

DRIVING THE FUTURE: OUR SUSTAINABLE BUSINESS

carsales.com Limited
Environmental, Social & Governance Report
August 2020

Introduction

Welcome to carsales.com Ltd's Environmental, Social and Governance Report for 2020.

In a year of environmental disasters and pandemics across the globe, it has never been more evident that protecting our people, environment and industries is paramount. In this report, we communicate to our stakeholders how we are playing our part, and what we are doing to safeguard their investment in our company well into the future.

Many companies talk about their people and culture, but I truly believe we have one of the very best company cultures in the world. We have spent years working to attract and retain the best talent in the industry, so it was not surprising that the team has shown outstanding resilience in recent circumstances. I am so proud of how easily and quickly we have been able to pivot to alternative working arrangements, and of the level of dedication our people have shown in supporting each other, our clients and industry.

As an online business, we have a low environmental impact as compared to many other categories of companies. However, we can still do our part to minimise the impact we do have and assess whether we can be going about our business in a more environmentally responsible way. While we are in the early phases of this journey at carsales, the important thing is that we have started, and will continue to improve.

I have enjoyed hearing from our investors what is important to them from an environmental, social and governance perspective, and this report seeks to address those issues. I encourage you to continue to provide us with your feedback, as we continue on our journey of not only being the world's best automotive classifieds business, but an industry leader in ESG.

Finally, I want to express my sincere thanks to our people and supporters across the globe – you continue to drive us to deliver the very best we can offer, and we couldn't do it without you.



Cameron McIntyre
Managing Director and
Chief Executive Officer
carsales.com Limited

A handwritten signature in black ink, consisting of stylized, overlapping loops and lines, ending with a small dot.

Approach to ESG Risk Management

carsales.com Limited's (**carsales, the Company**) approach to assessing, mitigating and managing ESG risk is overseen by the Company's Board and managed by the carsales' Executive Leadership Team (**ELT**).

The Board is responsible for establishing and overseeing the Company's risk management framework. It has delegated the specific duty of developing and monitoring compliance with risk management policies to the Board's Risk Management Committee (**RMC**).

carsales has based its ESG reporting framework on feedback from investors and their representatives. carsales plans to continue to develop its ESG practices in consultation with stakeholders.



Corporate Governance

- Act lawfully, ethically and responsibly
- Effectively manage business risks
- Drive sustainable shareholder value



Social

- Talent attraction and retention
- Diversity and inclusion
- Community



Environment

- Continuous improvement in sustainable practices
- Enabling eco-friendly vehicle choices

Corporate Governance

A silver laptop is open on a wooden desk. The text 'Corporate Governance' is overlaid in white, bold, sans-serif font in the center of the image. The background is a dark, textured wall.

Corporate Governance

The Company's Board is responsible for the governance of the Company and its controlled entities.

carsales' approach to governance is designed to support business operations, deliver on strategy, monitor performance and manage risk to:

- promote the long-term profitability of carsales while prudently managing risk;
- drive superior and sustainable shareholder value over the long term through the alignment of the interests of shareholders and employees; and
- meet stakeholder expectations of sound corporate governance as part of carsales' broader responsibility to customers, shareholders, investors and the communities in which it operates.

The Board is committed to ensuring that good corporate governance and transparency are fundamental to the culture and business practice of carsales.

The Company's Corporate Governance framework follows the principles of the ASX Corporate Governance Principles and Recommendations (Fourth Edition). This is detailed in the Company's annual Corporate Governance Statement, which is available on the Investor Centre on the Company website.



Board and Management

Board structure

The Board is structured to provide maximum value to the Company. This involves ensuring there is sufficient independence on the Board as well as an appropriate level of industry experience, specialist knowledge and diversity.

This is partly assessed by an annual Board skills matrix (the results of which are disclosed in the Company's Corporate Governance Statement). It is also considered by the Board's Remuneration and Nomination Committee in its Board renewal plans. A case study of the Board renewal plan undertaken by the Board is contained on page 8 of this report.

The carsales Board has a majority of independent non-executive directors.

Further information about the Company's Board is included in the Annual Report and Corporate Governance Statement – both available on the Investor Centre on the Company website.



Pat O'Sullivan
Independent non-executive Chair
Director since 2007



Cameron McIntyre
Managing Director & CEO
Director since 2017



Wal Pisciotta OAM
Non-executive founding Director
Director since inception



Kim Anderson
Independent non-executive Director
Chair of Remuneration & Nomination
Committee
Director since 2010



Edwina Gilbert
Independent non-executive Director
Chair of Risk Management
Committee
Director since 2016



Kee Wong
Independent non-executive
Director
Director since 2018

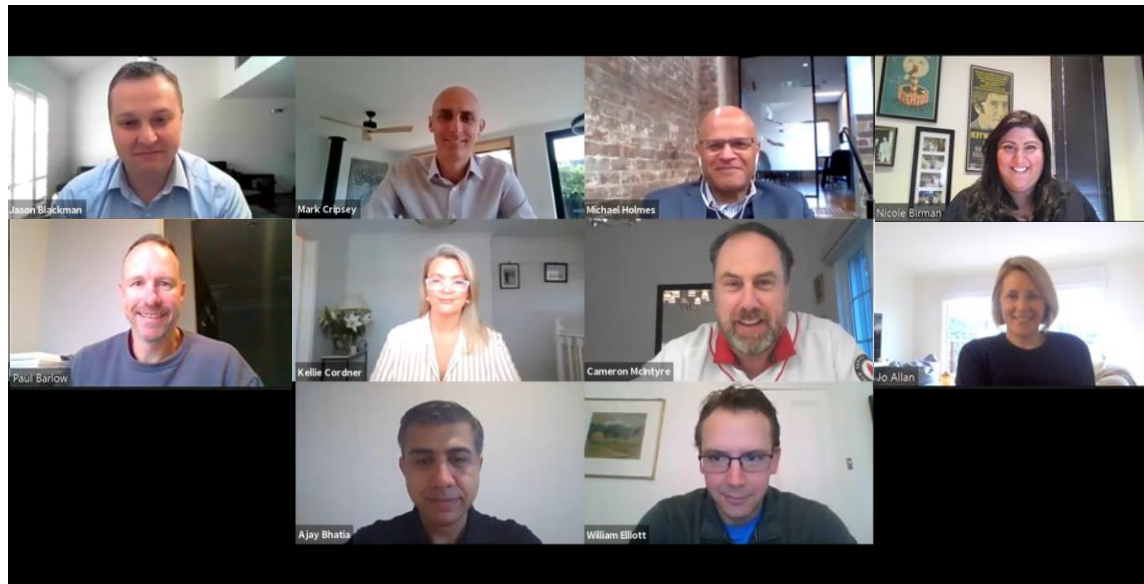


David Wiadowski
Independent non-executive
Director
Chair of Audit Committee
Director since 2019



Nicole Birman
General Counsel and Company
Secretary
Since 2014

Board and Management



Management composition

The Company's ELT is structured to bring a diverse range of experience, expertise and viewpoints to the management of the Company. The ELT includes both commercial and industry specialists and operational experts with a proven track record of managing businesses and delivering results for stakeholders.

Information about the individual members of the Company's ELT is available on the Investor Centre on the Company website.

Our executive leadership team (ELT) in the 2020 version of a 'team photo'

Talent management and succession

The ELT and Board regularly assess a comprehensive talent matrix to ensure there is sufficient development of the Company's people and appropriate succession plans are in place.

The Remuneration and Nomination Committee manages Board and CEO succession planning.

1st
row
L - R

Jason Blackman
Chief Information Officer
Employed 2012

Mark Cripsey
Chief Product and Data Officer
Employed 2020

Michael Holmes
Executive Director Dealer
Employed 2013

Nicole Birman
General Counsel & Company Secretary
Employed 2010

2nd
row
L - R

Paul Barlow
Managing Director International
Employed 2009

Kellie Cordner
Chief Marketing Officer
Employed 2015

Cameron McIntyre
Managing Director & CEO
Employed 2007

Jo Allan
Chief People Officer
Employed 2008

3rd
row
L - R

Ajay Bhatia
Managing Director Australia
Employed 2008

Will Elliott
Chief Financial Officer
Employed 2015

Board and Management

5 year Board renewal plan: a case study

The carsales Board takes a long term approach to succession planning and Board renewal. The Board renewal plan is based on a five-year horizon, and encourages an open dialogue with directors regarding their future plans with the Company. This enables the Board to identify potential gaps in its skill set and anticipate timing of new appointments.

In 2015, one of our founding Board members, Ric Collins, shared that he intended to retire in the coming years. In addition to his many other contributions, Ric was a successful automotive dealer and gave the Board great insight into its largest customer base and the industry as a whole. As a Board, we did not want to lose that insight with Ric's retirement. In searching for a new dealer to join the Board, we were fortunate to find Edwina Gilbert, who is not only a dealer principal with many years automotive experience, but also has a degree in law, and strengthens our Board diversity goals both in gender and age. As this was Edwina's first public company appointment, Ric undertook to stay on the Board for a two year crossover with Edwina.

Jeff Browne, who was the Board Chair at the time, indicated an intention to retire in 2018. Jeff brought a great entrepreneurial

spirit to the Board and this was something we looked for when identifying his replacement. The Board had also assessed that with Greg Roebuck's departure as CEO and a member of the Board, it was important to bring on a director with deep product and technology expertise. With the Company's continued global expansion, a director with extensive international experience was also desirable.

This ultimately led to the appointment of Kee Wong to the Board, an entrepreneur with a technology background and experience throughout Asia. After conducting an international search, it turned out that our next director was just up the street in Cremorne!

The chemistry of the Board is an important part of ensuring a well-functioning Board. The Chair process, which considered both internal and external candidates, took into account the Company's high performing and collegiate culture, knowledge of the sector, as well as extensive experience in governance, specifically on ASX listed Boards. This resulted in the appointment of current director Pat O'Sullivan as Chair.

Upon appointment as Chair, Pat was required to step down as Chair of the Audit and Risk Management Committee. The Board also took

the opportunity to split the Audit and Risk functions to ensure both received appropriate attention at a Board level. The Board formed two separate committees, appointing Edwina Gilbert as Chair of the newly formed Risk Management Committee, and seeking a new appointment to head the Audit Committee.

The Board identified a number of mandatory requirements for the Audit Committee Chair replacement. Namely that the incoming director must have significant financial expertise, and preferably experience as a CFO in a publicly listed company and/or as an Audit Partner in one of Australia's major accounting firms. Ideally the candidate would also contribute to gender diversity, notwithstanding that the Board would appoint the best person for the role. David Wiadrowski was appointed in 2019, having not only the desired skill set but also a significant understanding of the media and technology sectors.

In the past five years the Company's Board renewal has resulted in a well-balanced Board, adding new thinking, with a skill set aligned to the Company's strategy.

- Kim Anderson, Chair Remuneration and Nomination Committee

Risk Identification and Management

Risk and crisis management

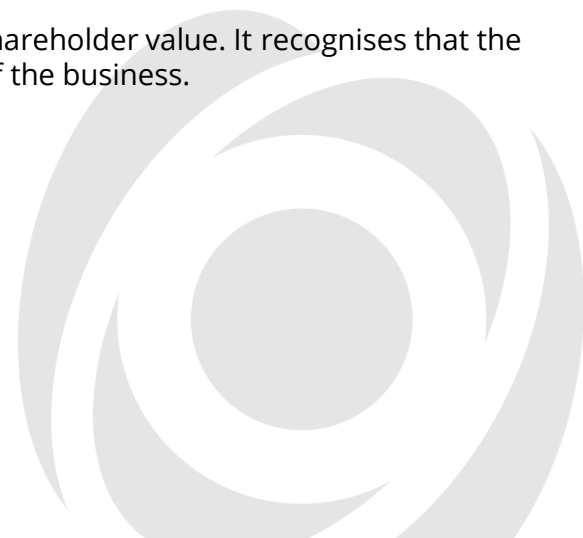
carsales' Board is responsible for ensuring that the Company has an appropriate corporate governance framework to protect and enhance its performance and build sustainable value for shareholders.

The Company's Board Charter states that it is the responsibility of the Board to 'ensure that the significant risks facing the Company have been identified and that adequate control, monitoring and reporting mechanisms are in place'.

The Company's RMC assists the Board in carrying out its risk management responsibilities. The RMC approaches its risk oversight based on the Company's level of ownership of operations locally and offshore.

Both the Board Charter, the RMC Charter and the Company's Risk Management Policy are publicly available in the Investor Centre on the Company website.

The Company seeks to take and manage risk in ways that will generate and protect shareholder value. It recognises that the management of risk is a continual process and an integral part of the management of the business.



Risk Identification and Management

Material risk identification

The Company conducts a thorough review and update of its formal risk register at least twice a year. This review captures material and other potential risks to the business along with an assessment of the nature, likelihood and materiality of the impact of each risk, mitigation plans and specific risk owners. These include risks over categories including business continuity, compliance, human capital and information technology.

Earlier this year, the Company established a new risk management committee comprised of ELT and senior operational management to assist the RMC in tracking and escalating risks.

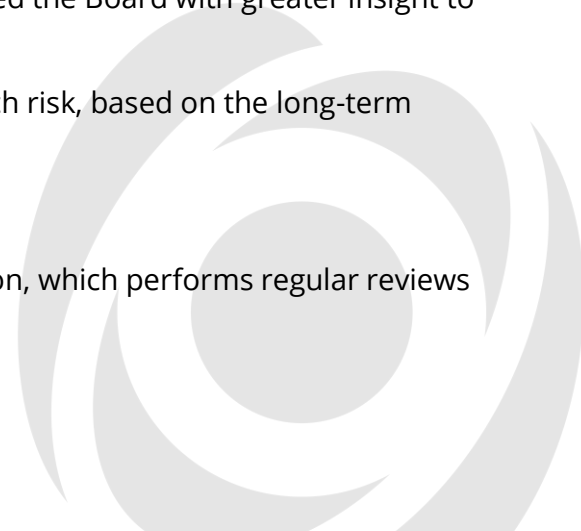
As part of the establishment of this new risk management committee, the risk register underwent a thorough review and redesign. Each risk now has an ELT member and a senior manager assigned as its owners. The risk owners are tasked with monitoring the risks by reference to agreed metrics and reporting on any movement to the RMC.

In addition to its annual global risk / issue analysis with the ELT, this year the Board also conducted an analysis with the country managers from each of the Company's international operations. This provided the Board with greater insight to the specific jurisdictional risks for each business.

The Board's analysis includes an assessment of the materiality and significance of each risk, based on the long-term impact on value creation and the Company's ability to deliver on its strategy.

carsales uses the results of the assessment to inform its risk management strategy.

The Company also continued to engage KPMG as an outsourced internal audit function, which performs regular reviews of high risk areas under an annual internal audit plan approved by the RMC.



Risk Identification and Management

Risk philosophy

The level of mitigation in place and acceptance of risk varies according to the pervasiveness of the risk across the Company's operations, the potential consequences of the risk (across various categories) and the likelihood of occurrence.

For example, the Company extensively invests in preventative resources and monitoring against IT security risks, whereas risks around changing consumer behavior are dealt with by monitoring trends and product management activities.

Culture of compliance

Central to carsales' approach to risk mitigation is its objective to cultivate a culture of compliance. Each carsales employee is a guardian of the Company's reputation and is armed with the knowledge and attitude to protect it.

carsales offers tailored training and development experiences throughout the duration of the employee life-cycle to ensure all employees understand their role in compliance. The training and development journey begins from day one, with compliance training modules allocated to new starters immediately and requiring completion within the first weeks of employment.

This ensures all employees are aligned with the role of risk and compliance and can understand and stay up to date on industry standards and applicable legislation.

Broadly, carsales compliance training focuses on reducing the incidence of legislative breaches in the workplace, highlighting the standard of acceptable behaviour in the workplace and identifying inappropriate behaviour which will not be tolerated at carsales. The training aims to protect the carsales brand and reputation and ultimately strengthen the employee experience by enabling them to understand how they contribute to the Company's success.

At a minimum, carsales Australia employees must complete the following mandatory compliance modules: workplace bullying, sexual harassment, workplace health and safety, consumer law, equal opportunity in employment and misleading conduct and competition law. These training modules are updated to reflect real workplace examples.

carsales has implemented protocols and policies to ensure this training is completed by all employees. The on-time completion rate for all compliance courses in FY20 averaged 96%.

Codes of Conduct

Codes of business conduct

Business conduct and ethics are addressed within the Company's risk management framework by establishing and maintaining an effective culture of compliance that drives upstanding conduct. This is supported by a framework of policies, controls, processes and reporting mechanisms, in particular to manage legal, reputation and operational risks.

In 2019, carsales rolled out a new Global Code of Conduct and Global Human Rights Policy. These codes are endorsed and supported by senior management across the entire Company. The codes outline what is expected from each employee in standards of conduct and workplace behaviour and in conformance with the United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

In a day-to-day setting the codes are a reflection of how our people are encouraged to act not only with their peers, but with all relationships relative to the Company.

The codes ensure carsales maintains a consistent and excellent standard of business ethics and integrity.

They are aligned to the Company's EEO, Discrimination, Harassment and Workplace Violence Policy, Workplace

Bullying Policy and the Workplace Health and Safety Policy. All these policies are published on the Company's Intranet.

Upon employment, all people within the business agree to the terms outlined in the Code of Conduct.

International training compliance

carsales has developed an international training program for global compliance in respect of our global whistleblowing policy, human rights policy and code of conduct.

This training is delivered locally in each country to ensure team members understand the applications of these policies in their jurisdiction.

Workplace health and safety

Employee safety is a key part of our culture and a strong message of best practice and operational excellence is driven from our Board and ELT, and practiced by the wider team.

carsales proactively manages risk across our global network.

Over the past year, carsales.com Ltd had six reported incidents – all which were classified as minor. As of the date of this report, our Company Lost Time Injury Frequency Rate was 0.8, with no claims open.

Codes of Conduct

Supplier Code of Conduct

Following enactment of the Modern Slavery Act 2018 (Cth), carsales has been exploring how best to incorporate addressing modern slavery risks in its operations and supply chain.

In relation to managing supply chain risks, carsales consulted with external experts and introduced a Supplier Questionnaire, Supplier Code of Conduct and standard template contractual clauses to manage risks, including modern slavery, in appropriate supplier contracts.

The Supplier Code of Conduct was developed in collaboration with carsales' People and Culture team and covers labour (including modern slavery), health and safety, environment, business ethics and management and governance.

Modern slavery risk management will also form a component of carsales' new procurement framework currently under development.



Global Whistleblower Policy

carsales implemented a new global Whistleblower Protection Policy in 2019.

To promote universal adoption of the policy, its launch was led by carsales CEO, who endorsed the policy in his leadership communications. This was followed up by the support of executives and management globally to ensure people at all levels of employment feel supported to identify and call-out suspected instances of misconduct or unethical behaviour.

To ensure the policy is effective, carsales has engaged with Deloitte to manage the reporting process. This not only enables complete anonymity but also maintains that all incidents are addressed in an appropriate and timely manner.

We have had zero whistleblowing incidents reported globally in the last 12 months. This speaks to our culture of compliance, transparency and openness, as our people have continued to raise issues directly with management without fear of persecution.



Introduction to Key Risks

Being a complex business in a growth market carries with it a number of risks that the Company manages. Those as being of highest importance to the continued success of the Company include:

Cyber security and data protection

The cyber threat to companies around the world is growing and unrelenting. carsales is vigilant and proactive in its approach to cyber security, investing resources to meet the challenges of a complex cyber environment in order to protect its customers' data. A cyber-attack or hack of carsales' systems could have serious impact on the Company's reputation, operational and financial performance.

Maintenance of professional reputation and brand name

The success of carsales and its businesses around the world is heavily reliant on its reputation and branding. If an event were to occur which substantially damaged carsales' reputation, it could have a significant impact on the performance of the Company.

Downturn in the global economy, motor vehicle or general advertising market

The performance of carsales will continue to be influenced by the overall condition of the motor vehicle market across each country in which we operate. The motor vehicle market is influenced by the general condition of the economy, which by its nature is cyclical and subject to change.

Information technology

carsales' business operations rely on owned and third-party IT infrastructure and systems, including Amazon Web Services and other cloud service providers. Interruption to these operations could impair carsales' ability to operate its customer facing websites and negatively impact on carsales' financial performance.

Exposure to sovereign / geopolitical risk

As carsales expands into more international markets geographically distant from head office, the risk of sovereign / geopolitical risk intensifies.

Risks In Depth

Cyber security and data protection

carsales focuses on a number of key areas for identifying and protecting its digital assets and customers. These include internal and external training, educating customers in the areas of fraud, utilisation of managed security services and fraud detection services, and an internal security function.

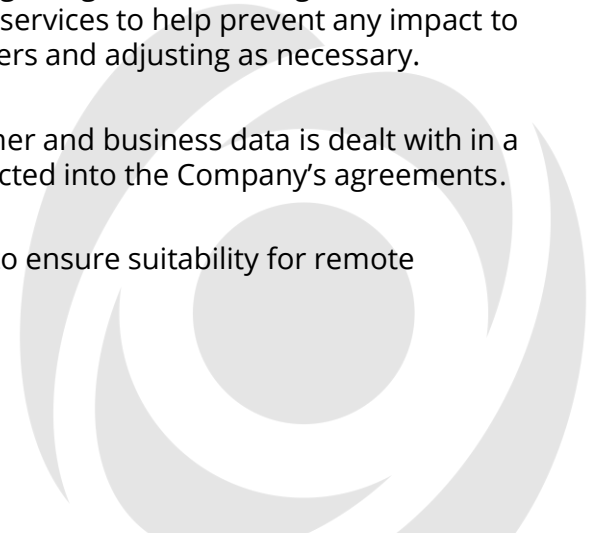
carsales utilises internal and external auditing and testing of its systems for security related risks, and responds accordingly as a priority. These processes are completed at least twice annually. The Company also implements continuous security testing for externally facing services and systems.

Data and information security training is performed across the organisation throughout the year to ensure employees are aware of current threats and how to deal with them appropriately.

carsales continues to implement new systems and improve existing systems, including using artificial intelligence and machine learning platforms, to assist and help identify fraudulent activities across its services to help prevent any impact to customers. Our team is continuously evaluating and accessing the risk to our customers and adjusting as necessary.

As carsales procures services from suppliers, it takes measures to ensure that customer and business data is dealt with in a manner compliant with relevant legislation, and service and security levels are contracted into the Company's agreements.

carsales' cyber security and data protection practices have been tested and adapted to ensure suitability for remote working.



Risks In Depth

Reputational risk

carsales' reputation is vital to its success, as it is highly regarded by customers as a trustworthy brand. The Company invests heavily in trust and safety products and processes in order to protect its customers.

Reputational risk is regarded by carsales as the risk of loss that directly or indirectly impacts earnings, value or capital caused by:

- adverse perceptions of the Company held by customers, partners, suppliers, shareholders, investors, brokers, regulators or the media; or
- unacceptable conduct by the Company's employees or contractors.

The Board and ELT receive regular reporting on matters that may impact the Company's reputation and brand such as:

- feedback from commercial and consumer customers; and
- reporting on consumer activity across carsales platforms, such as consumer scams, attempted frauds, and preventative measures in place.

This reporting is used to identify areas where further resources should be invested to improve preventative measures and to form task forces to respond to emerging issues.

Handling personal information in an appropriate way is a key requirement to maintain the Company's strong reputation.

carsales takes its responsibilities to protect customer and personal information it holds extremely seriously. The Company addresses this responsibility in a number of ways including through its Privacy Compliance Policy which sets out how the Company deals with personal information, a complaints handling procedure for any issues that may arise and a data breach response plan.

The Company has also appointed Privacy Champions throughout the global business who receive additional privacy training and are both a first point of contact for privacy queries, and a person with a departmental view to escalate privacy matters to the ELT.

All areas of the business which collect and use personal information work closely with the Company's Privacy Officer and legal department to ensure compliance with the Company's privacy responsibilities.

Risks In Depth

Downturn in the global economy, motor vehicle or general advertising market

As a participant in economies around the world, carsales is able to be impacted by general downturns in the economy or more specific declines in relevant markets.

carsales has proved itself to have a resilient business model through past challenges, including the global financial crisis, hyper-inflation in Argentina, and a decline in the general advertising market in Australia according to the Standard Media Index reporting.

Most recently, like all businesses we have had to deal with a worldwide health crisis which has impacted markets and economies all over the world. carsales has shown strength in its metrics through the pandemic, closely monitoring trends and identifying areas of risk and opportunity, and deploying efforts where they will have most impact in the circumstances.

Through constant innovation and extensive experience, the Company has come through previous challenges, and is confident it will emerge from the current challenge in a position of strength.



Risks In Depth

IT security and system availability

carsales' business operations rely on owned and third-party IT infrastructure and systems, including reliance on Amazon Web Services and other cloud service providers. The services utilised include SaaS (Software as a Service), PaaS (Platform as a Service) and IaaS (Infrastructure as a Service) where appropriate.

carsales manages risks associated with the use of these services by ensuring the technology architecture and implementation supports appropriate redundancy and scalability for the service levels required in order to provide a great customer experience and deliver new technological innovations.

carsales utilises 'as-a-service' providers globally to support redundancy and scalability and the continued internationalisation of the business. These globalised services provide coverage for business continuity events caused by technical failure, weather, natural disaster and cyber or terrorist attack.

The architecture employed also provides for and enables the security of carsales' customer and business data through the use of both internal and externally managed security services. Accountability for this sits with the Chief Information Officer, who is part of the ELT and regularly reports to the RMC and Board on these matters.



Risks In Depth

Exposure to sovereign / geopolitical risks

carsales holds a number of investments across the Latin American and Asian regions. As these businesses grow the Company becomes more exposed to regulatory, legal and political risks of operating in those international markets.

carsales mitigates these risks by maintaining its knowledge on international issues, changes in legislation, and by regularly providing training in key areas to relevant carsales people. Many of these geographical risks are outside of the Company's direct control, and are mitigated by spreading risk and investment across a wide range of countries.

The Company has close working relationships with its bankers, who provide great insight into local markets gained by information and knowledge sharing with colleagues across the globe. Furthermore, members of our leadership team regularly visit international offices to ensure the operation is both compliant and representative of the carsales culture that has been fostered.

With current travel restrictions, the teams have greatly increased check-ins over video conferencing platforms to maintain adequate levels of oversight and also increased exposure of country managers to the Company Board.



Risks In Depth

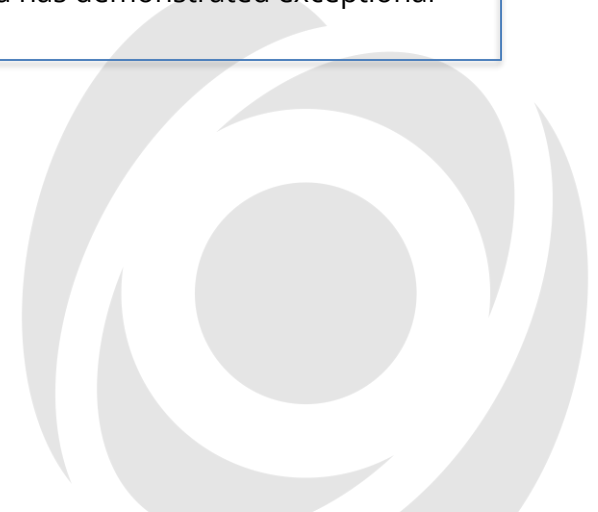
The Encar experience of COVID-19: a case study

The first location of the Company's operations impacted by the COVID-19 pandemic was South Korea. In early February 2020 local management at Encar, supported by the ELT from Australia, quickly sprang into action, developing a 5 stage risk prevention and management scheme to address the crisis. The earliest stages of the scheme involved providing protective clothing at its branches and setting up and preparing the IT environment for telecommuting employees.

As the situation in South Korea worsened, the focus shifted to emotionally supporting Encar people, helping them to understand that this would be a long-term battle and taking measures such as weekly team-leader meetings to ensure decisions were being made consistently and in the best interests of its people.

As South Korea reached a 'new normal' phase of dealing with COVID-19, Encar continued to ensure its people were emotionally supported but not complacent to the ongoing risks. It is maintaining strict quarantine measures for ill employees and disinfection protocols of branches and head office as appropriate.

Throughout the pandemic, the Encar business' performance has remained strong and has demonstrated exceptional leadership in difficult circumstances.



Risks In Depth

Working in a global pandemic: a case study

The tech perspective

With COVID-19, an overnight transition to remote working occurred for our entire team. We were simply in the office one day, and working remotely the next. We didn't miss a beat. Technology choices made some 5 years ago, and implemented as part of our business continuity plans and product growth strategy put us in the best position possible for the transition.

Our technology was always premised on the ability to scale our operations. This opportunity to scale was delivered for our customer facing product and for our business operations. From accounting to the call centre and in all our offices globally, our staff could work remotely with nothing more than their issued equipment and an internet connection.

Our resilience and ability to adopt new ways in which we work was demonstrated as the only change we made was to scale the video conferencing licencing to all staff. Laptops, instant messaging, and video conferencing were already a part of the carsales crew's vernacular working on a global scale. With top talent already working remotely we knew it could be done, our only concern was whether the business cadence could be maintained. Now four months into working remotely, there appears to be no issues in productivity, collaboration and confidence.

Seeing online communities form, and technology playing a part in ensuring our global connectedness has been one of the most satisfying aspects of my career to date.

- Jason Blackman, Chief Information Officer

The people perspective

In my twelve years of working at carsales, nothing has made me prouder than the resilience shown by our team throughout the COVID-19 pandemic.

Things moved at an incredibly fast pace – in early March we asked our Australian team to start testing their remote connection to our systems and a week later we had closed our offices nationally and all of our team began working remotely.

With our people's health and safety our number one priority, the people and culture team mobilised quickly. We provided every team member with a work health and safety checklist, 100% of which were completed in 5 days. This allowed us to ensure that everyone had what they needed to set up a suitable workspace out of the office. Whether it be an ergonomic chair, computer monitors, or other equipment, it was all made available from our offices to support our team.

Globally, all our staff has had the opportunity to work remotely and with the exception of South Korea, at some stages all our offices have been shut down.

The people and culture team has so far created close to 100 pieces of internal communication focusing on mental health, ergonomics, taking a break, tips to juggle home schooling and lots more.

This has been one of the biggest changes we have faced in our working careers and the carsales team has not missed a beat. We have rallied and supported each other to make the transition successful, all the while going above and beyond for our customers and industry. We will continue to find new and fresh ways to boost morale and retain our unique carsales culture across the globe.

- Jo Allan, Chief People Officer

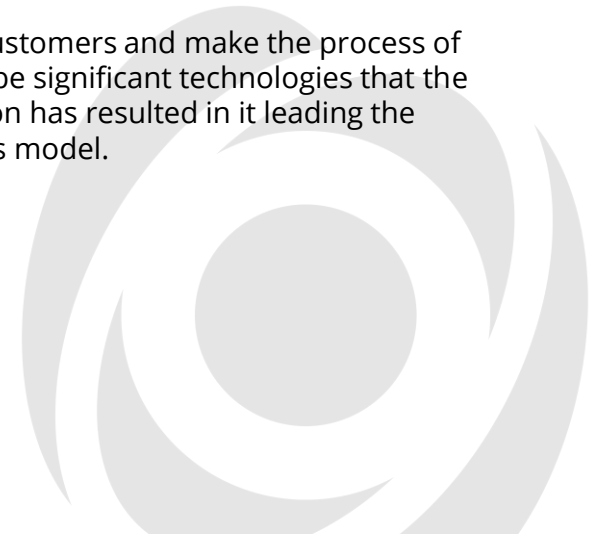
Innovation

Innovation is central to how carsales operates on a day-to-day basis. carsales is one of Australia's original disruptors and has always invested time and resources in innovation in order to stay ahead of competitors and remain compelling in the marketplace.

The carsales Board is clear in its expectations of management to continuously innovate, and it is a regular topic of discussion at Board and ELT meetings. Innovation is promoted to all carsales team members as part of the essential carsales DNA. carsales encourages innovation in all forms, and is conscious not to restrict innovative thinking to only technology.

Innovation will be central to the next era of carsales as it maximises the value of the data it generates. The Company's investment in data science and insights means it is delivering more and more insightful data to its customers. In turn this builds stronger relationships with OEMs and dealers and gives consumers better and more personalised experiences. carsales has recently appointed a Chief Product and Data Officer who sits on the ELT to ensure the function is able to get the attention it requires to maximise value for the Company.

carsales will continue to invest in innovation in order to streamline experiences for customers and make the process of buying, selling and advertising easier. Machine learning and artificial intelligence will be significant technologies that the Company will exploit to deliver benefits to its customers. carsales' constant innovation has resulted in it leading the industry in user experience, product and services, operational efficiency and business model.



Innovation

carsales Hackathons

- Throughout the year, we encourage all our people to work on a creative project or idea with their global peers that will improve an existing product, develop a new idea or create something that will support our people in their role.
- Across this period, teams and individuals who may not ordinarily connect come together and collaborate, with the hope of being crowned Hackathon Champion.
- Our hackathon is a global event and has enabled us to use technology in new ways to unlock our internal innovation and collaboration in new ways.
- 2020 will see us complete our first ever entirely virtual hack, with teams formed across the globe, working from home and collaborating using a range of technologies.



Plate-blurring: a Hackathon case study

Our hackathons are great opportunities to bring ideas to life and projects onto our roadmap. In 2020, we released a new feature enabling both Australian car dealers and private sellers to have their number plates automatically blurred from listing photos. This latest enhancement is to address the increasing prevalence of number plate cloning incidences, something that impacts everyday Australians and dealers alike. This release stems from our 2018 award-winning hackathon idea.

Stakeholder Engagement

Clear dialogue with the Company's stakeholders is important to building strong relationships, maintaining trust and enhancing business performance. carsales regularly engages with a broad range of stakeholders including investors and shareholders, proxy advisors, clients, employees, governments and regulators, suppliers and the wider community.

carsales recognises the value that each unique view can add to the Company and welcomes both formal and informal feedback.

Representatives from the Company's Board and the Company Secretary meet with proxy advisors and shareholders throughout the year. This provides an opportunity for these parties to gain a deeper understanding of the Company's documents and remuneration practices as well as alert the Company to issues of concern to investors. In addition, the CEO and senior executives take part in roadshows in Australia at least twice yearly in addition to more ad hoc meetings throughout the year with shareholders and other stakeholders.

Customer relationship management

carsales understands that its reputation, employees and customers are the life blood of its businesses around the world. Each of the Company's business units has a specific team that is responsible for customer relationship management.

The nature of the market means that the Company's reputation is a vital part of the decision-making process consumers use to choose a platform to buy or sell a car. carsales understands this and has invested heavily in promoting, protecting and measuring its brand and reputation in the market.

Every quarter, carsales undertakes an independent study through a third party independent supplier to measure its brand health. This report is an important component of the Company's reporting dashboard.

Stakeholder Engagement

Customer experience

carsales has created a customer experience program which captures feedback at the important moments of truth in the consumer buy, sell and ownership journeys.

The Company has a dedicated **Voice of Customer** (VOC) team, whose remit is to [listen, interpret, act, monitor and close the loop](#).

This team monitors feedback across a broad range of sources, including customer service emails and calls, social media comments, survey responses, onsite analytics, and reviews to identify issues that may escalate to cause reputational damage to the Company.

The team interprets the feedback and identifies way in which carsales' service offering may be improved to enhance the customer experience. The team then monitors customer feedback in relation to the changes made, and closes the loop by letting customers know of the improvements resulting from the initial feedback.

carsales' VOC team creates a monthly stakeholder report which highlights the key themes from the data it has collected and targets three issues each month that, once resolved, will improve the customer experience.

This experience in the Australian market is shared with carsales' international businesses to help them reach a maturity in customer engagement akin to that within the Australian business.

carsales' customer service team has satisfaction targets attached to all its interactions with customers, whether it be by phone, email, chat, or web. Customer satisfaction scores are displayed on screens in the Company's head office and are updated in real-time.

Surveys, usability studies and other tests are also conducted with the purpose of providing enhanced products to better assist buyers and sellers.

Stakeholder Engagement

carsales Customer Day

Borne from a drive to foster customer centric thinking within carsales, we held our first ever customer day at carsales HQ on 10 March 2020, hosting a group of interested carsales consumers.

The objective of the day was to develop greater customer empathy by exposing product teams to firsthand customer feedback. To increase the effectiveness of the day, we also had several dealer customers join us to hear directly from consumers about their buying experiences.

The half-day program comprised a number of different sessions:

- Our 'speed feedback' session solicited quick-fire feedback from consumers on general topics such as the most frustrating part of the car buying process.
- The 'ideas marketplace' session saw nine product teams showcase concepts they were working on in small group settings, capturing valuable feedback.
- The day finished with a 'fireside chat' with Chief People Officer Jo Allan and CEO Cameron McIntyre, during which Cameron shared the history of carsales and the trends we are seeing in the Australian automotive industry.

Feedback from both consumers and carsales' product teams was overwhelmingly positive – product teams captured qualitative feedback on concepts they were working on and consumers got an insight into the work we are doing to build better products that will enhance the car buying, selling and owning processes.



Stakeholder Engagement

Commercial customers

carsales works tirelessly to maintain strong relationships with its commercial customers.

carsales' view on customer engagement is simple – for a customer to make time in their diary, carsales must offer great solutions and experiences.

Corporate online presence

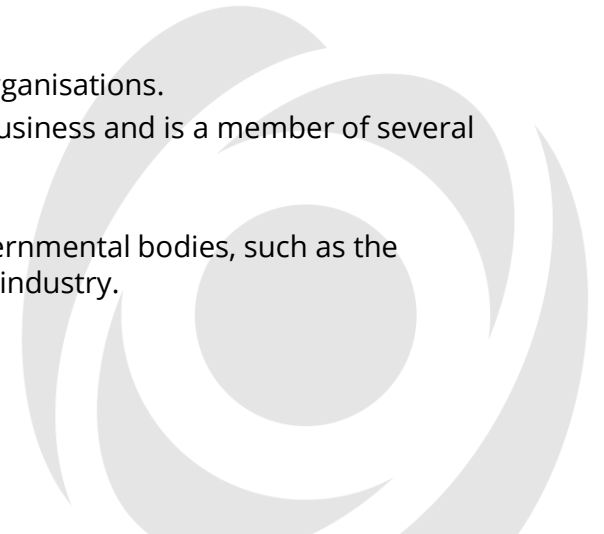
The nature of carsales' business around the world means that the Company operates many websites and mobile apps. In addition, the Company and its consumer brands has a strong, engaged presence on a number of social networks around the world including LinkedIn, Facebook and Twitter.

Policy influence

carsales does not make donations of time or money to political parties or lobbying organisations.

The Company does offer support for industry associations which are relevant to its business and is a member of several industry associations.

The Company engages with and makes official, publicly available submissions to governmental bodies, such as the Australian Competition and Consumer Commission (ACCC), on topics relevant to our industry.



Stakeholder Engagement

Tax strategy & transparency

The Board has adopted a Board Tax Policy. The purpose of the policy is to set out the philosophy and approach to the management of tax risks for the Company. Under this policy, the Board is committed to:

- ensuring compliance with the tax laws in each jurisdiction in which the Company operates, and ensuring that all tax positions are reasonably arguable;
- operating with transparency, including making accurate disclosures and maintaining an open and co-operative relationship with revenue authorities; and
- maintaining the integrity and reputation of the Company at all times.

carsales' management is responsible for managing tax risk and keeping the Board informed of high risk areas, shareholder risks and the general effectiveness of its policy through periodic reporting.

Management is also responsible for reviewing the Tax Policy annually to determine whether amendments are necessary to reflect changes in ATO guidance and ensure the policy remains best practice.

Management engages with external advisors (where necessary) to ensure compliance requirements are satisfied and to ensure compliance with all legislation.

As carsales is a publicly listed entity with total income of more than \$100 million, the ATO publishes specific carsales income tax return data annually.

carsales signed up to the **Voluntary Tax Transparency Code** in FY19, which is a set of principles and minimum standards that guide medium and large businesses on public disclosure of tax information. As part of this, carsales supplements the ATO's published data with further tax information in its Tax Note that is included in the Company's 2020 Annual Report. Such information includes a reconciliation of accounting profit to tax expense, identification and explanation of material temporary and permanent differences and an explanation of the Company's effective tax rate for the year.

A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a golden glow over the sea and sky. The sailboat's white sail is visible, and the silhouette of a person is seen on the right side of the deck. The word "Social" is overlaid in white text in the center of the image.

Social

carsales Culture and Values

carsales vision for our people: *to be an employer of choice and destination for talent by continuously evolving our culture of inclusion, learning, leadership, performance and passion*

carsales Values

EnRICH ENJOYMENT
RESPECT
INTEGRITY
COMMUNICATION
HONESTY

Enjoyment

We are the master of our own attitudes and don't take ourselves too seriously

Respect

We are engaged in the moment and value the contribution of others

Integrity

We are authentic and hold ourselves to a high standard

Communication

We listen to learn, share freely and are transparent

Honesty

We mean what we say and say what we mean

carsales DNA



Innovation

Innovation is key to our position as an industry disruptor and is an important part of our strategy. Innovation is the responsibility of us all and we know it is best achieved through collaboration and creative opportunities

Simplicity

Our product philosophy is to keep things simple and easy to understand which is reflected in our design & technology

Customer focus

The needs of our customers are at the centre of all that we do. Our business philosophy is to focus on removing friction points in the buy / sell / own cycle

The carsales People Promise



Career
Development



Community



Culture & Benefits



Reward &
Recognition



Work / Life
Balance



Health &
Wellbeing

carsales People

carsales is a company that takes great pride in its people and creating opportunities for their professional growth and success. Our people are key to our day-to-day operational excellence, our ongoing market success and our ability to continue to expand into new marketplaces across the globe.

Celebrating our talent and acknowledging their overarching role in the success of the Company is one of our strengths that has carried on from our beginnings as a technology start-up. Today, as a top 100 ASX listed company, carsales employs more than 1,100 people across the globe, with offices across South America, Asia and Australia. Being a truly global company, our people come together and are aligned by a common purpose and vision – ‘to empower people to move freely through our world leading marketplaces.’

Investing in our people has been achieved through focusing on:

- Talent attraction and retention
- Career, training and development
- Work/life balance
- Community
- Diversity



Talent Attraction and Retention

Attracting and maintaining the best talent is key to the ongoing success of carsales. The Company uses a variety of channels to attract a diverse range of applicants. Having our recruitment function in-house has assisted with ensuring that the top-talent we recruit from across the globe are aligned to our culture and embody our overarching values and behaviours.

Over the past 12 months the Company has been able to deliver on its goal to be a destination for talent that is not only able to attract experts in their field, but also individuals who embrace our culture of inclusion, learning, leadership, performance and passion.

Some of the key areas we focus on in attracting talent globally include:

- Aligning talent and attraction with our Diversity and Inclusion strategy.
- Encouraging open discussion with applicants on work/life balance by way of flexible and part time options.
- Focusing on developing a pipeline of talent and fostering community relationships. This was achieved through a number of initiatives, including supporting, sponsoring and attending women-in-technology events in addition to our robust internship program.

As we move into a new world with COVID-19, with the health & safety of our employees and candidates our top priority, our candidate experience has changed. Throughout the pandemic we have digitised our recruitment process and have seamless virtual interviewing and assessment centres. Using new collaborative technology, carsales has shifted to a new way of talent attraction and recruitment with minimal impact to the business.

Some recent highlights demonstrating carsales' strength as an employer of choice include:

- Continued recognition as an Australian **'Great Place to Work'**[®]
- 5 consecutive years as a **WGEA Employer of Choice**
- Named on the Australian Association of Graduate Employers (AAGE) Top Graduate Employers list for the second year running – placing #4 overall and #1 in the "IT hardware and software" category



Career, Training and Development

Our people thrive off sharing knowledge, it's a fundamental element to our culture. We know that learning looks and feels different for everyone – so there are many different ways to grow at carsales.

Our commitment to learning and development is formalised through our Supercharge program.

Supercharge is unique to carsales and was developed using data and feedback collected over nine years from our people. It is a structured framework to support our people manage their performance, development, and career at carsales.

The core of the framework is regular, informal fortnightly check-ins. This is augmented with quarterly in-depth sessions on the theme for the quarter.

What sets this framework apart and reflects how we work is that it is agile, can be customised based on teams and tailored to individuals.



Career, Training and Development

Learning and development at carsales goes far beyond the Supercharge program. We are proud to offer many other ways to support our people develop and progress in their careers.

This year our combined learning and development program saw **more than 1200 hours** utilised across the business, from our mentoring and buddy programs, our knowledge sharing workshops, our soft skills training programs, online learning, external conferences, Spanish lessons, our CEO Scholarship and a range of other external professional development workshops covering topics such as leadership, personal growth, presentation skills, conflict resolution and unconscious-bias training.

The continual development of our workforce is a critical part of our business strategy, some recent highlights include:

- An expanded virtual live learning experience for employees – this has included the continuation of well-loved programs such as our mentoring and buddy programs, our Expert Series and internal webinars.
- Continuation of Spanish lessons to our Australian teams to facilitate better communication with our team in Latin America.
- The introduction of a random pairing program, which is an extension of the mentoring and buddying programs we run. This program pairs two team members from anywhere in the world and encourages them to virtually meet up, learn about each other's role, share knowledge and experience and also connect on a social level with their interests outside of work. This program encourages collaboration and builds better understanding of what we do across our global business.
- Our annual CEO Scholarship – the 2020 recipient will be announced later in the year from the more than 35 applications received from across the globe.
- External mentoring programs enabling our people to share their knowledge with the community. These programs include the CS in Schools program, which sees members of our technology team teach coding in primary schools, and the Smith Family mentoring program.
- Supporting the next generation of leaders through our internships via the Monash IBL program.

"The online mentoring has been a really good experience. It's been great to be able to share advice and learning with kids who want to know what life post school will look like. I felt the student I have worked with have enjoyed learning more about post school options. I enjoyed spending time each week learning more about my student and his interests."

- Employee Testimonial, Smith Family mentoring program, 2020

Work / Life Balance

An environment that supports our people at each of their life stages is a key part of our employee value proposition. Through our carsales People Promise, we provide our people the tools and opportunities that will empower them to experience success both personally and professionally year round.

Health and Wellbeing

carsales prioritises a holistic health and wellbeing program, which focuses on physical, mental and financial health.

Some of our 2020 activities include:

- provision of seasonal fruit and healthy breakfast cereals;
- access to a range of health insurance discounts;
- access to our 24-hour Employee Assistance Program;
- a 21-days of gratitude program;
- celebration of 'R U OK Day';
- participation in various corporate sporting events;
- financial and superannuation education sessions;
- HIIT, yoga and meditation classes across our Australian offices and virtually; and
- our popular corporate massage program.



The carsales mixed basketball team ('The Toranas') at the 2019 Corporate Games event featuring team members from technology, our graduate program, marketing and commercial department



R U OK
celebrations in
the Melbourne
office

Work / Life Balance

Culture and Benefits

carsales has a unique culture that celebrates, rewards and recognises our people all year round.

Some examples of our activities and initiatives which contribute to the carsales culture are:

- A subsidised school-holiday program, ran twice in 2019 and virtually in July 2020.
- Two internal Kids Coding Camp workshops ran in January 2020 in Australia, which saw more than 100 children utilising the learning opportunity across the two events. Our teams in Latin America also hosted their first coding classes for team members' children this year.
- carsales family day – each year the Australian team come together with their entire families to celebrate the end of year.
- Global hackathons, with more than 100 people across every department involved.
- Our reward and recognition platform that offers hundreds of discounts and savings across popular commercial offerings. This platform is updated monthly and also offers discounts across a variety of retailers including health & wellness, travel and large retail shops.

The team in Argentina at Demotores.com hosting their very first 'Kids Day'



With office shutdowns, we ran our much loved KidsCo Australia five day school holiday program virtually



Work / Life Balance

Office environment

In March 2020, the nine-month refurbishment of our Melbourne office was officially completed. This office refurb was a major piece of work that stemmed from feedback from our people. The focus of the project was to introduce more collaboration spaces, integrate smart technology throughout the building and to further reflect the carsales DNA, values and behaviours into the space.

We partnered with various local design agencies and artists throughout the process to evaluate how to use the existing space to support the natural growth of the business and further bring our vision to life.

The final product will see us well into the next chapter of our Australian journey.

- We created a new end of trip facility, complete with bike racks, electric charging stations, change rooms, lockers, showers and a towel service for those team members who choose to integrate fitness into their commute, lunch-break or at the end of the day.
- We boosted our collaboration and connection spaces, creating more opportunities for our team members to work in different ways and in different settings, including plenty of informal meeting areas.
- We invested in an auditorium equipped with the latest technology as a place our people can connect, socialise and learn from each other. This space has also been designed to accommodate external functions, such as technology meet ups or functions for charities we support.



Feedback from our team

We value feedback from our team – it is essential for us to evolve.

We create regular opportunities for our leadership team to hear from our people. This starts right from the outset when new starters are hosted by ELT members at a welcome lunch to kick off their carsales careers, and extends throughout the team member's time with us.

Some of the ways in which we gather feedback from our people are:

- **Annual global employee opinion surveys (EOS):** our full EOS is now supplemented by an additional 'pulse' survey to track how we are progressing in the areas of focus identified in previous EOSs. These surveys are opportunities for the Company to build on its high-performance culture and pivot and re-establish goals and priorities to ensure that our people are being heard and appropriate actions taken to address feedback.
- **Strategy roadshows:** in these sessions our leaders touch base with all carsales team members to discuss the business strategy and how each person's role contributes to its success.
- **carsales Catch Ups:** these sessions were previously held monthly and in person at the Melbourne office (streamed to other carsales sites). However, during the COVID-19 pandemic, we have increased their frequency to weekly and gone 100% virtual. Each catch up is hosted by our CEO, along with other ELT members, and includes business updates, weekly wins and live Q&A, with participation of our people across the globe.



New starters enjoying a welcome lunch hosted by some of our leadership team

A new initiative: our listening sessions

In late 2019, more than 300 people from across the business participated in our series of internal listening sessions. These were an opportunity to discuss two issues identified as crucial by our EOS - communication and collaboration and how these elements can continue to support our ability to deliver world leading marketplaces. From these sessions, smaller groups came together to prioritise a program of work that has already seen three out of the five identified actions completed and successfully rolled-out in its first quarter.

Feedback from our team

Employee feedback

Despite the challenges experienced in 2020, our teams have continued to operate with a business as usual approach.

Over the last 12 months, we have checked in with our people regularly, including through the Great Place to Work Survey as well as our Employee Opinion Pulse Survey ran in May with a focus on connection in the context of remote working.

The results showcase the teams' attitude toward carsales as an employer, and their success in adapting to the change in working environment.

Some highlights from our surveys over the last year include:

92% of our people are proud to tell others they work at carsales

90% of our people would recommend carsales as a great place to work

93% of our people say that we are staying connected as a team during the COVID-19 pandemic

91% of our people say carsales is a friendly place to work

93% of our people feel they have adapted to the change in working conditions

Community

carsales encourages its people to be a positive influence in their community. In the past 12 months our people have significantly engaged with the local and wider community.

carsales supports its people giving back to the community in a number of ways, including by providing each team member with an annual 'Community Day' to take a paid day off work to contribute to the wider community. Our team members often take this opportunity to volunteer with their team and introduce their teammates to a cause they are passionate about.

Our business is built on a passion to innovate and we apply this to all that we do, including our contributions to our community above and beyond the annual Community Days.

Some of the ways our team has gotten involved and given back to the community this year include:

- Partnering with the CS in schools program, to help schools create relevant and meaningful education by providing a complete DigiTech pathway for all secondary students, developing teacher confidence to teach digital technology, and creating industry connections with schools. This year, 11 of our passionate coders spent half a day each week for 12 weeks supporting teachers from eight different secondary schools – all with the goal to help the future generation understand and be interested in technology.
- Volunteering in a four-week program at a local primary school in inner-city Melbourne, teaching Mbot Coding skills via The Smith Family.



Community

Woman in Tech (WIT)

Our Women In Tech (WIT) program is proactive in seeking opportunities to promote young women to consider a career in technology. Their passion is to break down perceptions and empower young people to understand technology is part of everyday life and a viable career choice for them.

In FY20 our WIT program was involved in a number of initiatives including:

- the sponsorship of Go Girl 2020;
- hosting monthly lunch and learn sessions to support professional development;
- proudly sponsoring a paid internship with carsales for a female completing the Coder Academy x Code Like a Girl bootcamp;
- creating and building a number of selling platforms for the carsales Foundation's internal fund raising efforts; and
- sharing their story via the carsales Medium blog page.

The WIT participants at carsales encourage all people within the business to come along to their sessions and become involved in this incredibly important conversation.



Community

carsales Foundation

Our community efforts are powered by the **carsales Foundation**.

The Foundation is our independent, registered charity that was created to formalise our community outreach programs, and the vision is simple:

'To positively impact our community by promoting inclusion and supporting equal access to education.'

The Foundation's four core pillars are clearly defined for how we can make a real impact. These pillars are:

Pillar 1: Community Grants – anyone in our business can nominate a charity that they are passionate about to receive a grant of up to \$500.

Pillar 2: University education – the Foundation supports a female to study Technology at Swinburne University through a Women in IT scholarship.

Pillar 3: Prevention of family & domestic violence – donating to shelters and family support networks.

Pillar 4: Primary and secondary school education – providing support to primary and secondary school kids under financial hardship, via The Smith Family.

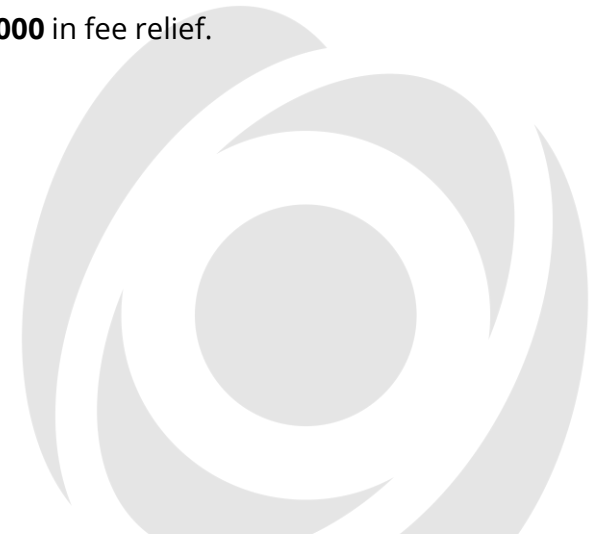
Community

The first-half of 2020 has been undoubtedly one of the toughest periods that Australians have had to face, and this has impacted our automotive industry in a significant way.

From the devastating effects of the Australian bushfires that ravaged our communities and impacted our customers, through to the current COVID-19 global pandemic – there has never been a more crucial time for carsales to support our team members and the industries in which we operate as a whole.

Bushfire support

- Our people were keen to contribute to the broader bushfire relief efforts, and as a company we wanted to support that spirit, so we matched the donations that our people made to any bushfire relief charity of their choice. The result of all of these efforts was a donation totalling over **\$160,000** made to the Red Cross bushfire relief fund from carsales and the carsales Foundation.
- As a company we also offered additional leave to any team member who is a volunteer firefighter, SES volunteer or army reservist called to action to assist with the fire-fighting efforts.
- We supported all of our dealers impacted by the bushfires with approximately **\$50,000** in fee relief.



Community

COVID-19

Team member support

carsales' top priority is always the health and safety of its people. From the outset of the COVID-19 crisis, we were concerned for our people's physical and mental wellbeing.

Before officially closing our offices, we gave the option for our people to choose where they wanted to work as it was vital that each person felt comfortable with the choices being made for their health and safety.

The Company has made checking in on people a priority. All managers check in with their teams daily, and each week the ELT hosts an all company catch up over Zoom attended by carsales people all over the globe. It has allowed us to maintain our culture of transparency, provide business updates, celebrate wins and provide an open forum for team members to ask questions directly to the CEO and other members of the ELT.

Our leaders are dealing with the same challenges as our people – whether it be juggling work and home schooling, trying to find a quiet place in a hectic household, or dealing with isolation from social networks. We have been open and honest about these challenges to try to encourage open communication.

Some global initiatives we also rolled out during this time include encouraging everyone to take Zoom-free time in the middle of the day and asking people to start each meeting with a simple “How are you?”.

In addition, the ELT wanted to show gratitude for the commitment and support our people have shown during this trying time, so provided a gift voucher to all of our people to treat themselves to something special, as well as providing an additional day off work to be taken whenever chosen by the team member in the remainder of the calendar year for whatever reason or no reason at all.

Our employee assistance program continued to be available globally. During the COVID-19 crisis this has been an important resources and tool for all our teams. We have promoted webinars, fact sheets and resources in local languages to help all carsales people support their mental health during this challenging time.

All of the initiatives have been incredibly well-received by the team and we are thankful for the commitment shown by each and every one of our dedicated carsales people.

Community

COVID-19 support

Dealer Support

From the earliest days of the COVID-19 pandemic reaching Australia, we knew it was vital to support the automotive and associated industries in any way we could.

carsales' dealer support package comprised **\$28 million** in value. The package included:

- a fee-free period for dealer listings and leads throughout April, in addition to discounts for May and June;
- extended payment terms from March; and
- additional functionality for listings, including video at no cost.

carsales also felt it was important to provide support beyond the financial, and extended its **Employee Assistance Program** to its clients and their employees during the difficult period impacted by the pandemic. This has provided the vast majority of Australian dealers and their employees with access to experienced, professional counselors or psychologists through a 24/7 service. The program is able to offer assistance for anxiety and depression, as well as counselling for financial distress.

carsales' dealer support extended to dealers in every vertical the Company operates in, including construction equipment, motorcycles, farm machinery and cars.

That's such a reassuring and wonderful news and such a generous move by carsales.com.au.

Thank you, for your email good to know that you are committed to helping our business, that relief is wonderful for ALL DEALERS. I personally will still be supporting carsales long into the future thank you again please keep safe cheers.

Industry response to our COVID-19 support

A significant show of support from Carsales and I thank you for your leadership Cameron during this time. As you said we are all in this together and we appreciate this support offered during this tough time.

On behalf of myself and staff I would like to thank you for your kind gesture. In these uncertain and stressful times any assistance is much appreciated.

This couldn't have come at a better time for a small family business like ours.

Community

Our Latin American businesses' COVID-19 experience

Since March, our companies in Latam have been in lock down, some more strict than others. With very short notice, we all adapted to home office and we implemented communication tools and routines to follow up with our teams and our markets.

There are scheduled calls between management and each team. In addition, each leader looks after their teams and talks to them at least twice a day.

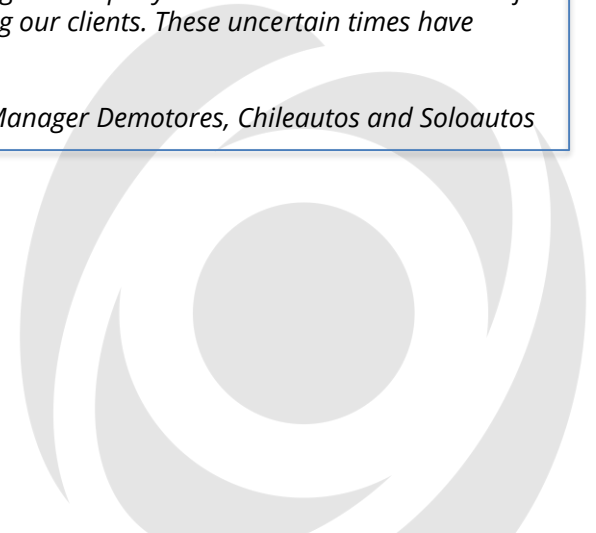
We speak a lot, we communicate, we are transparent and we talk about fears too. We work as a team, helping each other.

Some teams also changed roles as needed, from field to telephone, from collections or photography to customer support, and each did what was required, happy to help.

We also implemented virtual sessions where all the groups gather and see each in an informal way, as teams missed each other. There is also psychological support if needed, and everybody is looking after each other.

Our teams in all countries are grateful and committed. They are thankful of being able to work in a digital company that enables them to work safe from home. They are also working together to seize this opportunity to grow as a business and helping our clients. These uncertain times have brought our teams closer.

- Ines Guitarte, General Manager Demotores, Chileautos and Soloautos



Diversity and Inclusion

Across the carsales network, our people are proud of our diversity and commitment to equality. Our workplaces are passionate about nurturing a diverse and inclusive workforce. This quality extends throughout our culture and leadership.

Gender Diversity

Automotive and technology have traditionally been male dominated industries. Accordingly, carsales has had a particular focus in the past years on promoting gender diversity in its workforce and in the industries in which it operates more generally.

carsales has implemented processes to increase the number of women in senior roles and professions where women are traditionally underrepresented. Initiatives have included using software to review all job advertisements for gender biased language, maintaining gender quotas for recruitment shortlists, building the pipeline of talent into tech through primary and secondary school engagement and running unconscious bias training for hiring managers.

carsales has a number of business objectives focused on gender equality which highlight the Company's goal to retain and grow its top female talent from junior management up to senior management positions.

The Company submits detailed information on its gender equality indicators to WGEA each year, and the report is available for the public to download from the Investor Centre on the Company website.

Some of our gender diversity highlights from 2019/2020 include:

- ✓ 5th consecutive year of WGEA Accreditation
- ✓ White Ribbon Accreditation
- ✓ Breastfeeding Friendly Workplace accreditation
- ✓ Our CEO, Cameron McIntyre has again been active within the community as a WGEA Pay Equity Ambassador and a board member for Inclusive Australia
- ✓ Our celebration of International Women's Day, this year our inspiring speaker was Dr Jessica Gallagher, a record-breaking Paralympian speaking on the theme #eachforequal
- ✓ Continued work in the community promoting technology as a career for women
- ✓ Internally created learning and development and mentoring opportunities for our female team members

Diversity and Inclusion

carsales celebrates diversity and inclusion on a much broader scale than gender alone.

carsales is proud to be a workplace that promotes, respects and embraces diversity and inclusion. We firmly believe in fostering a supportive and inclusive environment that values and encourages the ideas, capabilities and experiences of our team.

In 2019/2020, some of the diversity and inclusion activities we are proud to have supported include:

- ✓ Continued investment in training our people in Diversity and Inclusion – in the last 12 months 268 people have completed 'Understanding unconscious bias', 261 people have undertaken 'Understanding diversity and inclusion' training and 46 people have completed 'Strategies for tackling unconscious bias'.
- ✓ Continued promotion of our flexible work arrangements designed to support our people regardless of gender or stage of life.
- ✓ Sponsorship of Man with a Pram – an Australian event designed to bring fathers and families together in the community to create connections, awareness and raise funds for programs supporting fathers and families.
- ✓ Continuation of Spanish language classes in our Australian offices to promote ease of communication with our team in Latin America.
- ✓ Celebration of IDAHOBIT – International Day Against Homophobia, Biphobia, Interphobia & Transphobia across Australia.
- ✓ Continued support of the Welcome Here project.

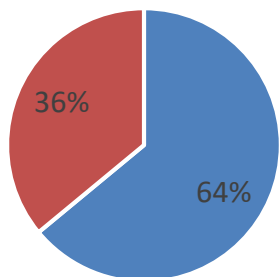


Members of the carsales team taking the IDAHOBIT pledge from their remote working locations



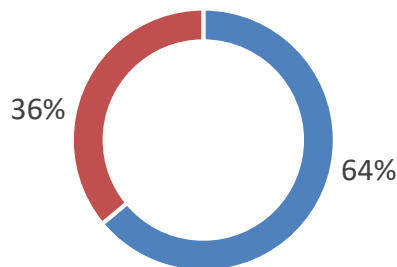
Diversity and Inclusion

FY20 APPOINTMENTS



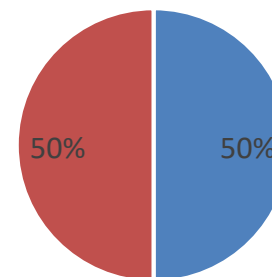
■ Male ■ Female

FY20 PROMOTIONS



■ Male ■ Female

GRADUATE APPOINTMENTS



■ Male ■ Female

Parental leave

carsales' primary carer leave applies regardless of gender. Our team members can choose to take paid primary carer's leave at full pay or half pay and in addition to our paid leave we have an added benefit of five days of 'leave up your sleeve' days for when a caregiver has returned from parental leave but needs some paid days off to adjust to balancing their work and home commitments. There is no requirement for an employee to complete a minimum amount of service with the business prior to being able to access paid parental leave benefits.

Our secondary carer leave also applies regardless of gender. In addition to 10 days of paid secondary carer's leave, we have an added benefit available to secondary caregivers whereby they can use up to 10 days of their sick leave to allow them to take additional time off work to spend with their partner and baby. There is no requirement for an employee to complete a minimum amount of service with the business prior to being able to access paid parental leave benefits.

In FY20, the Company had 17 female and 2 male team members take primary carer's leave, and another 16 male team members take secondary carer's leave. We had an 84% return to work rate following parental leave.

A photograph of a tree-lined road at sunset or sunrise, with the word "Environment" overlaid in white text. The scene is dimly lit, with a warm glow from the sun low on the horizon, creating a hazy atmosphere. The road is paved and stretches into the distance, flanked by dense green trees. The overall mood is serene and natural.

Environment

Environment

Environmental reporting

carsales understands that resources are finite and it is important for every citizen to work to protect the environment. While the online nature of the carsales business has a low environmental impact, and it is not subject to any specific environmental legislation, the Company aims to minimise its environmental footprint.

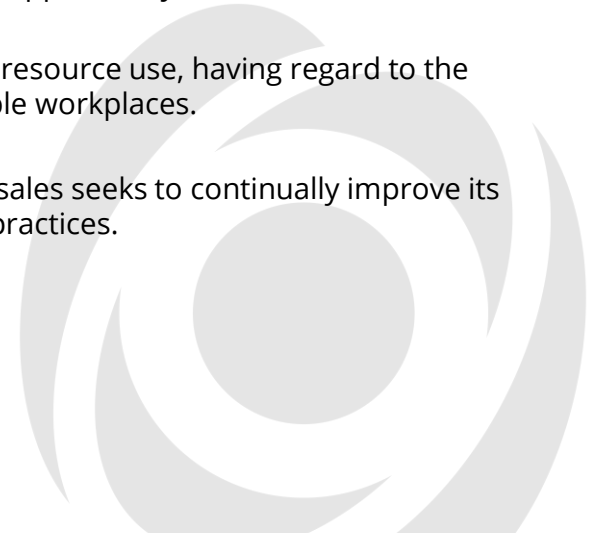
Environmental strategy, policy & management systems

As an online business, carsales does not extract resources and is not materially involved in the manufacture or transport of products. The Company's operational model has traditionally comprised mainly office-based employees. Accordingly, carsales' environmental footprint is small and arises primarily from the energy used and materials consumed in its offices and employee travel.

Nevertheless, carsales is committed to minimising its environmental impact which is supported by the Board.

carsales seeks to manage its impact on the environment by monitoring and reducing resource use, having regard to the sustainability of its supply chain and occupying and creating innovative and sustainable workplaces.

carsales aims to design and rent premises in line with sustainability best practice. carsales seeks to continually improve its sustainability practices, and to partner with suppliers with high quality sustainability practices.



Environment

carsales offices

One of carsales' main environmental impacts is its office footprint. The Company has worked with its landlords to create sustainable workspaces.

Initiatives we have undertaken include:

- installing low wattage, low energy, power efficient globes;
- using lighting sensors to ensure lights are turned off when not in use;
- employing zoned air conditioning to reduce power and switch off outside office hours;
- installing filtered water taps (including sparkling water) to reduce the purchase of bottled water;
- supplying crockery and cutlery at all employee hubs and tea points to reduce use of disposable consumables;
- installing water efficient dishwashers;
- installing water efficient bathroom appliances;
- employing sustainable cleaning, waste and recycling practices, including removing personal waste paper bins from desks to ensure all waste is recycled in the correct manner;
- purchasing 100% recycled paper; and
- enforcing printing limits including default double-sided, black and white printing.

The new end of trip facility in the Company's head office was designed to encourage team members to incorporate low environmental impact methods into their commute, such as bike riding or running. The facility includes plenty of storage for bicycles and even has a bicycle repair station. It also significantly increases locker storage for team members to store suitable office attire to allow them to arrive at or leave the office in exercise gear. The refurbishment also included additional electric charging stations for those with electric or hybrid vehicles.

Environment

carsales offices

Despite carsales' relatively low environmental impact, this will be an ongoing area of focus, and carsales is exploring options to offset its carbon footprint.

The first step on this journey has been to assess the amount of electricity we consume at our offices.

Pleasingly, across all carsales' Australia locations, electricity consumption has been reduced by 19% from FY19 to FY20. We acknowledge that this will have been impacted by the disruption to office working caused by COVID-19, but also includes a nine month refurbishment of the Melbourne headquarters, during which all staff continued to work from the office.



Environment

Enabling eco-friendly vehicle choices

While the proliferation of electric and hybrid vehicles in Australia has been relatively slow, carsales is ready to embrace the movement in the industry across the globe.

carsales allows its consumers across the globe to search for vehicles by fuel type. In Australia, carsales has a further search parameter for fuel economy for interested consumers.

carsales wishes to make it easy for those seeking vehicles with specific environmental criteria to find it on their local carsales website.

carsales will continue to stay ahead of industry trends to incorporate search parameters to address consumer preferences particularly in environmentally relevant categories.



Combustible	
Diesel	(1.861)
Eléctrico	(4)
etanol	(5)
Gas	(37)
GNC	(276)
Híbrido	(9)
Nafta	(10,133)
Otros	(64)
sin plomo	(1)



← Combustível



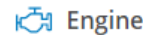
Combustível		fuel	
<input type="checkbox"/> Álcool		<input type="checkbox"/> Gasoline	44,964
<input type="checkbox"/> Álcool e gás natural		<input type="checkbox"/> diesel	29,141
<input type="checkbox"/> Diesel		<input type="checkbox"/> LPG (general purchase) ?	8,844
<input type="checkbox"/> Gás natural		<input type="checkbox"/> Gasoline+electricity	1,935
<input type="checkbox"/> Gasolina		<input type="checkbox"/> LPG+electricity	94
<input type="checkbox"/> Gasolina e álcool		<input type="checkbox"/> Gasoline+LPG	381
<input type="checkbox"/> Gasolina e elétrico		<input type="checkbox"/> Gasoline+CNG	27
<input type="checkbox"/> Gasolina e gás natural		<input type="checkbox"/> Electricity	301
<input type="checkbox"/> Gasolina, álcool e gás natural		<input type="checkbox"/> Hydrogen	12
<input type="checkbox"/> Gasolina, álcool e gás natural e benzina			



Combustible	
Diesel	(820)
Eléctrico	(377)
Gas	(2)
Gasolina	(40,586)



Combustible	
Bencina	(32.204)
Diesel	(9.673)
Eléctrico	(23)
Gas	(60)
Híbrido	(111)



Engine	
Fuel Type	
Diesel	(39,097)
Electric	(465)
Hybrid	(2,488)
LPG only	(322)
Petrol	(5,490)
Petrol - Premium ULP	(41,595)
Petrol - Unleaded ULP	(60,360)
Petrol or LPG (Dual)	(382)

Fuel Economy	
4L/100km or less	(726)
5L/100km or less	(5,515)
7L/100km or less	(50,062)
9L/100km or less	(109,179)
11L/100km or less	(129,565)
11L/100km or more	(11,920)

Environment

Enabling eco-friendly vehicle choices – environmental based editorial

The carsales' editorial team has a massive reach and is well-respected as experts in the industry. While environmentally friendly vehicles are yet to form a significant proportion of cars on our roads, they receive significant editorial attention, which raises awareness in consumers. The carsales Editorial team has significantly increased its coverage of electric and hybrid vehicles in recent times, with electric vehicles in particular being the subject of a significant increase in 'choose and use' advice published.

Of the nine categories on the Editorial homepage, three are dedicated to environmentally friendly vehicles – electric cars, green cars and hybrid cars. Once in these categories, there is no shortage of resources – for example, selecting the 'Green Car' category reveals 4,910 relevant articles.

The screenshot displays the carsales website interface. At the top left, the carsales logo is visible. The main heading reads "Reviews, advice, news & more". Below this, there is a navigation bar with filters for "Make/Model", "Category", "Body Type", and "Article Type". The "Category" filter is expanded, showing a list of options: 4x4 Offroad Cars, Electric Cars, Family Cars, First Car, Green Cars, Hybrid Cars, Performance Cars, Prestige Cars, and Tradie Cars. The "Green Cars" option is selected. Below the filter list, there is a "Cancel" button and a "Show 44,491 Articles" link. To the right, there is a promotional banner for "OWNER REVIEWS" with the text "BEAUTY OR THE BEAST? TELL US ABOUT YOUR CAR". Below the navigation bar, the search results show "4,910 Green Car Articles found" with a "Latest Articles" dropdown menu. There are two filter buttons: "Green Cars" and "Clear All". The main content area features two large images: one showing a car's front view with a blue grid overlay, and another showing a person's hands holding a green fuel nozzle.

Environment

Enabling eco-friendly vehicle choices – environmental based editorial

This year, the Editorial team created tags for electric, hybrid and green vehicles, enabling consumers to more easily aggregate this content.

Electric Cars

Hybrid Cars

Green Cars

These tags appear at the bottom of relevant articles, making it easy for users to click on the tags of interest and see other relevant articles without having to return to the homepage.

Although these tags only went live on 25 May 2020, they have already generated significant interest:

Article Type	Views	Readers
Electric Vehicle (EV)	102,983	61,826
Hybrid	57,240	39,905
Green	45,119	33,411



Environment

Enabling eco-friendly vehicle choices – environmental based editorial

The carsales Editorial page also enables users to search resources by keyword. Again, environmental subjects are a key topic.

A keyword search for 'hybrid' on the carsales Editorial homepage returns 1,491 articles, while the term 'electric' returns 1,328 articles, providing an excellent resource for consumers interested in environmental advances in vehicles.

The collage consists of four overlapping screenshots of the carsales website's search results page:

- Top Left:** Search results for the keyword 'hybrid', showing 1,491 articles found. A featured article is titled 'Is diesel done in the Mercedes-Benz E Class?' with a sub-headline 'Mild-hybrid turbo-petrol tech set for November update' and a date of August 15th.
- Top Right:** Search results for the keyword 'EV', showing 840 articles found. A 'Browse now' button is visible. A featured article is titled 'Kodak Enyaq IV EV previewed' with a sub-headline 'Enyaq EV's front and rear styling revealed ahead of Berlin reveal, set to be identical to Volkswagen's...' and a date of August 15th.
- Bottom Left:** Search results for the keyword 'electric', showing 1,328 articles found. A featured article is titled 'New Subaru WRX, STI and EV timing confirmed' with a sub-headline 'Leaked data confirms production dates for Subaru's next WRX, STI, Impreza, XV and its first EV' and a date of August 15th.
- Bottom Right:** Search results for the keyword 'environment', showing 57 articles found. A featured article is titled 'But don't expect to achieve it in your normal commute' with a date of August 14th.

Each screenshot shows the carsales logo, navigation filters (Make/Model, Category, Body Type, Article Type), and search filters (Keywords, Clear All). A banner at the top of the top-left screenshot reads '30 days protection at the push of a button. Kills 99.99% of germs.' Another banner at the top of the top-right screenshot reads 'Selling a car under \$10,000'.

Environment

Additional environmental initiatives

carsales has continued to promote the use of video conferencing facilities across the Company to connect sites and reduce the need for travel.

The Company has focused on reducing its higher impact travel activities, such as air travel.

As reported in the Company's last ESG report, in FY19 carsales reduced air travel undertaken by employees by approximately 33% compared to the previous year. Pleasingly in FY20 carsales further reduced the number of travel bookings by 29% compared to FY19.



Environment

Data centre efficiency

During the past year, carsales international subsidiaries in Latin America closed their last legacy fixed site hosting facilities and completed their move to 100% cloud-based solutions such as Amazon Web Services (AWS). This helps to continue on our commitment to deliver a reduction in our global environmental footprint.

AWS has a long-term commitment to achieve 100% renewable energy usage for its global infrastructure footprint and we benefit from their continuous efforts to increase the energy efficiency of data facilities and equipment, and the innovation of the design and manufacture of servers, storage, and networking equipment to reduce energy.

AWS also focuses on reducing water usage in its data centres, and evaluating climate patterns for each AWS region to select the most energy and water efficient cooling method. It is also implementing on-site water treatment technologies that allow it to further reduce water consumption and AWS utilises non-potable, recycled water for cooling when possible.





For further information on the Company's Corporate Governance, policies and reports, please visit the carsales shareholder information website at:
<http://shareholder.carsales.com.au/Investor-Centre/>
or contact pr@carsales.com.au