19 secure flags for retailers who adopted safety measures and provided detail of home delivery and collection options.

In April 2020, we successfully executed our annual pricing event which included an upgraded Performance Dashboard, our entry level pricing tool Retail Check and a new Market Insight tool. These tools give retailers access to up-to-date market intelligence so they can identify key market trends, understand how they impact performance, and inform business decisions. Embedding our data into the industry has long been a focus area, and with the recent acquisition of KeeResources and increased levels of online selling, there remains significant future opportunity.

Following year end, we have evolved our advertising package structure and changed the sort order for listings. Where our packages previously promoted adverts based on the device a consumer was searching on, we have created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm, which takes package level into account. As part of this change, we have discontinued our Basic package, introduced a higher level and re-branded our top three levels Enhanced, Super and Ultra. Towards the end of the year, we also launched a new product, Market Extension, that allows customers to sell vehicles outside their local area.

This product works for both centrally held vehicles and vehicles on physical forecourts where the retailer is prepared to either deliver to the buyer or move the vehicle to a closer location. Recently we have seen an increase in the average distance car buyers are willing to consider purchasing their next vehicle, making Market Extension a key product for the increasing number of retailers looking to sell online.

Within our adjacent horizon we continue to make progress with our new car advertising product. Network effects are beginning to take hold and we have grown both the number of retailers advertising their new car stock with us and the level of consumer engagement significantly over the past 12 months.

Maintaining our competitive position

Our audience performance has strengthened over the year, as consumers have looked to do more of the car buying journey online whilst forecourts have been closed. After an initial decline in visits through April and May 2020, audience rebounded strongly. Over the financial year the number of visits to our platforms increased by 15% to 58.3m on average per month (2020: 50.8m), and engagement, which we measure by total minutes spent on site, increased by 14% to 561m on average per month (2020: 492m).

ESG

We do not see ESG as a box ticking exercise or something tacked onto the side of our business. It is implicit in our purpose of 'Driving change together. Responsibly'. To oversee these efforts we have established a Corporate Responsibility Board Committee and a collection of KPIs and targets. We are on a path to setting a carbon net zero target for our business and have signed up to the 1.5C Science Based Targets initiative. We think about our environmental commitments in three ways: the impact we can have on consumers to make more environmentally friendly vehicle choices; the impact we can have on the industry to support the transition to electric vehicles; and the impact our own business has on the environment.

After five years of concerted effort, diversity and inclusion has become an important part of our culture. I am proud to report that despite the turbulent nature of the past year, we have launched new talent and leadership programmes with a significant focus on achieving diverse representation in these programmes. We published our ethnicity pay gap for the first time this year, and much like our gender pay gap, it has highlighted both the success of our efforts and the fact that there remains more to do.

Our people

I am both proud and incredibly grateful for the resilience all our people have shown in what has been a very tough year. Not only have they adapted seamlessly to working from home, but their collective efforts have

meant we are in a stronger position today than at any point in recent history. It's very encouraging to report that 93% of our employees are proud to work at Auto Trader, up 4% from a year before.

Finally, I want to thank our people, our Board, our customer partners and our wider stakeholders for continuing to trust us to do the right thing. As Ed highlighted in his statement, we believe that doing the right thing does and will ultimately deliver better outcomes for all stakeholders. We remain confident that with a vaccine programme now firmly in place the industry can move forwards and capitalise on the opportunities we now have to enable cars to be bought and sold online.

Outlook

Auto Trader has started the new financial year in a strong position as a result of the actions taken in the last year. This is reflected in our recent trading performance, a strong pipeline of product innovations and improved relationships with customers. In the longer term, we will be beneficiaries of the major changes underway in the car retailing market, where more of the buying journey is moving online.

Despite unusually strong demand and tight supply, COVID-19 is currently having little impact on the financial performance of the business as we start financial year 2022. However, as seen in other countries, we cannot yet be sure that COVID-19 will not reappear as a significant negative factor in our future performance. The following remarks assume no significant restrictions on our retailers' ability to trade going forward.

In the year ahead, we expect to deliver high single digit growth on FY20 ARPR and Operating profit margins that are in line with FY20 levels, with FY20 being the year ended March 2020.

As we started the year, we successfully executed our annual pricing event in April 2021 including the launch of Retailer Stores, which offers customers their own dedicated, customisable location on Auto Trader. Retailer numbers for the year are likely to be in line with FY20 levels and stock is still expected to be a small headwind. Consumer Services, and Manufacturer and Agency revenue, which make up 14% of Group revenue, will recover from FY21 lows, but are unlikely to reach FY20 levels, as sellers favour part-exchange and new car advertising is impacted by semiconductor supply issues.

The Board is confident for the future prospects of the business.

Nathan Coe

Chief Executive Officer
10 June 2021

Committed to acting with purpose

Continue to strengthen our network effect model

During 2021, we have seen higher levels of audience visiting Auto Trader and higher levels of engagement across the most comprehensive selection of vehicles, from the largest selection of sellers.

14.1m

volume of leads sent to retailer customers in 2021 despite the UK seeing periods of lockdown

How we create value P18 →

Building on our core to bring more of the car buying journey online

We exist to drive change in how cars are bought and sold, to move more of the shopping process online and to enable retailers to digitise their businesses.

443k

volume of stock showing available for click and collect or home delivery in March 2021

Our strategy P28 →

Driving our culture and values through everything we do

We focus on ensuring we create a highly collaborative culture where people feel motivated and supported to be their true self at work and perform to their highest standards.

92%

of employees surveyed would recommend Auto Trader as a great place to work

Make a difference P46 →

Q&A

with Nathan Coe

Making key decisions to protect our business

Q. How have you found your first year of being CEO?

A. Having to navigate the business through a global pandemic wasn't exactly what I imagined my first year would involve, but in many ways it has given us the opportunity to accelerate many of the areas that were important to me. Auto Trader is an incredible business that is underpinned by amazing people, so it is a pleasure and a privilege to help lead the organisation. We have had to make some bold decisions over the last 12 months but we believe by doing so we have protected our employees, supported our customers and strengthened our already strong position.

I am particularly proud of how we as a business have been able to stand by our customers when they needed us most. The support we have given customers through free advertising, extended payment terms and additional stock offers has made a material difference to them. We hope that by showing this support we have demonstrated in the clearest of ways the sort of partner we intend on being to them.



Auto Trader is an incredible business that is underpinned by amazing people, so it is a pleasure and a privilege to help lead the organisation.



Q. On reflection, would you have done anything differently in dealing with the global pandemic?

A. Hindsight is an exact science and so of course there are small things that you might do differently if you got the chance again. In the main I think we have navigated the pandemic well, and that is down to all of the people involved in making and implementing those decisions. The decisions we made were well considered based on the information available at the time and importantly as recognition of what we didn't know. We acted in a swift and decisive manner to mitigate risk and importantly ensure we could continue to pursue the opportunities that will underpin our long-term growth.

Q. How have you ensured that key people initiatives have continued to get focus during the pandemic?

A. Our people are always front of mind. For me it was vitally important that the pandemic did not cause a material slow down in our people related plans – most notably what we want to do around diversity and inclusion. We therefore made a conscious decision to accelerate our efforts in this area which included launching an inclusive leadership programme for all leaders in the business.

We know that development is high on the agenda for our people, and was one of the areas people had concerns about during the various lockdowns. Our induction programme, people leader training courses and tech showcases were all adapted to be virtual. At the end of the year we launched our new Diverse Talent Accelerator programme, designed to help the next generation of leaders progress through the business.

93%

of our people feel proud to work at Auto Trader



How we operate to be the best place to find, buy and sell a car in the UK and to be the platform that enables data driven digital retailing for our customers.

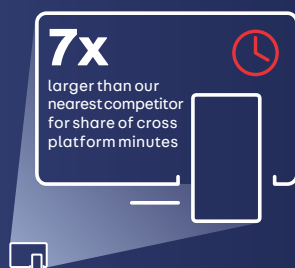
[Our strategy P28 →](#)
[Make a difference P46 →](#)

Largest volume of in-market car buyers

The scale of our consumer audience means we are the most effective sales platform for anyone who is wanting to sell a vehicle.

58.3m

monthly average cross platform visits

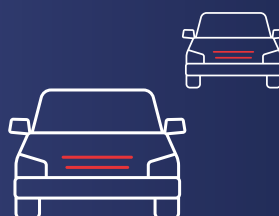


Extensive choice of trusted stock

Our marketplace provides our buyers with an unrivalled choice of both new and used cars to cater for all consumers' needs.

485,000

live car stock on average per month



Bringing the car buying journey online

Development of tools to convert car buyers' interest into sales whilst on the Auto Trader platform, stretching our influence beyond just the advertising of the vehicle.

14.1m

volume of leads submitted to retailer customers in 2021



Value outputs

How we share value with our stakeholders



For consumers

Our trusted marketplace gives consumers one place to view an extensive choice of vehicles for sale and we provide transparency to allow them to make the most informed decision.

8.1m

car transactions in the UK in 2021



For customers

Our largest and most highly engaged audience results in the most effective sales channel for our customers.

13,336

average retailer forecourts in 2021



For partners & suppliers

We work collaboratively on innovations, increasing revenue from shared opportunities whilst ensuring we have fair trading and robust terms and conditions.

350,000

Zuto finance applications submitted by our consumers



For employees

Our environment has been created to ensure everyone gets the chance to be the best that they can be and develop their careers. We offer competitive packages to all of our employees.

93%

of our people feel proud to work for Auto Trader



For the community & the environment

We support each other and think of others before ourselves. We respect diversity and advocate inclusion, and make a difference to the communities around us.

31,400

trees planted in 2021 as part of our partnership with Ecologi



For investors

We continually invest in our platform and marketplace to create a long-term sustainable business. A high proportion of our profit is converted into cash, which in normal periods is largely returned to shareholders through dividends and share buybacks.

£15.7m

of net cash at March 2021

Section 172(1) statement

Directors are required to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, whilst also having regard to the factors listed in Section 172 of the Companies Act 2006.

As a marketplace, we have a diverse set of stakeholders and aim to balance their needs and outcomes, for example, balancing those of our consumers (users of the website) with those of our customers (retailers, manufacturers and other customers). We acknowledge that not every decision we make will necessarily result in a positive outcome for all of our stakeholders.

By understanding our stakeholders, and by considering their diverse needs, we factor into boardroom discussions the potential impact of our decisions on each stakeholder group.

The content below sets out how we engage with our key stakeholders. Not all information is reported directly to the Board and not all engagement takes place directly with the Board.

However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the Board and/or a Board Committee.



Consumers

Their needs

- Ease of buying or selling a vehicle
- Comprehensive choice of vehicles
- Clear and accurate information
- Transparency about the vehicle, about the seller and about the payment options

How we engage

- We speak to consumers for our Car Buyers Report, and biannual Market Reports to gauge views on the car market
- We hold consumer onsite surveys which provide constant feedback and an NPS score
- Consumer user testing of new products, services and brand designs on our website
- Workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (including how we display finance)
- Complaints and customer security teams operate 7 days a week
- We measure consumer brand sentiment and engagement scores
- Consumer research is provided to the Board



Customers

(retailers, manufacturers and other customers)

Their needs

- Making the car selling process more efficient
- Increasing exposure to consumers and receiving high quality leads
- Receiving value for money from Auto Trader
- Sourcing vehicles

How we engage

- Monthly retailer sentiment surveys, which evaluate value for money
- Regular thought leadership, insight-driven reports, such as the Car Buyers Report, and the biannual Market Reports
- Hosting industry insight events, dealer masterclasses, webinars and conferences
- Sales team "on the ground" (operating virtually during 2021)
- Summary of the Voice of the Customer emails circulated to the Board
- Business partnering by the Operational Leadership Team ('OLT') and other senior management
- Attendance by customers at Board meetings



Employees

Their needs

- Diversity and inclusion
- Training and career development
- Reward and benefits
- Working conditions, environment and wellbeing

How we engage

- Board Engagement Guild engages directly with the Board
- Quarterly virtual conferences, regular CEO and OLT virtual business updates
- Annual benefits roadshow, salary workshops and share scheme pulse survey
- Save as you earn share schemes
- D&I guilds with networks for BAME, Women, Age, LGBT+, Neurodiversity and Disability with OLT sponsors. Including specific Board reverse mentoring by BAME employees
- Regular employee check-in surveys
- Health and safety assessments
- Wellbeing forums
- Whistleblowing service

Protecting the wellbeing of our people

Strategic decisions relating to our employees...

Working from home

As the pandemic took hold in March 2020, we seamlessly transitioned to working remotely by adapting our systems and technology to enable our employees to continue working collaboratively despite being at home. We have also permanently adopted a new flexible working policy, which will enable a hybrid way of working in future.



Employee updates

We launched OL:TV where the Operational Leadership Team ('OLT') have provided regular live updates throughout the year to employees on a broad range of topics. Additionally, there have been two Company virtual conferences: ATCONversations, where the OLT gave updates on the Company purpose, future strategy and ways of working.

Health and wellbeing

With health and wellbeing being paramount, initiatives have been launched to increase employee support services. We have also supplied equipment to ensure safe working conditions, as well as adopting new software such as Miro, an online collaboration platform, and scaled up Microsoft Teams.

Improving diversity and inclusion

We continue to nurture our inclusive culture and enrich our work community with diverse individuals. Much of this work is supported and informed by our many employee networks and guilds representing: women, BAME, LGBT+, disability & neurodiversity and age.

Inclusive culture programmes

To increase our representation across all levels of the organisation, we aim to stimulate the flow of diverse talent from early careers through to senior leadership by both targeted development programmes and equipping our leaders to get the very best out of everyone on their team and support their development through the organisation. We have launched a number of learning and development programmes, including: Inclusive Leadership ('IL') and Diverse Talent Accelerator ('DTA'), as well as a programme of continuous leadership development.

Impact on stakeholders

Primary

Employees have seen significant disruption to their ways of working this year



Employees



Customers



Consumers

Secondary



Partners
& suppliers



The community
& the environment



Investors

How the Board's engagement with this stakeholder influenced decision-making

The Board has consistently discussed and reviewed the views of employees, through feedback from both the Executive Directors and the Employee Engagement Guild. With such significant change to working practices, not least the introduction of a new long-term flexible working policy, it has been essential to do so. 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 quarterly basis during Board meetings.

A new way of measuring our cultural performance

We have identified six cultural KPIs that we consider to be most relevant in assessing how we are progressing against our make a difference strategy.



Our work community is a place where differences are celebrated and where diverse individuals can thrive.

—
Alison Ross
People and Culture Director

Cultural

Employee engagement

% of employees who are proud to work at Auto Trader

93%

+4% pts



Relevant focus areas



Definition

We define employee engagement by measuring the percentage of people who are proud to work for Auto Trader. Based on a survey to all employees in January 2021 asking our people to rate the statement "I am proud to work for Auto Trader". Answers were given on a five-point scale from strongly disagree to strongly agree and were collated through Culture Amp.

Progress

Over the past 12 months our people have had to navigate a number of challenges and we have done everything we can to support them. By taking appropriate measures and keeping clear lines of communication open with our people, we have been able to maintain a high level of engagement at 93%.

Relevant risks

- COVID-19
- Brand and reputation
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Employees

Linked to remuneration?

Current year Future years



Women as a % of total staff

As at March each year

39%

+0% pts



Relevant focus areas



Definition

We calculate our diversity percentages using headcount (2021: 953, 2020: 904, 2019: 798). The percentage of employees who identify as women (both cis and trans) at the end of March. In calculating this percentage we take into account all gender identities, including non-binary.

Progress

We recognise the importance of gender diversity. Over the past 12 months, the percentage of our employees who identify as women was unchanged at 39%. We remain committed to improving gender diversity within our organisation.

Relevant risks

- COVID-19
- Brand and reputation
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Employees

Linked to remuneration?

Current year Future years



Women as a % of leadership

As at March each year

34%

+2% pts



Relevant focus areas



Definition

We calculate our diversity percentages using headcount (2021: 953, 2020: 904, 2019: 798). The percentage of those in leadership positions who identify as women (both cis and trans) at the end of March. We define leaders as those who are on our Operational Leadership Team ('OLT') and those direct reports of the OLT. In calculating this percentage we take into account all gender identities, including non-binary.

Progress

The percentage of employees who identify as women in leadership roles increased in the year by 2% to 34%. Of the 108 people in leadership positions who define their gender when asked, 37 were women. We recognise there is a lot to do in this area and we launched our Diverse Talent Accelerator programme to support our people, particularly women and those from a BAME background, develop into leadership roles.

Relevant risks

- COVID-19
- Brand and reputation
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Employees

Linked to remuneration?

Current year Future years



Our growth horizons and relevant focus areas



Core

- 1 Provide the best online car buying experience in terms of transparency, choice and convenience
- 2 Create tools and products to allow retailers and manufacturers to increase sales



Adjacent

- 3 Become to new cars what we are in used
- 4 Embed our data and insight to enable buyers and retailers to make better and faster decisions



Future

- 5 Enable more of the transaction to be completed on the Auto Trader platform

BAME representation as a % of total staff

As at March each year

11%

+1% pts



Relevant focus areas



Definition

The percentage of our headcount that define themselves as BAME as at 31 March. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

Progress

We recognise the importance of diversity. Over the past 12 months we have increased the percentage of our employees who define themselves as BAME by 1% to 11%. Of the 752 of people who define their ethnicity when asked, 102 are BAME. There were 201 employees (21%) who have not yet disclosed their ethnicity or opted not to do so.

Relevant risks

- COVID-19
- Brand and reputation
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Employees

Linked to remuneration?

Current year Future years

No

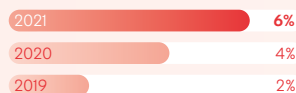
Yes

BAME representation as a % of leadership

As at March each year

6%

+2% pts



Relevant focus areas



Definition

The percentage of those in leadership positions that define themselves as BAME at the end of March. We define leaders as those who are on our Operational Leadership Team ('OLT') and those direct reports of the OLT. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

Progress

The percentage of BAME employees in leadership roles increased in the year by 2% to 6%. Of the 108 people in leadership positions who define their ethnicity when asked, six were BAME. We recognise there is a lot to do in this area and we launched our Diverse Talent Accelerator programme to help people, particularly women and those from a BAME background, develop into leadership roles.

Relevant risks

- COVID-19
- Brand and reputation
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Employees

Linked to remuneration?

Current year Future years

No

Yes

Total CO₂ emissions

Tonnes of carbon dioxide equivalent

6,673 tonnes

-34%



Relevant focus areas



Definition

The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the GHG Protocol, a Corporate Accounting and Reporting Standard (Revised Edition). Emission factors used are from UK Government ('BEIS') conversion factor guidance for the year reported. The total amount of CO₂ emissions includes Scope 1, 2 and 3. 2021 and 2020 totals include emissions from additional relevant Scope 3 categories. The 2019 total includes limited Scope 3 emissions and has therefore been excluded from the above comparative. See page 54 for our reported Scope 3 emissions.

Progress

The total amount of CO₂ emissions reduced in the year by 34% to 6,673 tonnes of carbon dioxide equivalent. Climate change is treated as a Board-level governance issue. Our newly formed Corporate Responsibility Committee evidences our commitment to ensuring as a business we keep progressing with our climate change agenda. We're committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'), fully embedding them over the coming year.

Relevant risks

- COVID-19
- Economy, market and business environment
- Brand and reputation
- Increased competition
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Employees

Linked to remuneration?

Current year Future years

No

Yes

Cash flow and net debt

Cash generated from operations decreased to £152.9m (2020: £265.5m) as a result of the reduction in Operating profit. Corporation tax payments decreased to £28.2m (2020: £69.8m), due to lower profit before taxation and due to the last financial year including two additional payments as a result of the changes to HMRC's payment profile. Net cash generated from operating activities was £124.7m (2020: £195.7m).

As at 31 March 2021 the Group had net cash of £10.3m (31 March 2020: net debt of £282.4m), representing a net reduction of £292.7m. Net bank debt, which is Net debt before amortised debt fees and excluding accrued interest and amounts owed under lease arrangements, is in a net cash position of £15.7m (2020: net bank debt of £275.4m). At the year end, the Group had drawn £30.0m of the Syndicated revolving credit facility (31 March 2020: £313.0m) and held cash and cash equivalents of £45.7m (2020: £37.6m).

Leverage, defined as the ratio of Net bank debt to EBITDA, decreased to zero (2020: 1.0x) as we exit the year in a net cash position. Interest paid on these financing arrangements was £3.0m (2020: £6.4m).

Equity placing

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 £182.9m net of all fees incurred.

On 3 April 2020, the Placing Shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of London Stock Exchange plc (together, 'Admission').

The Placing Shares rank *pari passu* in all respects with the existing ordinary shares in the Company, including the right to receive all dividends and other distributions declared, made or paid after the date of issue. Immediately following Admission, the total number of shares in issue in the Company was 969,008,774. Auto Trader held 4,090,996 shares in treasury, and, therefore, the total number of voting shares in Auto Trader in issue was 964,917,778.

Capital structure and dividends

In March 2020 the Group suspended its capital allocation policy to safeguard the business in response to the COVID-19 outbreak. Despite the challenging trading conditions, the Group has remained cash generative and the Board believes now is the right time to reinstate its capital allocation policy.

The Group's capital allocation policy remains broadly unchanged: continuing to invest in the business enabling it to grow whilst returning around one third of net income to shareholders in the form of dividends. Having reduced our debt position, any surplus cash following these activities will be used to continue our share buyback programme. The Board is therefore recommending a final dividend for the year of 5.0p (2020: nil) and expects to resume its share buyback programme shortly. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 17 September 2021, the final dividend will be paid on 24 September 2021 to shareholders on the register of members at the close of business on 27 August 2021.

No interim dividend was paid, and therefore total dividends for the year are 5.0p (2020: 2.4p). Total dividends paid during the financial year were nil (2020: £64.7m). No shares were repurchased during the financial year (2020: 11.4 million were repurchased for a total consideration of £61.7m).

At the 2020 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 96,560,474 of its ordinary shares, subject to minimum and maximum price restrictions. This authority will expire at the conclusion of the 2021 AGM and the Directors intend to seek a similar general authority from shareholders at the 2021 AGM. The Board intends to commence the share buyback programme shortly, and any purchases of its shares made by the Company under the programme will be effected in accordance with the Company's general authority to repurchase shares, Chapter 12 of the UKLA Listing Rules and relevant conditions for trading restrictions regarding time and volume, disclosure and reporting obligations and price conditions.

Acquisition of AutoConvert

On 31 July 2020, the Group acquired AutoConvert (legally named BlueOwl Network Limited) for the consideration of £18.2m, of which £8.1m will be deferred until 31 July 2022. AutoConvert is a finance, insurance and compliance software platform with integrated customer relationship management systems for the automotive sector.

In the eight months post acquisition, AutoConvert contributed £1.7m of revenue and £2.0m of costs (excluding amortisation of acquired intangible assets) to the consolidated results of the Group.

Going concern

The Group generated significant cash from operations during the period, despite the impact of COVID-19 on Q1 trading. At 31 March 2021 the Group had drawn £30m of its £400m unsecured revolving credit facility ('RCF') and had cash balances of £46m. The £400m RCF is committed until June 2023, when it reduces to £317m through to maturity in June 2025.

In making their assessment of going concern, the Directors reviewed financial projections for a period of 12 months from the date of this report. Stress case scenarios were modelled to take into account severe but plausible impacts of COVID-19. The results of stress testing demonstrated that the combination of significant free cash flow, existing cash resources and the discretionary nature of dividend payments and share buybacks were sufficient for the Group to withstand such impacts and continue to comply with the RCF's financial covenants with significant headroom. For these reasons, the Directors continue to adopt the going concern basis in preparing these financial statements.

Post balance sheet events

Manchester office lease

On 14 April 2021, the Group entered into a new lease arrangement to rent an additional 16,000 square feet in our Manchester office to support the needs of our growing workforce. The lease will last for five years until April 2026 with total lease commitments over the five-year period of £1.9m.

Dealer Auction dividend

The Group's joint venture, Dealer Auction Limited, declared a dividend of £10.0m on 29 April 2021. The Group owns 49% of the ordinary share capital of Dealer Auction Limited and therefore received payment of £4.9m on 14 May 2021.

Jamie Warner

Chief Financial Officer
10 June 2021



To ensure we continue to evolve our make a difference strategy and make progress towards our goals, this year we established a new Corporate Responsibility Committee. The Committee gives Board level oversight working in alignment with our guilds and networks to oversee our progress in fulfilling our goals to make a difference.

Report of the Corporate
Responsibility Committee P90 →

We have identified six cultural KPIs that we currently consider to be the most relevant in assessing how we are progressing against our make a difference pillars. We will continuously monitor these to ensure we are making progress and the KPIs remain relevant. To demonstrate the importance we place on our make a difference priorities, we have linked some of our cultural KPIs to remuneration.

Key performance indicators P32 →

We are pleased to have been recognised as a FTSE4Good company. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance ('ESG') practices.



FTSE4Good

Non-financial information statement

We aim to comply with all areas of the UK's Non-Financial Reporting Directive. The table below sets out where stakeholders can find further information for each area within this Annual Report:

Non-financial risk	Policies, procedures and employee guilds	Section within this Annual Report	Cultural KPIs
Environmental	<ul style="list-style-type: none"> Sustainability Network 	<ul style="list-style-type: none"> Environmental sustainability: pages 53 to 57 	<ul style="list-style-type: none"> Total Scope 1, 2 & 3 CO₂ emissions
Our people	<ul style="list-style-type: none"> Code of Conduct Stakeholder engagement Board Engagement Guild Whistleblowing Policy BAME Network Women's Network 	<ul style="list-style-type: none"> Diversity and inclusion: pages 48 to 52 Section 172(1) Statement: pages 20 and 21 	<ul style="list-style-type: none"> People who are proud to work at Auto Trader Gender diversity Ethnic diversity Women in leadership roles BAME in leadership roles
Social and community	<ul style="list-style-type: none"> Ethical Procurement Policy Customer Charter Volunteering days Diversity and Inclusion Guild Make a Difference Guild Wellbeing Guild 	<ul style="list-style-type: none"> Diversity and inclusion: pages 48 to 52 Environmental sustainability: pages 53 to 57 	<ul style="list-style-type: none"> Gender diversity Ethnic diversity Women in leadership roles BAME representation in leadership roles People who are proud to work at Auto Trader
Human rights	<ul style="list-style-type: none"> Modern Slavery Policy Privacy Policy 	<ul style="list-style-type: none"> Ethics and compliance: pages 58 to 61 	
Anti-bribery and anti-corruption	<ul style="list-style-type: none"> Anti-bribery, Gifts and Hospitality Policy 	<ul style="list-style-type: none"> Ethics and compliance: pages 58 to 61 	
Business model		<ul style="list-style-type: none"> How we create value: pages 18 and 19 	
Principal risks		<ul style="list-style-type: none"> Principal risks and uncertainties: pages 64 to 69 	
Non-financial key performance indicators		<ul style="list-style-type: none"> Operational and cultural KPIs: pages 34 to 37 	

Diversity and inclusion

Aligned with our overarching company purpose of 'Driving change together. Responsibly', our diversity and inclusion vision is to nurture our inclusive culture and enrich our workforce with diverse individuals who collaborate for the benefit of our business, industries and communities.

At Auto Trader we are passionate about diversity and inclusion because it fuels innovation, drives engagement and attracts talent; diversity and inclusion is a fundamental part of our culture and aspiration to be curious, community minded and courageous. We want to build a diverse and inclusive workplace where every one of us can be our best and true selves; only with a mix of different ideas and perspectives can we come up with the most exciting new ideas and create the best experience for our customers and consumers. Diversity for everyone at Auto Trader means respect for and the appreciation of differences in: gender identity and expression, age, sexual orientation, disability, race and ethnic origin, religion and faith, marital status, social, educational background and way of thinking.

In order to achieve our diversity and inclusion strategic commitments we will:

Take action	<ul style="list-style-type: none">Recruit more diverse individuals concentrating on our focus areasSupport our people to grow through our Inclusive Culture Development ProgrammesEducate each other and increase awareness via our training and employee network activities
Measure impact	<ul style="list-style-type: none">Analyse and act on employee feedback through our guilds, networks and surveysMonitor the make up of our workforce across our focus areasCalculate the different pay gaps and report on our gender and ethnicity pay gap in 2021
Do more	<ul style="list-style-type: none">Keep increasing representation of diverse individuals across all levels of the organisation at a steady pace every yearImprove the employee experience, remove systematic barriers and reduce the gender and ethnicity pay gapsMake a difference in our industries and communities

Our values

Reflecting our culture and commitment to make a difference

Be determined

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

Be reliable

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

Be courageous

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

Be humble

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

Be curious

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

Be community-minded

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



Gender and ethnic diversity

We remain committed to improving diversity and inclusion within our organisation as we believe this improves individual and team performance and allows us to identify and attract talent that we may not otherwise access.

Like most organisations, particularly those in both the technology and automotive sector, there is significant room for improvement. Our gender diversity at Board level remained at 50:50 (2020: 50:50), although women were less well represented in the organisation as a whole at 39% (March 2020: 39%) and in leadership roles, as defined by Hampton-Alexander, at 34% (March 2020: 32%). We are pleased to be one of only nine FTSE100 companies to have at least a 50:50 gender parity on the Board. From an ethnicity perspective, we have not yet met the Parker Review recommendation of having a member of our Board from a BAME background but are committed to doing so. We also aim to increase the percentage of BAME employees: we are currently at 11% (2020: 10%), with 21% of employees currently not disclosed. The percentage of BAME employees in a leadership role, again using the Hampton-Alexander definition, is currently at 6% (2020: 4%).

As at 31 March 2021	Men	Women	Non-binary/other	Men as a % of total	Women as a % of total
Board	4	4	0	50%	50%
OLT	6	4	0	60%	40%
OLT direct reports	63	32	0	66%	34%
Total Company	582	368	3	61%	39%

As at 31 March 2021	White	BAME	Not disclosed	White as a % of total	BAME as a % of total
Board	8	0	0	100%	0%
OLT	10	0	0	100%	0%
OLT direct reports	77	6	12	81%	6%
Total Company	650	102	201	68%	11%

Gender and Ethnicity Pay Gap Report

We released our first combined Gender and Ethnicity Pay Gap Report 2020 (published in March 2021, reporting the pay gap as at 5 April 2020). Whilst it is a legal requirement for us to publish our gender pay gap, this year we have also chosen to voluntarily publish information about ethnicity. We continue to be committed to welcoming, and just as importantly retaining, a diverse and inclusive workforce to drive our organisation forwards. Although we are making progress with our goals, the impacts of our work to address the issue systemically will take time to bear fruit, hence the continued gender and ethnicity pay gaps. We will continue to work hard to address the issues we believe are relevant to reduce these gaps and believe that our new programmes will go some way to help us realise our goals.

Gender and ethnicity pay gap 2020

Hourly pay gap between men and women

Auto Trader Limited

Mean hourly pay gap

15.1% ↑ +3.0% pts



Median hourly pay gap

19.2% ↑ +1.3% pts



Auto Trader Group¹

Mean hourly pay gap

15.9% ↑ +1.0% pts



Median hourly pay gap

20.6% ↑ +2.9% pts



At Auto Trader Limited

	% Women			% Men		
Salary quartiles	2020	2019	2018	2020	2019	2018
Lower quartile	51.0%	49.2%	47.9%	49.0%	50.8%	52.1%
Lower middle quartile	44.6%	43.8%	40.9%	55.4%	56.2%	59.1%
Upper middle quartile	29.2%	28.7%	30.3%	70.8%	71.3%	69.7%
Upper quartile	32.1%	33.5%	34.7%	67.9%	66.5%	65.3%
Total number of employees	307 (39.3%)			475 (60.7%)		

Hourly ethnicity pay gap

At Auto Trader Limited

Salary quartiles	BAME	White
Lower quartile	20.6%	79.4%
Lower middle quartile	14.7%	85.3%
Upper middle quartile	10.0%	90.0%
Upper quartile	9.4%	90.6%
Total number of employees ²	93 (13.7%)	588 (86.3%)

Mean ethnicity pay gap

14.8%

Median ethnicity pay gap

21.6%

- This includes all full pay relevant employees within the Auto Trader Group as at 5 April 2020, including Auto Trader Group plc (which had only three employees), Webzone Limited (a company registered in Ireland), and KeeResources. We have reported this voluntarily.
- In calculating these percentages we restricted the total population to those who disclosed their ethnicity.

Gender pay gap

We recognise that the gender pay gap has widened in 2020, and there are two main drivers for this. Firstly, we have increased the proportion of women in entry level roles; our graduate intake this year was predominantly women (63%). There is a significant challenge in both the technology and automotive industries when it comes to gender balance, therefore we remain determined to create a solution by overinvesting in our early career programmes. We believe that over time this will result in a sustainable pipeline of female talent throughout our organisation. We are also making progress in the lower middle quartile as women who previously entered the business in an early career capacity progress upwards through the organisation. Another positive indicator that our long-term strategy is working is that women in technology roles have also increased again this year to 24%. The second main driver of our pay gap has been the reduction in the proportion of women in the upper quartile salary roles. This is due to a combination of senior women leavers, senior male promotions and senior male hires. We are taking action through our new development programmes aimed at mid-career levels, and we acknowledge that there is more work to do in improving the gender balance of recruitment into these upper quartile roles.

As part of our Remuneration Policy we continue to take a simple approach to reward and the vast majority of employees do not receive bonus or commission. Our senior leadership team and other key individuals receive incentive awards which are fully settled in shares over a three-year period. However, the bonus pay gap looks back over a 12-month period (April 2019-March 2020), and share awards are included in the calculations at the time when an employee chooses to exercise their share options, not when the awards are granted. The bonus pay gap reported includes the exercise of awards from previous years (when our senior leadership team was not as gender balanced as today), and also includes multiple awards for some employees depending when they have chosen to exercise, and is therefore not a reflection of the current award structure. This has had an impact on both our mean and median bonus pay gap figures.

Ethnicity pay gap

For the first time, we have shared ethnicity pay gap figures voluntarily for Auto Trader Ltd. The data is representative of 86.8% of our business, as those who chose not to disclose their ethnicity are not included in the pay gap report. Our representation of BAME employees included in the pay gap report is 13.7%, which, whilst it is almost reflective of wider society, is not reflective of the communities in which we work. It is therefore an area we actively want to improve on and will continue to do so.

BAME Network reverse mentoring sessions

The BAME Network ran a speed reverse mentoring session for both our OLT and our PLC Board. The aim of the event was to share our BAME colleagues' stories so that our leadership teams could get a better understanding of the challenges that the BAME community face.



Reverse mentoring acknowledges that a more senior person is the one who is looking for a fresh outlook rather than the other way around in the traditional mentoring sense. The BAME Network thought it would be an effective approach for the leadership team to better understand the challenges the BAME community faces.

The objectives of the evening were

- To increase awareness, understanding and education of some of the challenges BAME employees may face in the workplace.
- To create a forum for honest, open and safe dialogue on all things BAME at Auto Trader for both employees and senior leaders.
- To inspire and create allies, who will play an active role in advocating diversity and inclusion throughout their Tribes and Squads.

Much like speed dating, OLT and Board members spent 10 minutes with a different BAME member having open and frank conversations before moving to the next. This was an opportunity to put race on the agenda with our senior leaders and to give them a safe space to not only hear stories from our BAME network members but also to ask any questions that they had.



It was a humbling event to be part of – a sincere thank you to you all for making it happen. I feel privileged to hear some of the family background and childhood stories that were shared along with the highs and lows in personal journeys so far. It also gave me food for thought about Auto Trader-specific experiences that we can learn from.

—
Rebecca Clark
Sales Director



It must have taken a great deal of courage to share your stories in such a brave and open way. Getting that understanding has made a real difference to me, and it's something we should aim to spread across the organisation.

—
Nathan Coe
Chief Executive Officer

The proportion of employees from BAME non-white backgrounds is higher in the lower quartile pay bands as our business and industries face similar challenges to those faced by women. We are working on increasing the recruitment of BAME non-white individuals and we are already having success as 30% of our early career intake have been from a BAME background. We are hopeful that the introduction of our two new development programmes, Inclusive Leadership and the Diverse Talent Accelerator, will help us to make further progress in this area.

Actions we are taking

Supported by our Corporate Responsibility Committee and our OLT, our colleagues are working on initiatives in order to achieve our two diversity and inclusion commitments that we believe will directly contribute to closing the pay gaps that exist:

- Have a representative workforce across all levels of our business with a focus on women, LGBT+, BAME, disability & neurodiversity and age.
- Create an environment where everyone feels included with high levels of engagement, especially across the different diversity focus areas.

In the last 12 months we have launched two talent programmes; one focusing on Inclusive Leadership for all leaders across our organisation and the second a Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues. Both programmes have been designed to support our overall ambitions to be more inclusive and diverse by supporting people's development through the organisation.

As part of our commitment to increase representation across our business at every level we are always looking for new ways to ensure all our people feel empowered and that they have the support to continue their personal growth and professional development at Auto Trader. We have continued investing in our early career programmes, welcoming new graduates and apprentices to our business, as well as forming a new partnership to recruit returners following a career break. We hope these programmes will begin to positively change our pay gaps over the coming years as they help to address both gender and ethnicity representation across our business.

We remain committed to supporting disabled and neurodiverse employees and those who become disabled during their employment with us. Recognising that everyone is unique, we provide the right support to ensure they continue to realise their full potential and develop their careers with us. As part of the disability confident scheme, our resourcing team co-ordinates our involvement in the Guaranteed Interview Scheme for all disabled candidates that meet the criteria for our roles.



Inclusive Companies

We are proud to be recognised by the Inclusive Companies Top 50 award as the seventh most inclusive employer in the UK. The Inclusive Companies Membership exists to challenge the lack of diverse representation within UK based organisations and to assist employers foster a truly inclusive environment.



Automotive 30% Club

The Automotive 30% Club powered by Gaia Innovation Limited, is a voluntary network of MDs and CEOs from UK based automotive organisations, with the purpose of achieving a better gender balance within the automotive industry, and with the aim of filling at least 30% of key leadership positions in the member organisations with diverse women by 2030.



Disability Confident

We are pleased to be recognised as a disability confident leader, receiving the highest level of accreditation from the Department of Work & Pension Disability Confident Employer Scheme. The scheme enables organisations to see disability through a different lens, building understanding about the cultural, commercial and employment opportunities of recruiting and retaining disabled talent.



Change the Race Ratio

We have signed up to Change the Race Ratio, committing to taking action to increase racial and ethnic participation in our business. If we act now we can create a more diverse and inclusive business community, competitive advantage and a more equitable society.

Our Diversity & Inclusion Strategy is designed and delivered by a group of passionate colleagues that form our Diversity & Inclusion Guild and various employee networks. Throughout the year they have remained focused on their commitments and continued supporting their communities.

BAME

Our BAME (Build A Multi-cultural Environment) Employee Network is a well-established group of Black, Asian and minority ethnic colleagues, and allies, that work to tackle inequalities and celebrate inclusivity. During the past year of the global pandemic and the tragic events that re-ignited a global movement to tackle racism, our network served as a safe space where colleagues could connect and support each other and share how the events that preceded the Black Lives Matter movement affected them. The network hosted a webinar with Black Leaders during Black History Month addressing the Black Lives Matter movement, which reached more than 1,000 people from a mixture of public and private sector businesses. We also created an "About Race" web page with useful resources, from books to podcasts, to encourage colleagues and our external audiences to educate themselves and raise awareness.

The network supported the business to sign up to several race charters including: Business in the Community ('BITC') "Race at Work Charter" and the Confederation of Business Industry ('CBI') "Change the Race Ratio" initiative.

We joined the newly formed Black Leaders organisation, an action focused national community of Black leaders, Black professionals, non-Black company CEOs, influencers and allies who collaborate with each other to address the inequalities and the systemic barriers faced by Black people across all aspects of society. Signing up to these will ensure we can create meaningful strategies to achieve the changes we all want to see. We supported the work of the charity, Blue Print for All, who run high impact programmes with disadvantaged young people and communities.

Disability and neurodiversity

In its third year, our Disability & Neurodiversity Network continues to create a more accessible and inclusive environment for our colleagues. 13% of our colleagues have disclosed a disability or neurodiverse condition. The Network partners with various charities including the National Autistic Society, Royal National Institute for Deaf People and the Business Disability Forum to educate colleagues and raise awareness. This year the Network launched the Hidden Disability Sunflower Scheme across Auto Trader that shines a light on the challenges that colleagues with hidden disabilities can experience, with colleagues sharing their stories in an effort to break down stigma and change perception.



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 areas in this section

Board leadership and company purpose

[Read more P78](#) →

Division of responsibilities

[Read more P79](#) →

Composition, succession and evaluation

[Read more P80](#) →

Audit, risk and internal control

[Read more P83](#) →

Remuneration

[Read more P83](#) →

57%

Board independence
as at 31 March 2021
(excluding the Chairman)

50%

female representation on our
Board as at 31 March 2021

Compliance with the Corporate Governance Code

The Company complied with all provisions set out in the Code for the period.

Impact of COVID-19

Board meetings were held virtually throughout the entire year. We continued to operate under our modified governance arrangements throughout the earlier months of the financial year, with weekly calls enabling the Board to react quickly to unfolding events. Later in the year we returned to a more normal way of operating, with the return of monthly meetings.

Board composition

The composition of the Board is kept under continual review to ensure that it has the skills, experience and balance, including gender and ethnic diversity, required.

The Board comprises four independent Non-Executive Directors, three Executive Directors and myself as Chairman. We continue to meet our goal of having a Board with equal numbers of men and women. However, we acknowledge that we do not currently have a Director of Colour on the Board, and we are taking steps to address this. We have decided to appoint an additional NED, partly to address the lack of ethnic diversity on the Board, but also to prepare for the succession cycle that will result in two of our Non-Executive Directors reaching the end of their nine-year terms in 2024. The recruitment process is currently underway, led by the Nomination Committee, and we will announce the appointment as soon as we are able to.

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

Board evaluation

Our Board evaluation was externally facilitated by Independent Audit Limited, who carried out our previous review in 2018. The review included observation of our virtual Board and Committee meetings, review of the papers, and completion of a detailed questionnaire by each Board member and other key stakeholders. The results were discussed with the Board and are summarised in more detail on page 83.

Corporate Responsibility Committee

During the year, we created a new Corporate Responsibility Committee, which is a Board Committee, to support our increasing focus on the environmental, social and governance aspects of our business. This new Committee is tasked with assisting the Board in fulfilling its oversight responsibilities in respect of corporate responsibility and sustainability for the Company and the Group. The Committee's report is on pages 90 to 93.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Friday 17 September 2021 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. We currently intend to hold the AGM as a physical meeting as usual, however, we will be closely monitoring restrictions over public gatherings and will communicate any necessary changes. Myself and other Directors will join the meeting either in person or 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
10 June 2021

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
• Baltic Classifieds Group plc

Committee memberships
• Nomination (Chair)
• Corporate Responsibility

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

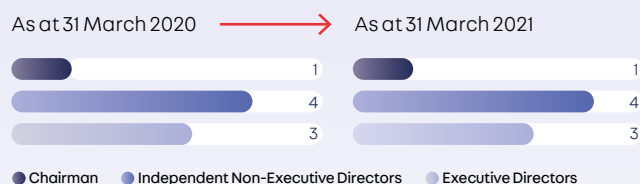
Committee memberships
• Corporate Responsibility
• Disclosure



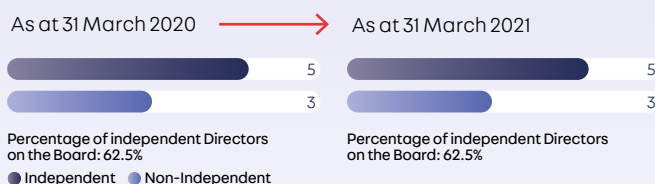
Nathan Coe
Chief Executive Officer

Continued focus on balanced Board representation

Composition



Independence



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 to pre February 2015 refers to the Group's previous parent company, Auto Trader Holding Limited.

Biography

Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer ('COO') 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, Corporate Development Director at Trainline and 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

- Corporate Responsibility



Catherine Faiers
Chief Operating Officer



Jamie Warner
Chief Financial Officer

Biography

Jamie was appointed Chief Financial Officer ('CFO') in March 2020. Prior to this he was Auto Trader's CFO-Designate and Deputy CFO. During his time 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

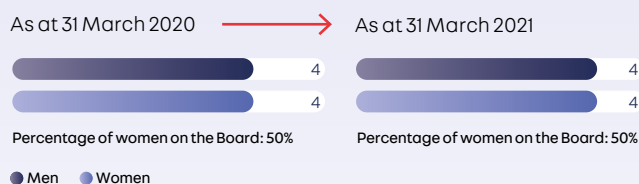
External appointments

None

Committee memberships

- Corporate Responsibility
- Disclosure

Gender diversity



Length of tenure¹



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



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
- Moonpig Group plc

Committee memberships

- Audit (Chair)
- Corporate Responsibility
- Nomination
- Remuneration

Biography

Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill is also a Non-Executive Director of Ashtead Group plc, the FTSE100 international equipment rental company, and a Non-Executive Director of UP Global Sourcing Holdings plc, a FTSE small cap consumer goods business.

Jill brings strong digital experience within retail environments to the Board. 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. She also spent time as a management consultant having started her career at Marks & Spencer.

Appointed to PLC Board
July 2015

Independent on appointment?
Yes

External appointments

- Ashtead Group plc
- UP Global Sourcing Holdings plc

Committee memberships

- Remuneration (Chair)
- Audit
- Corporate Responsibility
- Nomination



Jill Easterbrook
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
- Visa UK Ltd

Committee memberships

- Corporate Responsibility (Chair)
- Audit
- Nomination
- Remuneration



Jeni Mundy
Independent Non-Executive
Director

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 to pre February 2015 refers to the Group's previous parent company, Auto Trader Holding Limited.

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
- Frumtak Ventures

Committee memberships

- Audit
- Corporate Responsibility
- Nomination
- Remuneration



Sigga Sigurdardottir
Independent Non-Executive
Director



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.

Providing oversight, scrutiny and challenge on matters relating to our sustainability strategy



We are pleased to have established our Corporate Responsibility Committee to ensure the Board maintains focus on corporate responsibility and sustainability matters, especially those that support our strategy.

2

meetings were held during the year

100%

meeting attendance by all Committee members

Jeni Mundy
Chair of the Corporate Responsibility Committee



Overview

- All the current Board members have been appointed as members of the Committee.
- Other relevant individuals are invited to attend the meetings when appropriate.
- The Assistant Company Secretary acts as secretary to the Committee.
- At least two meetings held per year.

Our progress in 2021

- Formation of the Committee in October 2020.
- Provided guidance on cultural KPIs that will be used to assess how we are progressing against our make a difference priorities.
- Signed up to the Science Based Targets initiative ('SBTi').
- Signed up to the UN's 'Climate Neutral Now' Pledge.

Focus areas for 2022

- Review of scenario analysis and risks and opportunities identified.
- Continuing to work towards establishing Science Based Targets with the business to be approved by the SBTi.
- Review our approach to the UN Sustainable Development Goals ('SDGs') and identify where we can make a meaningful contribution to advancing.
- Continue to develop meaningful disclosures in all material areas of ESG reporting in line with the TCFD and SASB frameworks.

Member	Meetings attended/ total meetings held	Percentage of meetings attended
Jeni Mundy (Chair)	2/2	100%
Nathan Coe	2/2	100%
Jill Easterbrook	2/2	100%
Catherine Faiers	2/2	100%
David Keens	2/2	100%
Sigga Sigurdardottir	2/2	100%
Jamie Warner	2/2	100%
Ed Williams	2/2	100%

Make a difference P46 →



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

The Group Risk Register incorporates risks relating to the impact of climate change on our business, and this is now disclosed as a principal risk. The disclosure below outlines the work we have started to align our climate risk disclosure with the TCFD recommendations.

Group progress	
Governance Disclose the organisation's governance around climate-related risks and opportunities.	<ul style="list-style-type: none"> Corporate Responsibility Committee established which plays a crucial role in overseeing the progress towards fulfilling the goals of our make a difference strategy. The Committee is responsible for reviewing progress against our ESG targets. Members of the OLT are responsible for overseeing delivery of our environmental commitments, covering the impact of climate change on the Group's operations as well as our strategy to influence our customers, consumers and the industry. A working group has been established focused on helping consumers make more environmentally friendly choices and identifying risks and opportunities in respect of climate change. Sustainability network comprised of passionate employees with a goal of making life at Auto Trader more sustainable through increasing employee awareness and driving impactful changes towards our journey to becoming carbon neutral and net zero. Our performance is assessed externally by ESG rating agencies and we annually complete the CDP climate change questionnaire.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	<ul style="list-style-type: none"> The global threat of climate change and the Paris Agreement are forcing action and car buyers want to make the shift to AFVs. Public policy is pushing de-carbonisation, e.g., Road to Zero. In response, we have strengthened our climate strategy to focus on four pillars: our operations, our customers, our consumers and our industry.
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	<ul style="list-style-type: none"> We have a well-established risk management framework that separates responsibilities into three lines of defence – our OLT, oversight functions and committees and independent assurance. Group Risk Register now includes risk of climate change as a risk to the Group. A working group has been established focused on helping consumers make more environmentally friendly choices and identifying risks and opportunities in respect of climate change.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<ul style="list-style-type: none"> To help us accurately assess and develop strategies to reach carbon net zero, we have broadened the reporting of our GHG emissions to include a full inventory of Scope 3. We will use the outcome of this work to inform our goal to set a net zero target with clear interim targets to measure our progress. Committed to the Science Based Targets initiative committing to set ambitious emission reduction targets. We aim to submit our targets to the SBTi within the two-year time frame set out by the SBTi. We have signed up to the UN's "Climate Neutral Now" Pledge. This provides us with a framework to measure, reduce and offset our GHG emissions and to report annually on our progress.



SASB Disclosure Topics & Accounting Metrics

We have set out below our progress against the Internet & Media Services SASB standards – we have reported progress against 8 of the 15 relevant standards. We acknowledge that we have not fully disclosed against all metrics. We will undertake work in FY22 and plan to report additional progress and metrics in our next Annual Report.

Topic	Accounting Metric	Group progress
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed. (2) Percentage grid electricity. (3) Percentage renewable.	Scope 1, 2, & 3 GHG emissions disclosed. See page 54 for further information.
	Discussion of the integration of environmental considerations into strategic planning for data centre needs.	This year, we made a 50% reduction in our primary physical data centre space. See page 56 for further information.
Data Privacy, Advertising Standards & Freedom of Expression	Description of policies and practices relating to behavioural advertising and user privacy.	See pages 59 and 60 for further information on our data privacy policy.
Data Security & Privacy	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards.	See pages 59 and 60 for further information on our approach to Data Security & Privacy. We are currently in the process of adopting the National Institute of Standards and Technology ('NIST') cybersecurity framework to manage and reduce cybersecurity risks.
Employee Recruitment, Inclusion & Performance	Percentage of employees that are foreign nationals.	The Group has a total of 54 foreign nationals, representing 5.7% of the total employees as at 31 March 2021.
	Employee engagement as a percentage.	See page 52 for further information.
	Percentage of gender and racial/ethnic group representation for: (1) Management. (2) Technical staff. (3) All other employees.	See page 49 for further information.
Intellectual Property Protection & Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations.	No monetary losses as a result of legal proceedings.

Notes to the consolidated financial statements

1. General information

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The consolidated financial statements of the Company as at and for the year ended 31 March 2021 comprise the Company and its interest in subsidiaries (together referred to as 'the Group').

The consolidated financial statements of the Group as at and for the year ended 31 March 2021 are available upon request to the Company Secretary from the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN or are available on the corporate website at plc.autotrader.co.uk.

Basis of preparation

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as: joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50%, the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Going concern

During the year ended 31 March 2021 the Group has continued to generate significant cash from operations despite the impact of COVID-19. The Group has an overall positive net asset position and had cash balances of £45.7m at 31 March 2021 (2020: £37.6m).

In order to strengthen the Group's balance sheet and liquidity position and increase certainty around meeting future covenant tests despite the impact of the virus, the Group completed the placing of 46,468,300 new ordinary shares for net proceeds of £182.9m on 3 April 2020.

The Group has access to a Syndicated revolving credit facility (the 'Syndicated RCF'). The Syndicated RCF, which is unsecured, has total commitments of £400.0m. The Group has extended the term for £316.5m of the Syndicated RCF to 23 June 2025. The balance remains repayable on 23 June 2023. At 31 March 2021 the Group had £30.0m of the facility drawn (2020: £313.0m).

Cash flow projections for a period of not less than 12 months from the date of this report have been prepared. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of the pandemic or a data breach. The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, it would be able to withstand the impact and remain cash generative. Subsequent to the year end, the Group has generated cash flows in line with its forecast and there are no events that have adversely impacted the Group's liquidity.

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.