

Diversity and inclusion

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



Driving our D&I strategy through our internal networks

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

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



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



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



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



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



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



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



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



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

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

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

Promoting diversity in the workplace

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

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

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



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

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

Forever Manchester

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

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





Our governance & compliance

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

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

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



Overview

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

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

Cyber security

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

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

NIST Cybersecurity Framework

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

Internal Audit function

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

How we govern this area



1. BOARD RESPONSIBILITY

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

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

2. EXECUTIVE RESPONSIBILITY

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

3. OPERATIONAL LEADERSHIP TEAM

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

4. AUDIT COMMITTEE

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

5. SECOND LINE FORUMS & COMMITTEES

We operate the following second line forums and committees:

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

6. INTERNAL AUDIT PROGRAMME

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

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

Policies and procedures

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

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

Protecting our customer and consumer data

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

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

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

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

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

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

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

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

FCA compliance

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

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

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

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

Maintaining a trusted marketplace

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

Retailer feedback

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

Product research and testing

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

Sentiment tracking

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

Voice of the customer

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

Consumer sentiment

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

TAG verification

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

VSTAG forum

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

Business ethics and compliance

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

Human rights

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

Modern slavery

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

Tax transparency

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

Supplier ESG engagement

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

Grievance reporting or escalation procedures

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

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

Whistleblowing

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

Further information

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



Our risk management arrangements

The Board is collectively responsible for determining the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives.

Risk management and internal control

The Company does not have a separate Risk Committee; instead the Board as a whole is collectively accountable for determining the nature and extent of the principal risks Auto Trader is willing to take in achieving its strategic objectives.

The Board is also accountable for establishing and maintaining the Group's system of risk management and internal controls. It receives regular reports from management identifying and evaluating our response to key risks. Our risk management framework is described opposite.

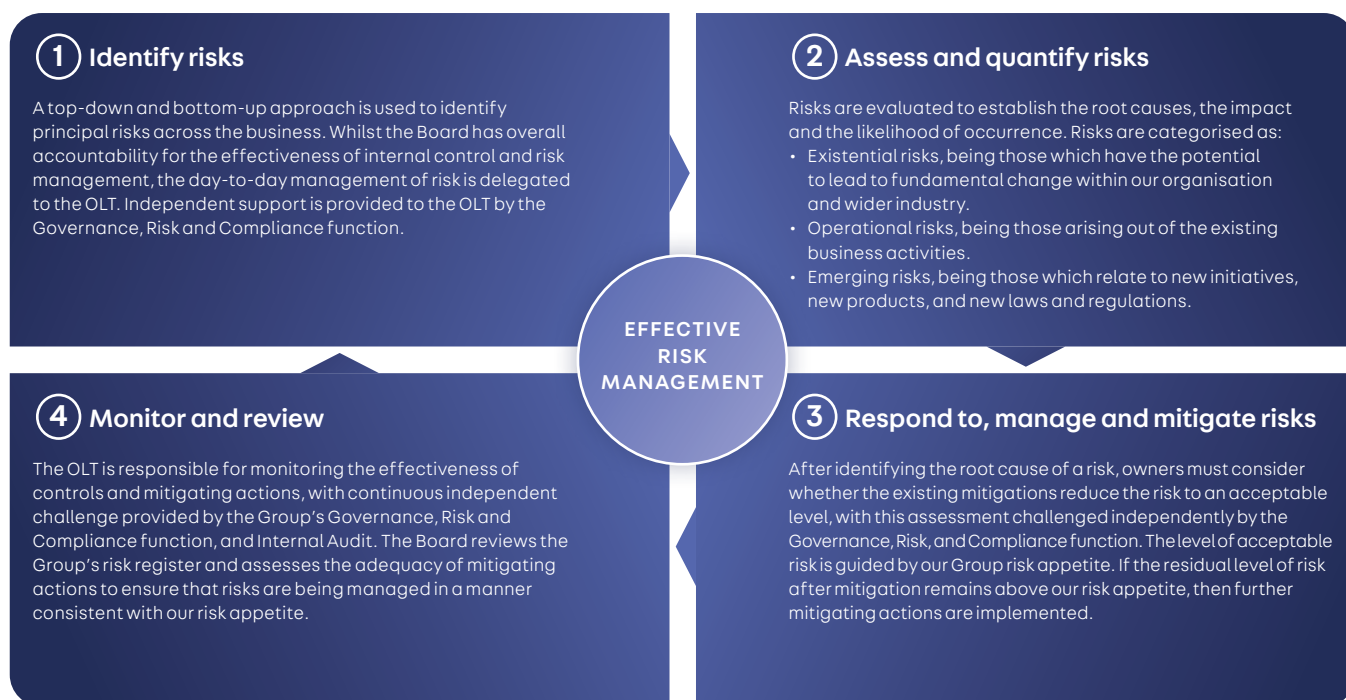
Our risk management process

Effective risk management is critical if we are to achieve our strategic objectives, to achieve sustainable long-term growth, and ultimately to achieve our purpose of Driving Change Together. Responsibly.

A four-step process is adopted to help us manage our principal risks. OLT members are responsible for identifying, assessing,

mitigating and monitoring risks, and reporting against these risks.

The Governance, Risk and Compliance function facilitates this process and supports the OLT in designing responses to risks, thereby ensuring that the response is aligned to the Group's risk appetite. The risk management process can be summarised as follows:



Risk appetite

The Board has considered the nature and extent of the principal risks Auto Trader currently faces, the potential risks we expose ourselves to as we proceed with our strategy, and the wider market, economy and business environment. The Board has set its risk appetite accordingly, which can be summarised as follows:

Flexible

Auto Trader acknowledges that, in some circumstances, fast-paced and innovative development of new products within the technology space presents significant opportunities and taking advantage of these opportunities may result in financial loss. We consider the opportunities can outweigh the downside risks, and therefore, in pursuit of our strategic objectives, we are flexible about taking risks which relate to product innovation, addressing competitive threats, and/or making the most of market opportunities.

Cautious

As we pursue our strategic objectives, we must remain cognisant of the potential for them to have conflicting impacts on our stakeholders, including employees, suppliers and third parties, and the environment. Owing to the potential for these risks to have significant knock-on impacts across a wide range of categories, we are cautious about taking risks in relation to such areas.

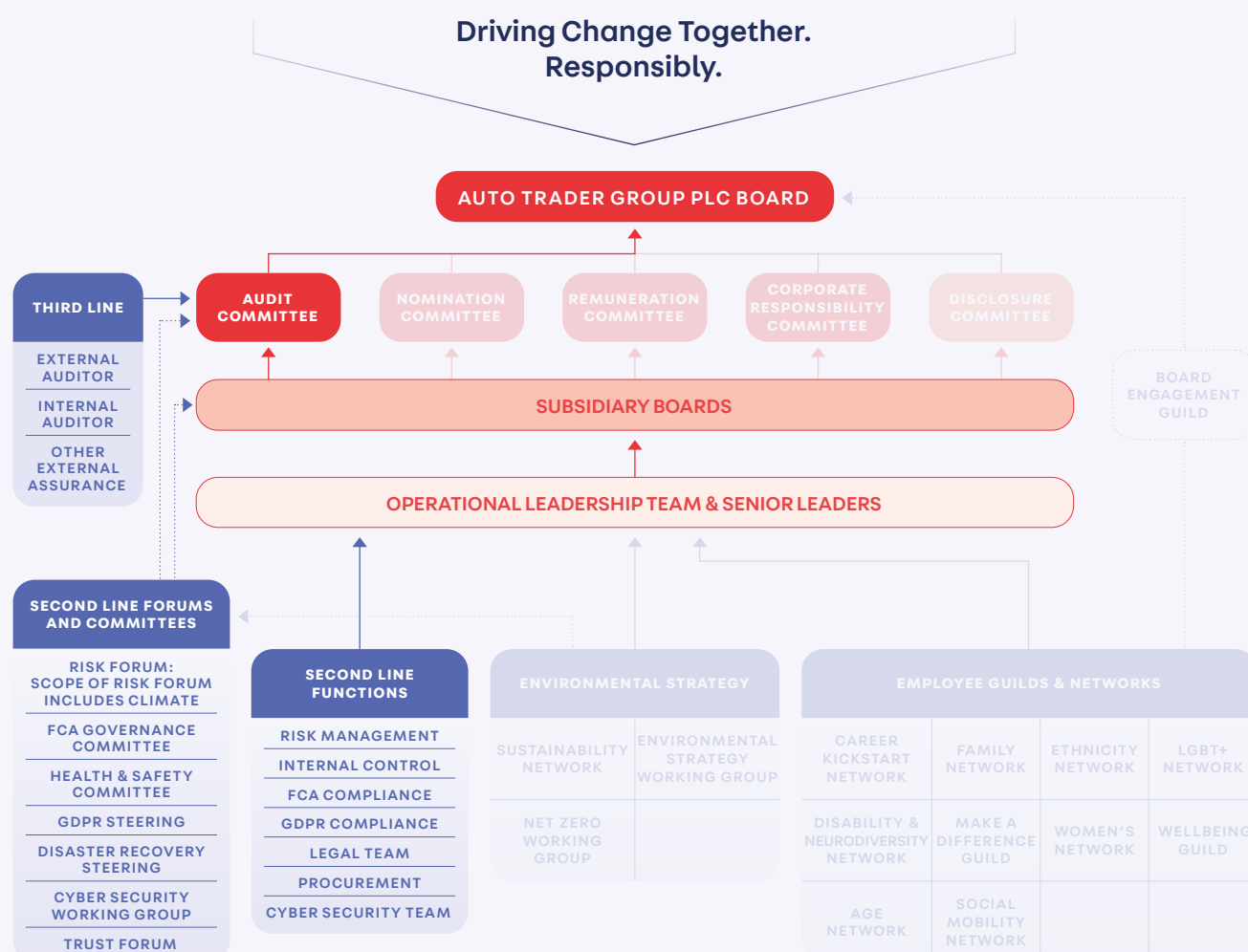
Averse

We are averse to taking risks which conflict with our values; risks which could damage our reputation; risks which threaten the security of our systems and technology; risks leading to a breach of laws, regulations or financial covenants; and/or risks which could compromise the organisation's going concern status. Across these categories we take all reasonable steps to ensure our business activities do not give rise to significant risk of damage to our stakeholders, and in pursuing our strategic objectives we are averse to exposing ourselves to higher levels of risk knowingly.

Our risk management framework

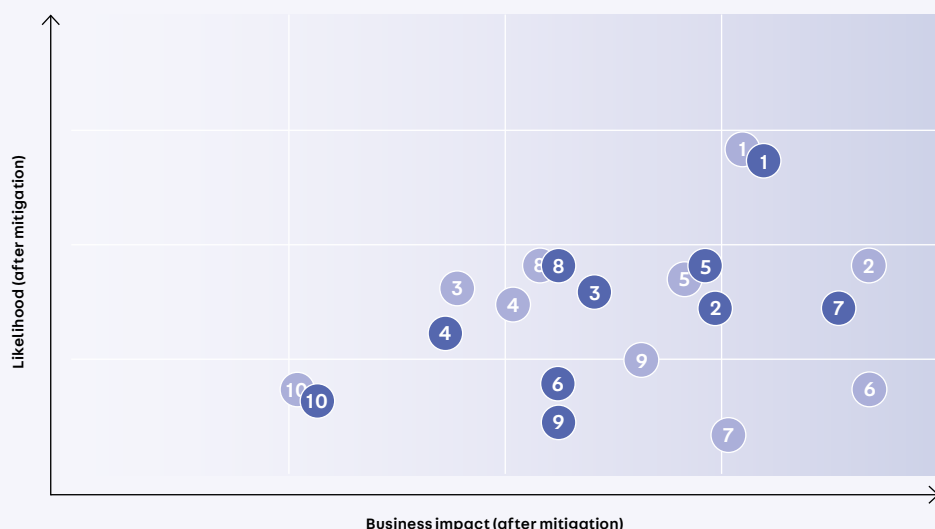
The Group's principal risks are recorded within a risk register which captures details of each risk and the root causes; likelihood of the risk occurring; the impact if it does occur; and details of the actions being taken to manage the risk.

The Board considers whether, given the strategy and risk appetite of the Group, the mitigations are reducing the risk to an acceptable level.



Our risk assessment matrix

The risk landscape has continued to evolve over the last 12 months, and we expect changes to continue in the coming year. Our view in 2023 is that the principal risks to Auto Trader are a) those which could result in fundamental changes to the automotive retail industry, and b) those which could prevent us achieving our strategic objectives. Accordingly, our strategy is linked intrinsically to our principal risks. We have taken great strides in the last year to manage these risks. Examples include the launch of Deal Builder and improvements to our core marketplace products. However, to execute our strategy, it is crucial we protect ourselves against the threats to achieving our strategic objectives. The following pages provide detail on each of our 10 principal risks and how we are responding to each risk.



1. Automotive economy, market and business environment
2. Climate change
3. Employees
4. Reliance on third parties and partners
5. IT systems and cyber security

6. Failure to innovate: disruptive technologies and changing consumer behaviours
7. Legal and regulatory compliance
8. Competition
9. Brand and reputation
10. External catastrophic and geo-political events

● Current year
● Previous year

How we mitigate our principal risks

Identifying, assessing, responding to and monitoring the Group's principal risks.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The principal risks and uncertainties are detailed in this section. Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition.

1 Automotive economy, market and business environment

— Unchanged



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>An adverse change in supply and demand in the new/used car market could lead to reduced retailer profitability and reduced retailer wallets, resulting in reduced advertising spend. Adverse movements in supply and demand of vehicles could also lead to a contraction in the number of retailers.</p> <p>In addition, we continue to see the movement towards an agency model whereby retailers facilitate OEM sales directly to consumers. This could lead to a loss of revenue from our retailer customers.</p>	<ul style="list-style-type: none"> The low level of supply of new vehicles since 2020 has continued for much of the last year. However, new car registrations in Q1 (January to March) 2023 increased by 18% compared to Q1 2022. Looking to the future, more reliable supply of new vehicles will be important to the success of Autorama's integration into the Auto Trader Group. The low level of new car supply since 2020 will likely affect the availability of used car stock in the coming years. In contrast, consumer demand remains high and retailer profitability, in the main, remains high. In March 2023, used car retail prices increased by 2% year on year, being the 36th consecutive month of price growth. In 2023 some OEMs begin operating an agency model. We are aware that each OEM encounters unique challenges if they switch to an agency model and we have been working with OEMs to develop bespoke solutions. Overall, the risks posed by changes to the automotive economy, market and business environment continue to evolve, however metrics and performance indicators suggest that we are managing these risks to an acceptable level through our strategic actions. 	<ul style="list-style-type: none"> We monitor new and used car transactions closely, using data from SMMT and DVLA, observing behaviour on our marketplace, and from engaging closely with our customers and consumers. Our agile culture enables us to respond quickly to new and emerging threats. We continuously develop new products and enhance existing products. We are making significant progress with our digital retailing strategy which aims to bring more of the car buying journey online. We use our own Auto Trader Retail Price Index and valuations data to monitor the pricing trends of used cars by trade sellers. We are progressing well with integrating Autorama into our business and are now leveraging their leasing capabilities. Autorama will diversify our business by providing a leasing proposition to consumers, as well as helping us to achieve our strategy relating to digital retailing on new cars. We have also maintained a strong balance sheet, and our low leverage should enable us to respond in the event of major threats crystallising.

Our purpose-driven strategy P10

Being a responsible business P26

OUR STRATEGIC PRIORITIES



Classified marketplace



Platform



Digital retailing



Being a responsible business

2 Climate change



Decreasing



Risk and potential impact

The automotive industry is intrinsically linked to climate change and there is increasing pressure from consumers and government for the industry to reduce its impact on the climate. However, failure to deliver on our environmental commitments will negatively impact our brand as a responsible business and may result in legal exposure or regulatory sanctions.

Failure to overcome the uncertainty created by the shift from internal combustion engine ('ICE') to electric vehicles ('EVs') could inhibit their take-up, potentially leading to changes in buying behaviours. Factors include the high purchase price of most EVs, potential for improvement in public transport, new and expanded emissions zones, increasing EV running costs, and consumer uncertainty over the residual value of used EVs.

Changing and more stringent regulatory requirements could increase our cost base, and increased frequency and severity of extreme weather events could lead to heightened costs, including heating/air-conditioning, insurance, and cloud infrastructure. Extreme weather events could also lead to short-term closure of retailer forecourts (for example, due to flooding).

Key changes and outlook

- Updates to our website in the last year position us as front-runners in the switch to EVs and enable us to respond to potential changes in OEM and retailer business models.
- There is still a relatively small amount of data informing the residual values of used EVs. We have positioned ourselves well by leveraging Autorama's capabilities, providing those consumers switching to EVs for the first time a viable alternative to outright purchase.
- Despite ongoing uncertainty surrounding EVs, data from our website shows the electric share of ad-views has a gradual upwards trend. Supply in the used EV market increased this year as those EVs purchased on three- and four-year agreements enter the used EV market.
- Looking ahead, widespread take-up of EVs could be affected by:
 - the availability of public charging for drivers unable to access private charging,
 - EV purchase costs, which are still around 37% more expensive than ICE equivalents on a like-for-like basis.
 - Increases in EV running costs owing to increased taxation and charging costs (especially those EV drivers without private charging).
- Further regulation and legislation are likely, such as the introduction of new clean air zones and congestion charges.
- At Autorama, some vehicles are pre-registered and held temporarily on the balance sheet. Consequently, we capture the lifetime emissions of these vehicles when calculating the Group's carbon emissions. This has led to a material increase in our reported carbon emissions.
- Overall, the risks associated with climate change have decreased in the last year owing to the actions we continue to take. Nevertheless, looking to the future, the impact of climate change means that managing these risks effectively remains a key strategic priority. More detail about the risks associated with climate change and the mitigations is contained on pages 32 and 33.

How we manage the risk

- We are evolving our product offering and marketplace to provide consumers with more information about EVs. A cross-functional working group is focusing on helping consumers make more environmentally friendly vehicle choices. Our ongoing integration of Autorama adds digital retailing and leasing capabilities on new cars, including EVs. This places us in an optimal position to provide a viable alternative to consumers who are anxious about making outright purchases.
- Our Corporate Responsibility Committee oversees our environmental commitments and work is ongoing to reduce our carbon emissions across all scopes.
- As part of our climate commitments, we are focusing not just on our own carbon footprint, but positively supporting the industry. Our partnership with the Carbon Literacy Trust, for example, provides training and insights to employees and external stakeholders.
- We regularly meet with various government departments, including HM Treasury and the Department for Transport's Office for Zero Emission Vehicles, to share our data and insights to help guide policy around the topic.
- The climate records and commitments of suppliers is a key factor in our procurement processes.
- Development and evolution of our digital retailing products provides customers and consumers with purchasing options should extreme weather events lead to short-term retailer forecourt closures.

3 Employees

↑ Increasing



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>To enable us to achieve our strategic objectives it is important that we attract, retain and motivate a highly skilled workforce, including those with specialist skillsets in data and technology.</p> <p>Delivery of our strategy is also dependent on us building a diverse and inclusive workforce, and a supportive, collaborative culture, conducted in a safe environment, all of which will enable optimum performance from all our employees.</p>	<ul style="list-style-type: none"> Our Glassdoor rating based on anonymous reviews is 4.4 out of 5 and in our latest Culture Amp survey, 91% of respondents said that they are proud to work at Auto Trader. This year our employee turnover has remained low. We now operate a Connected Working model where employees are in the office for two 'fixed' days per week plus an additional 'flex' day per week on a day which suits them best. The aim of this working model is to increase efficiency, collaboration and innovation whilst also allowing flexibility and maximising inclusion. Connected Working also includes a 'remote first' policy. For periods in July, August, and December, employees can work fully remotely to increase flexibility at times when there are increased levels of annual leave. The cost of living crisis and skills shortages in the market continue to affect workforce costs. We monitor the market proactively to ensure that our salaries are fair, proportionate and aligned to market rates. In 2022 we made a cost-of-living payment to all employees (except for the OLT and the Board) and increased the size of our annual salary review. In the marketplace, employees have increasing expectations of their employers to act in a fair, responsible and sustainable manner and we remain committed to ensuring that we conduct our business in a morally responsible way. Overall, the employee-related risks remain a principal risk and we acknowledge that managing this risk effectively is crucial to achieving our strategic objectives. 	<ul style="list-style-type: none"> A values-led culture which is embedded throughout the recruitment, induction, training and appraisal processes. Long-term incentive plans for senior and key staff, including incentives with respect to diversity and inclusion and Auto Trader's environmental impact. Regular employee engagement surveys and monitoring of Glassdoor ratings. We have regular business updates, networks, guilds, and all-employee conferences. We continue to monitor the impact Connected Working is having on engagement, inclusion, employee safety and productivity, with reference to both pandemic and pre-pandemic levels. Any overseas working during the Remote First periods must be reviewed and approved by People Operations to ensure the safety of our employees, security of our systems and compliance with all relevant laws and regulations. Active succession planning and career development plans to retain and develop our executives. Talent development is part of the Terms of Reference of the Nomination Committee. Diverse Talent Accelerator, Inclusive Leadership, and Continuous Leadership Development programmes aim to equip our employees, people leaders and future leaders with the skills to lead, manage and work within diverse teams.

4 Reliance on third parties and partners

↓ Decreasing



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>To achieve our strategic objectives, we are reliant on partners engaging with the changes we are introducing to the industry. Getting lenders on-board with our digital retailing aspirations, for example, is a key dependency.</p> <p>We also rely on third parties to support our technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products. Consequently, it is important that we manage relationships with, and performance of, key suppliers and key strategic partners.</p>	<ul style="list-style-type: none"> We have implemented a refreshed onboarding and monitoring process for critical suppliers. Despite the threats posed to our suppliers in the external environment, we have not experienced any material disruptions in the last year. As we progress further into digital retailing, we are likely to see an increased reliance on third parties. Some of the products we intend to launch will rely on partners and lenders, and these could be barriers to growth should these partners not engage with us. Ensuring that we manage our relationships with these third parties will be crucial. Overall, our significant strategic initiatives in relation to platform and commercial data represent good progress in reducing the level of reliance we have on third parties. However, we remain aware of the importance of our partners in achieving our aspirations in digital retailing. 	<ul style="list-style-type: none"> Where possible, we limit reliance on single suppliers to reduce single points of failure. We have identified key suppliers and have plans in place to respond to disruption. Contracts and service level agreements are in place with all key suppliers. New relationships go through a robust procurement and legal review process and are subject to regular review. We carry out due diligence on our key suppliers and partners at the onset of the relationship and throughout the life of these relationships. This includes financial viability, resilience and alignment with our values and culture. We seek to develop strong commercial relationships with our partners and regularly explore ways of working together even more effectively. We monitor the performance of partners and suppliers to ensure continued quality and uptime.

5 IT systems and cyber security

— Unchanged



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>As a digital business, we rely on our IT infrastructure to provide our services. A disruptive cyber security and/or business continuity event could lead to downtime of our systems and infrastructure.</p> <p>Execution of our strategy also relies on us making appropriate investments in secure systems and technologies. Failure to invest in appropriate technology and safeguards could lead to us failing to achieve our objectives.</p> <p>Delivery of our strategic objectives also relies on us using data to provide valuable insights to customers. A significant data breach, whether because of our own failures or a malicious cyber-attack, would lead to a loss in confidence by the public, retailers and advertisers.</p>	<ul style="list-style-type: none"> We have completed a multi-year migration of our applications to the cloud. This increases the resilience of our systems and the security of our data. Development of new products carries the threat of cyber-attack and with digital retailing the impact of a potential data breach is likely to increase. We are therefore developing systems which provide not just the best customer and consumer experience, but all necessary security to ensure we remain resilient. Integration of Autorama's leasing deals onto the Auto Trader platform is complex, and we are mindful of IT and cyber security threats during the integration. We are also committed to continuously reviewing, testing and updating Autorama's IT disaster recovery and business continuity arrangements. Whilst we have used artificial intelligence ('AI') for many years, the recent emergence of generative AI poses a great opportunity for us to enhance our products, customer and consumer experience, and to improve efficiency. However, it is important we use AI in a manner which does not expose us to excessive security, compliance and/or reputational risks. AI could be used by criminals maliciously in future. Deepfake technology, for example, increases the risks of social engineering against stakeholders. The cyber security landscape is constantly evolving. We continue to make significant investments in safeguarding our systems and data, as well as implementing best-in-class systems to support the achievement of our strategic objectives. 	<ul style="list-style-type: none"> We have a disaster recovery and business continuity plan which is regularly reviewed and tested. We continuously monitor the availability and resilience of processing systems and services. The migration to the cloud has improved to the efficiency of our systems and improved our ability to respond to an incident in a timely manner. We have dedicated security teams, including white hat hackers, and carry out regular penetration testing of key systems to identify vulnerabilities. All employees are required to undergo IT security awareness training on at least an annual basis. We use two-factor authentication for all our car retailers and employees to access our network. We have now adopted the National Institute of Standards and Technology ('NIST') Cybersecurity Framework to manage and reduce cyber security risks. Our digital retailing teams regularly review the IT systems and infrastructure required to deliver our strategy.

6 Failure to innovate: disruptive technologies and changing consumer behaviours

↓ Decreasing



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>The automotive industry is changing at unprecedented pace. Should we fail to innovate our business and product offerings, we could lose relevance with our key stakeholders, including consumers and customers. It is crucial that we develop and implement new products, services and technologies, and adapt to changing consumer behaviour towards car buying and ownership.</p> <p>Failure to provide both customers and consumers with the best possible products and online journey, including an online buying experience, could lead to reduced website traffic and loss of revenue.</p>	<ul style="list-style-type: none"> We continue to develop new products in our marketplace, platform and digital retailing. In the last year we have launched a trial of Deal Builder with a small number of retailers. This provides consumers with an omni-channel buying journey where they can find, reserve, finance, and part exchange online. Leveraging Autorama's systems, we launched a leasing check-out journey on the Auto Trader website. Providing consumers with a leasing option positions us to meet their needs as buying behaviours change, particularly those consumers wary about buying an EV for the first time. We have continued to develop our AT Connect solution. This online tool leverages our platform and data to provide retailers with real-time connections to Auto Trader systems which can be used to inform vehicle valuations, maintain stock on our website in real-time and access our vehicle taxonomy. Our data has been recognised nationally through the provision of our market pricing data to the ONS. We also work with government to provide information about EV demand to inform potential locations for EV chargers. Overall, we have continued to manage the risks well over the last year and continue to provide new and updated solutions to both customers and consumers. 	<ul style="list-style-type: none"> Continuous research into changing consumer behaviour, regular horizon scanning and monitoring of emerging trends, use of external resources where needed, and regular contact with similar businesses around the world to enable peer-to-peer sharing of good practice. An inclusive and diverse workforce enables us to maximise creativity and performance, leading to innovation. An agile and collaborative culture, as well as continuous investment in technology, maximises innovation. Dedicated workstreams as part of all our strategic priorities. These workstreams are aimed at developing the best products to meet the needs of the consumer and customer.

7 Legal and regulatory compliance

↑ Increasing



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>The Group operates in a complex regulatory environment. As we progress in executing our strategy, we are likely to be exposed to increased legal and regulatory risks, particularly those relating to FCA and GDPR.</p> <p>There is a risk that the Group, or its subsidiaries, fail to comply with legal and regulatory requirements. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.</p>	<ul style="list-style-type: none"> • Providing consumers with an online car buying journey will increase our exposure to regulatory risks, in particular the amount of personal information we collect and in the provision of the online finance application journey. • Integrating Autorama exposes us to increased FCA and GDPR risks. This relates to both the leasing journey itself, as well as the ancillary products offered as part of leasing, such as gap insurance. Our compliance teams have been working to ensure that Autorama's policies and procedures are compliant. • We are regularly 'horizon scanning' to prepare us for upcoming changes to regulations and legislation. Upcoming legislative and regulatory changes which may affect us, albeit to varying degrees, include the UK Online Safety Bill Digital Markets, Competition and Consumers Bill, Data Protection and Digital Information Bill, the UK Audit Reform Bill, FCA Consumer Duty regulations, and changes to the UK Corporate Governance Code. • In the last year, in both response to, and in anticipation of, changes in regulatory risk, we have increased our resource in relation to risk and compliance monitoring, and increased headcount in our Governance, Risk and Compliance function. Overall, we consider the level of risk has increased. 	<ul style="list-style-type: none"> • We have dedicated internal expertise responsible for identifying, assessing and responding to upcoming changes in laws and regulations, and we utilise external specialists where necessary. • We have a mature governance framework to oversee our legal and regulatory risks. Governance forums receive regular internal reporting on our compliance with the principles, rules and guidance applicable to our regulated activities. • A comprehensive suite of policies is reviewed regularly. Additionally, training and monitoring ensures awareness of, and compliance with, regulatory requirements, including information security, data protection, financial promotions, product change management, complaints handling and vulnerable customers. • The regulated entities within the Group continue to comply with the FCA's Senior Managers & Certification Regime. The relevant individuals have been assessed and certified as Fit and Proper. All employees are subject to the FCA's Conduct Rules and have received appropriate training and guidance. • We have increased headcount in our Governance, Risk and Compliance function.

8 Competition

— Unchanged



Risk and potential impact	Key changes and outlook	How we manage the risk
<p>Our data continues to show that there is a low competitive threat in our classified marketplace. Nevertheless, we remain wary of the risk that competitors could develop a superior consumer experience or superior retailer products. This could lead to loss of market share.</p> <p>Further, as the automotive industry evolves, an agency model could change the way that vehicles are bought and sold. Under an agency model, cars are sold by OEMs directly to consumers via retailers. As we progress with our own objectives surrounding digital retailing, an agency model could mean that OEMs themselves emerge as a direct competitor in the vehicle retail industry. Failure to manage this emerging threat could inhibit our ability to achieve our objectives.</p>	<ul style="list-style-type: none"> • Large technology companies such as Facebook, eBay and Amazon continue to operate in the automotive marketplace. In the last year, however, we maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader. • On Boxing Day 2022 we launched a new marketing campaign which focuses on helping consumers to find the right car for them. This was supported by social media and digital audio content. We estimated that our advertising reached 99% of the UK population between Boxing Day and 31 March 2023. • In 2023 we worked with certain OEMs to provide them with advertising solutions following their switch to an agency model. • Overall, we continue to see retailers and manufacturers evolving their online offerings, and as we diversify our own product offering, we broaden our competitive landscape, potentially leading to exposure to increased competition. It therefore remains imperative that we are innovative across our classified marketplace, our platform and digital retailing. 	<ul style="list-style-type: none"> • Continued investment in our brand helps us to protect and grow our audience, to ensure that we remain the most influential website for consumers when purchasing a vehicle. • Working with OEMs to develop solutions to enable them to advertise their new car pipeline stock on our website. • We monitor competitor activity closely through monthly reporting and formal quarterly competitor reviews, and regularly review this at OLT and Board level. • We continue to invest in and develop our product offering to ensure we offer value to consumers, retailers and manufacturers. • We work in an agile way which enables us to respond quickly to emerging competitive threats.

9 Brand and reputation

Decreasing



Risk and potential impact	Key changes and outlook	How we manage the risk
Our brand is one of our biggest assets. Our research shows that we are the largest and most trusted automotive classified brand in the UK. Failure to maintain and protect our brand, and/or negative publicity affecting our reputation could diminish the confidence that retailers, consumers and advertisers have in our products and services. This could result in a reduction in audience and revenue.	<ul style="list-style-type: none"> Our research shows that Auto Trader has c.90% prompted brand awareness with consumers. We are also voted regularly as the most influential automotive website by consumers in the car buying process. We are supporting digital retailing product development with marketing to ensure that consumers see us as the most suitable place to transact online. Owing to measures and monitoring techniques used by our security team, we continue to see very low levels of fraudulent and misleading adverts on our website. We use a customer watch list which aims to manage our platforms proactively in line with our values and relevant regulations, to identify and stop customer behaviour that could harm consumers, retailers or the Auto Trader brand. To date, the trial of our Deal Builder product has been provided to only a select number of retailers. All retailers trialling this new product undergo enhanced checks before being granted access, including reviews on consumer feedback. Overall, we consider there to be a decreasing risk to our brand and reputation. 	<ul style="list-style-type: none"> We have a clear and open culture with a focus on trust and transparency. We have a dedicated customer security team, who closely monitor our site to identify and quickly remove fraudulent or misleading adverts. Customer security also work proactively with retailers and the wider industry to flag potential security concerns. We invest in new and innovative marketing campaigns and new ways of engaging car buyers to continue to maintain brand awareness, and to change perceptions of Auto Trader to be a destination for new cars as well as used. To get access to Deal Builder, retailers are required to sign up to and adhere to a Seller Promise. Seller Promise prescribes minimum levels of consumer service and advertising. Our approach to cyber security and data protection helps to protect us from the adverse impact of a significant data breach or cyber-attack. We have well developed breach reporting and crisis management programmes that enable us to identify, escalate and appropriately handle any emerging issues that could result in reputational damage.

10 External catastrophic and geo-political events

Unchanged



Risk and potential impact	Key changes and outlook	How we manage the risk
In a connected, global industry, we are increasingly prone to the impacts of external events around the globe, as are our customers and consumers. We consider there to be a threat to the short-to-mid-term performance of our business posed by external, unpreventable, catastrophic and geo-political events. Such events could result in our customers being unable to trade, leading to loss of revenue, stock, audience and market share.	<ul style="list-style-type: none"> In the last year, adverse market reaction to UK Government policy, the enduring impacts of COVID-19 and the conflict in Ukraine have all led to high inflation. Should the resultant rise in the cost of living be sustained for a lengthy period, it could have an impact on the ownership model of vehicles, potentially with a lower volume of vehicles per household. However, our exposure to high interest rates is minimal owing to our low levels of debt. It is of paramount importance to the resilience of our business that we can anticipate, and respond quickly to, the impacts of external events, particularly those which impact on our customers. We are therefore continuously reviewing our business continuity and crisis management arrangements to ensure that they consider the impacts of external events. Overall, we have performed well despite the uncertain national economy. Nevertheless, we remain wary of the threats posed by external events, and we continue to review our crisis and business continuity arrangements regularly. 	<ul style="list-style-type: none"> We monitor external events continuously and assess the ways in which our business could be impacted, both in the short term and in the longer term. Our Crisis Response team includes senior leadership and internal experts. Where necessary we also have external advisors available to support us in our response. Our business continuity plan, IT disaster recovery plan, and wider crisis management arrangements all set out the key steps required for us to respond to major events and restore operations in the event of downtime. We have identified the key internal stakeholders who are responsible for crisis management across all areas of the business. We have also nominated delegates to minimise single person dependencies. Our crisis management arrangements are tested regularly via simulated 'war games' scenarios. All key stakeholders within the organisation are involved and we capture lessons learned to continually improve our crisis management arrangements.

Viability statement

In accordance with the UK Corporate Governance Code 2018 (the 'Code'), the Directors have assessed the prospects and viability of the Group over a period significantly longer than 12 months from the approval of these financial statements.

Assessment of prospects

The Group's overall strategy and business model, as set out on pages 10 to 13, and pages 8 and 9, respectively, are central to assessing its future prospects. The Group's aim is to grow both its car buying and selling audiences, thereby strengthening its core advertising business. It will change how the UK shops for cars by providing the best online car buying experience and enabling all retailers to sell online.

As such, key factors likely to affect the future development, performance and position of the Group are:

- data and technology: continuous investment is made in developing platform technologies which lead to improvements for consumers, retailers and manufacturers;
- market position: the Group is the UK's largest digital automotive marketplace, with the largest volume of in-market car buyers and the most influential website a consumer visits when purchasing a vehicle; and
- people: continued success and growth are dependent on the ability to attract, retain and motivate a highly skilled workforce, with a particular focus on specialist technological and data skills.

The Board has determined that a period of five years to March 2028 is the most appropriate period to provide its viability statement as:

- it allows consideration of the longer-term viability of the Group;
- it being more aligned with the Group's strategic planning process; and
- it reflects reasonable expectations in terms of the reliability and accuracy of operational forecasts.

The Group's prospects are assessed primarily through its strategic planning process. This process includes an annual review of the ongoing plan, led by the Group CEO and CFO through the Operational Leadership Team and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macro-economic changes.

The output of the annual review process is a set of objectives which collectively form our three strategic priorities and our Environmental, Social and Governance ('ESG') strategy, an analysis of the risks that could prevent the plan being delivered, and the annual financial budget. The latest updates to the plan were finalised in March 2023, which considered the Group's current position and its prospects over the forthcoming years. Progress against these plans is reviewed monthly by both the Operational Leadership Team and the Board.



The Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending March 2028.

Detailed financial forecasts that consider customer numbers, stock levels, ARPR, revenue, profit, cash flow and key financial ratios have been prepared for the five-year period to March 2028. Funding requirements have also been considered, with particular focus on the ongoing compliance with the covenants attached to the Group's Syndicated Revolving Credit Facility ('Syndicated RCF'). The first year of the financial forecasts is based off the Group's 2024 annual financial budget. The following years are prepared in detail and are flexed based on the actual results in year one.

The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- continued growth in our core marketplace, as we develop our advertising platform and we continue to invest in our search experience;
- growth in digital retailing, as we continue to evolve both our products and consumer experience, bringing more of the car buying journey online;
- growth in the use of our data, being the industry standard platform and further embedding our data into the industry, giving buyers and retailers up-to-date insight; and
- increase in costs through salaries as the Group continues to grow, supporting and developing new products.

These key assumptions are reflected in the Group's principal risks and uncertainties, which are set out on pages 50 to 55. The purpose of the principal risks is primarily to summarise those matters that could prevent the Group from delivering on its strategy. A number of other aspects of the principal risks – because of their nature or potential impact – could also threaten the Group's ability to continue in business in its current form if they were to occur. This was considered as part of the assessment of the Group's viability, as explained opposite.

Assessment of viability

The output of the Group's strategic and financial planning process detailed previously reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, however, additional scenarios have been modelled over and above those in the ongoing plan, based upon a number of the Group's principal risks and uncertainties which are documented on pages 50 to 55. These scenarios were overlaid into the plan to quantify the potential impact of one or more of these crystallising over the assessment period. While each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment, only those that represent severe but plausible scenarios have been modelled through the plan. These were as follows:

Scenario modelled	Links to principal risks
<p>Scenario 1: Severe economic downturn</p> <p>Given the increase in the cost of living and steep rise in interest rates, the impact of a severe economic downturn has been considered. This would likely suppress consumer confidence, pressuring the used and new car markets, with retailers impacted due to an increase in their cost of capital. In the longer term, this landscape could be a catalyst for structural changes in the ownership model of vehicles, potentially including a rise in subscription-based models.</p> <p>Revenue assumptions: Approximately one third of retailers are lost, with underlying ARPR reducing through a loss of stock resulting in a 45% decrease in Trade revenue. A 40% decrease in all other revenue streams, including Autorama, was assumed due to reduced demand. Modest recovery was assumed for the financial year March 2026.</p> <p>Cost assumptions: Cost of sales and marketing decreased in line with revenue.</p>	<p>Risk 1: Automotive economy, market and business environment</p> <p>Risk 10: External catastrophic and geo-political events affecting customer and consumer behaviours</p>
<p>Scenario 2: Data breaches</p> <p>The impact of any regulatory fines has been considered. The biggest of these is the General Data Protection Regulation ('GDPR') fine for data breaches, which was enacted in May 2018. This scenario assumes a data breach resulting in the maximum fine (4% of Group revenue), coupled with a significant level of reputational damage to the Group's brand.</p> <p>Revenue assumptions: A severe reduction was modelled through Trade revenue, resulting in an initial 45% decrease in revenue driven by lost retailers. A 45% decrease in Consumer Services, Manufacturer and Agency and Autorama revenue was also assumed through the loss of consumer and partner confidence. Modest recovery was assumed for the financial year March 2025.</p> <p>Cost assumptions: Cost of sales and marketing decreased in line with revenue.</p>	<p>Risk 5: IT systems and cyber security</p> <p>Risk 7: Legal and regulatory compliance</p> <p>Risk 9: Brand and reputation</p>
<p>Scenario 3: Banning the sale of diesel cars</p> <p>The impact of climate change has been considered through the potential ban of diesel cars. The government has outlined plans to ban the sale of new conventional petrol and diesel cars from 2030. This scenario assumes the government brings forward the ban of diesel cars, and also applies it to used cars, in the financial year to March 2026. This would result in a significant impact on stock available as well as a loss of retailers who cannot operate viably without the sale of diesel cars.</p> <p>Revenue assumptions: Approximately one third of retailers are lost, with underlying ARPR reducing through a loss of stock, resulting in a 40% decrease in Trade revenue. A 16% decrease in Consumer Services revenue was assumed through lost private diesel car volumes. A modest impact to Manufacturer and Agency revenue was assumed with Manufacturers well progressed into the transition to selling electric vehicles. Autorama revenue decline of 30% due to reduction in volumes. Modest recovery was assumed through retailers for the financial year March 2027 and beyond.</p> <p>Cost assumptions: Cost of sales and marketing decreased in line with revenue.</p>	<p>Risk 1: Automotive economy, market and business environment</p> <p>Risk 2: Climate change</p> <p>Risk 6: Failure to innovate: disruptive technologies and changing consumer behaviours</p>
<p>Scenario 4: Combination of all three scenarios as above</p> <p>This is seen as a worst-case scenario, and highly unlikely.</p>	<p>All of the above</p>

The war in Ukraine

The war in Ukraine has the potential to materially impact the automotive value chain. As Russia is an exporter of key metals and other materials used in parts production, and Ukraine makes components used in production such as wiring harnesses, there is a direct disruption and rising price risk. The supply chain is already impacted by semi-conductor supply issues, and there could be a further impact to new car transactions. This scenario has not been modelled as the Group does not feel there is likely to be significant impact than that already seen, however it will continue to monitor the situation.

Syndicated Revolving Credit facility ('Syndicated RCF')

The above scenarios consider the bi-annual covenants attached to the Group's Syndicated RCF, ensuring thresholds are met. The scenarios are hypothetical and severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group.

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 of any of these scenarios, remain cash generative and meet the obligations of its debt facility.

Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending March 2028.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in note 1 to the financial statements.

The Company's Strategic report, set out on pages 2 to 57, was approved by the Board on 1 June 2023 and signed on its behalf by:

Nathan Coe
Chief Executive Officer
1 June 2023

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').



Dear shareholders

Compliance with the Corporate Governance Code

The reports on the following pages, including the Committee reports, set out the governance arrangements we have in place, and detail how we have met the Code requirements. Once again, the Company complied with all provisions set out in the Code for the period.

Board succession planning

Succession planning has been a major focus area during the year. The Board has approved the appointment of Matt Davies as Chair Designate with effect from 1 July 2023, to succeed me as Chair prior to the conclusion of the 2023 AGM. Two of our Non-Executive Directors (David Keens and Jill Easterbrook) will reach the end of their third three-year terms in 2024, the ninth anniversary of Auto Trader Group plc's admission to the London Stock Exchange's official list. Jeni Mundy will reach the end of her third three-year term in 2025. The Nomination Committee report sets out in some detail the succession plan for these changes, including the overarching goals, skills and experience requirements and the expected timelines. The Company will continue to update on our progress at the appropriate time, as suitable candidates are identified and appointments are made.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Thursday 14 September 2023 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. Myself and the 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
Chair
1 June 2023

Independence¹

Number of Directors as at 31 March 2023²



Percentage of independent Directors on the Board: 62.5%

● Independent ● Non-independent

Gender diversity

Number of Directors as at 31 March 2023²



Percentage of women on the Board: 55.6%

● Women ● Men

Ethnic diversity³

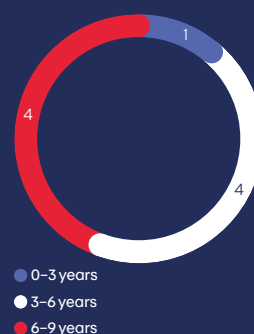
Number of Directors as at 31 March 2023²



● Ethnically diverse
● White

Length of tenure⁴

Number of Directors as at 31 March 2023



● 0-3 years
● 3-6 years
● 6-9 years

1. Excluding the Chair.
2. No change from 31 March 2022.
3. As per the Parker Review, a Director was defined as being ethnically diverse if they identified as Asian, Black, Mixed or Other.
4. Refers to the period since appointment to the PLC Board.

Compliance with the 2018 Code

The Company has complied in full with all provisions of the 2018 Corporate Governance Code during the year as referenced below:

1 Board leadership and company purpose

The Board is responsible for setting the Group's purpose, for determining the basis on which the Group generates value over the long term and developing a strategy for delivering the objectives of the Group. The Strategic report, which can be found on pages 2 to 57, sets out the Group's purpose, strategy, objectives and business model. Details of how the Board assesses and monitors culture can be found on page 62.

The Board's engagement with employees, shareholders and other stakeholders is described in detail on pages 14 to 17 and page 62.

2 Division of responsibilities

The responsibilities of the Chair, Chief Executive Officer, Senior Independent Director, Non-Executive Directors and Company Secretary are set out on page 63. The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. The schedule sets out key aspects of the affairs of the Company which the Board does not delegate and is reviewed at least annually. Each Committee has formally approved Terms of Reference which are reviewed and approved at least annually, or more frequently as circumstances require. Details are published on our website at plc.autotrader.co.uk/investors.

At the date of this report, the Board consists of the Non-Executive Chair, five Independent Non-Executive Directors and three Executive Directors. Refer to page 64 for details of Board and Committee meetings and attendance, and to the biographies on pages 60 and 61 for details of Board members' external commitments, all of which were approved by the Board.

3 Composition, succession and evaluation

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

During the year, the Committee focused on implementation of the succession plan for the Chair and Non-Executive Directors who are reaching their nine-year tenure. The Committee also led an evaluation of the Board, the Committees and each individual Director. The work of the Committee is described on pages 66 to 69. The Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively. Biographies of all members of the Board appear on pages 60 and 61.

4 Audit, risk and internal control

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

The work of the Committee is described on pages 70 to 75.

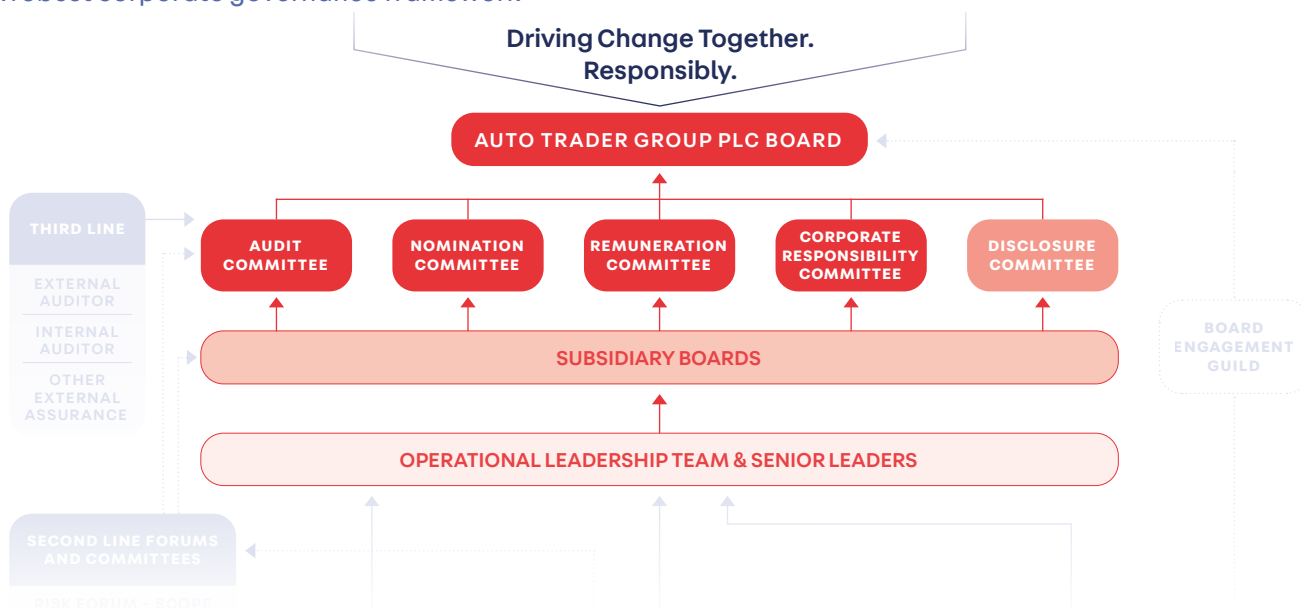
The Company does not have a separate Risk Committee; the Board is collectively responsible for determining risk appetite, and the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. Refer to page 73 for details of the evaluation of the risk management and internal control framework, and to pages 48 to 55 for details of risk management and the principal risks facing the Company.

5 Remuneration

The Board has established a Remuneration Committee, chaired by Jill Easterbrook and comprised entirely of Independent Non-Executive Directors. The Remuneration Committee is responsible for determining the Remuneration Policy,

and for setting remuneration for the Executive Directors, the Chair and senior employees; for monitoring the remuneration policies for the wider organisation; and for ensuring the alignment of reward with the culture of the organisation. The work of the Committee is described on pages 80 to 93.

A robust corporate governance framework

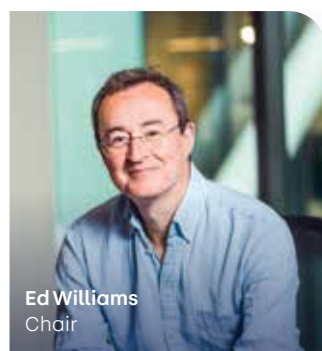


FURTHER DETAIL

For the full detail on how we govern ESG:

[Being a responsible business P26](#)

[How we manage risk P48](#)



Ed Williams
Chair

Biography

Ed was appointed as Chair of Auto Trader Group plc in February 2015. 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.

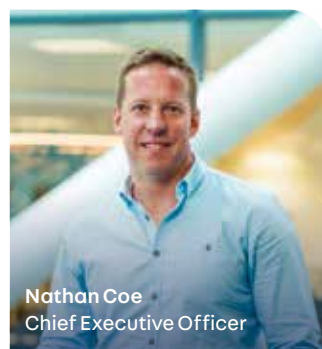
Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to PLC Board
February 2015

Independent on appointment?
Yes

External appointments
• Baltic Classifieds Group plc
Committee memberships

N



Nathan Coe
Chief Executive Officer

Biography

Nathan was first appointed to the Board as Chief Operating Officer ('COO') in April 2017 and as Chief Financial Officer ('CFO') in July 2017. Nathan was appointed Chief Executive Officer ('CEO') in March 2020, following the announcement of former CEO Trevor Mather's retirement. Nathan joined Auto Trader in 2007 to oversee the transition from a

magazine business to a pure digital company. Prior to his appointment to the Board, Nathan was the joint Operations Director, sharing responsibility for the day-to-day operations of the business. Prior to joining Auto Trader, Nathan was at Telstra, Australia's leading telecommunications company, where he led Mergers and Acquisitions and Corporate Development for its media and internet businesses.

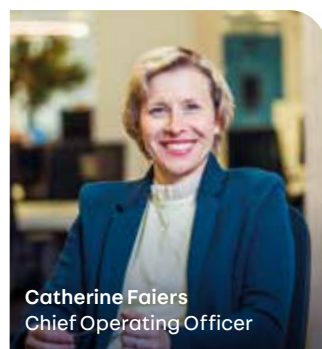
He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com (Hons).

Appointed to PLC Board
April 2017

Independent on appointment?
N/A

External appointments
None
Committee memberships

D



Catherine Faiers
Chief Operating Officer

Biography

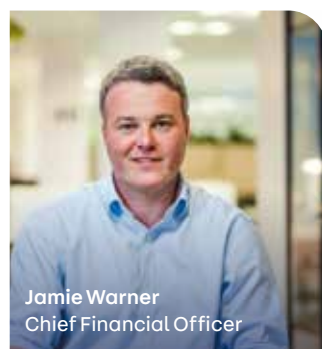
Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer ('COO') in May 2019. Catherine is responsible for the day-to-day operations of Auto Trader's business. She is also focused on guiding the Group's strategy and development.

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
• Allegro.eu Group
Committee memberships
None



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

D



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). He was a Non-Executive Director and Audit Chair of J Sainsbury plc (2015 to 2021), and most recently has taken up the role as Senior Independent Non-Executive Director and Audit Chair of Moonpig Group plc.

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
• Moonpig Group plc
Committee memberships

A CR N R