



Sustainability
Report
2021



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INTRODUCTION

This year we have expanded our Sustainability Report, building on our work in previous years to give a clearer and more detailed picture of our evolving approach to sustainability.

In addition to internal discussions and considerations, we have consulted with a broader group of external stakeholders to gauge their concerns and find out what sustainability topics are material to them.

We have gained a heightened understanding of what our investors see as material, who influences their views about sustainability issues generally and what they expect of carsales. We have reviewed the feedback from our customers to better understand what issues are of the most importance to them and

how we can continue to meet or exceed their expectations and maintain their trust and loyalty. We have also started looking in greater detail at our relationships with suppliers to ensure that we are aligned when it comes to major issues like modern slavery and carbon emissions.

This report explains what sustainability means to carsales and how we seek to become more sustainable as a company. We show how our desire for continuous improvement translates into clear strategies to achieve our goals and targets, firm action across multiple areas of our business and careful monitoring of the outcomes and our progress towards achieving them. We provide a Road Map on page 35 to show where we intend to go in future years of our sustainability journey. We also provide our performance for FY21 starting on page 39.

Everything
you auto
know



ABOUT CARSALES

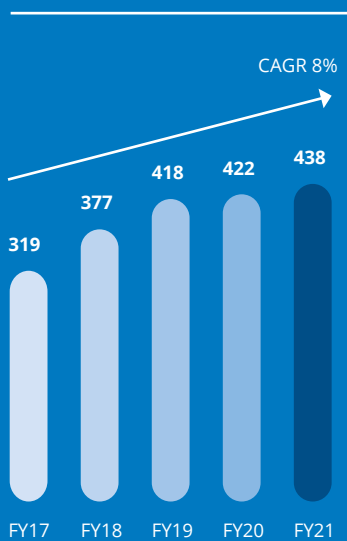
carsales.com Ltd (ASX: CAR) (ACN 074 444 018) is an Australian publicly listed company with headquarters in Melbourne. carsales operates the largest online automotive, motorcycle and marine classifieds business in Australia. It attracts more Australians interested in buying or selling cars, motorcycles, trucks, caravans and boats than any other classified group of websites.

carsales brings together consumers, dealers, manufacturers and advertisers to deliver some of the best solutions and experiences in the global automotive classified business. Employing more than 1,200 people globally, carsales develops world leading technology and advertising solutions that drive its businesses around the world. The carsales network has operations across the Asia Pacific region and has interests in leading automotive classified businesses in Brazil, South Korea, Chile, Argentina, Mexico, Malaysia, Indonesia and Thailand.

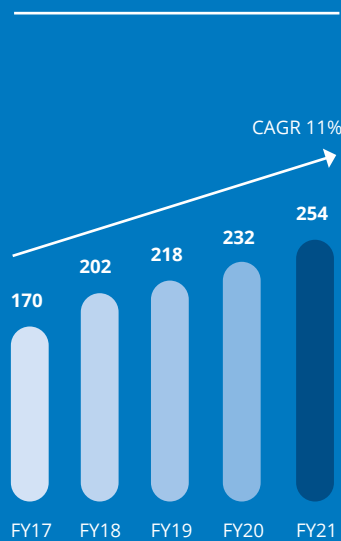
STRONG TRACK RECORD OF GROWTH

Well positioned to continue delivering long-term shareholder value through world-class capability, exposure to international growth markets and investment in new products and services.

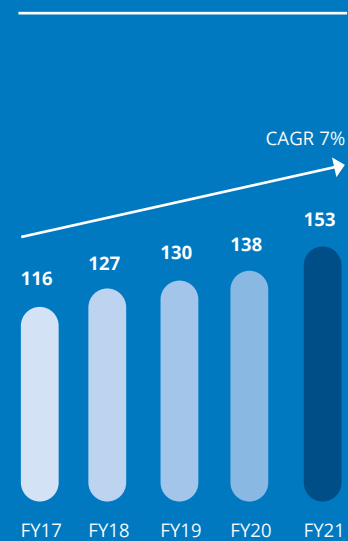
Adjusted Revenue¹



Adjusted EBITDA¹



Adjusted NPAT¹



1. Adjusted Revenue excludes COVID-19 support rebate provided to dealers, Adjusted EBITDA and Adjusted NPAT is post non-controlling interests and excludes certain non-recurring or non-cash items. See investor materials regarding the disclosure of non-IFRS Information and for a reconciliation of Reported to Adjusted financials. 2. FY20 Asia segment revenue and expense has been restated to treat certain expenses as a reduction in revenue, resulting in a A\$1.4m reduction in revenue and expense.

PERFORMANCE HIGHLIGHTS



Group
highlights



Australian
highlights



People
highlights

1.1 billion+

user sessions in all
of our markets

10x

more time spent on site
vs no.2 competitor

95%

of employees are
confident in our response
to the COVID-19 pandemic

>36,000

car dealers

>375 million

visits, up 21%

WGEA

Employer of Choice
2015-2021

42 million

leads delivered,
up 35%

122%

Increase in Instant Offer
transactions

**Great Place
to Work®**

certified 2018-2021

6 countries

with leading positions

28%

reduction in
time to sell

48 projects

built during our
2020 Hackathon



CEO'S STATEMENT

Our purpose is to make buying and selling a great experience

Welcome to our Sustainability Report for 2021.

In a year in which businesses have had to continue to adapt to profound changes due to the rapid global spread of the COVID-19 pandemic, it is flexible and agile companies that have shown the greatest resilience. Our wonderful team of talented and passionate individuals at carsales have risen to the challenges we faced and done an outstanding job.

Who we answer to

Every customer, both the individual who buys or sells a car or truck or boat and the businesses we partner with to help this happen. They expect us to provide 24/7 secure online access, give outstanding service and continually innovate to improve our platforms and customer experience.

Every employee, who expects to be fairly paid and treated, kept safe at work and given opportunities to build and develop a satisfying career.

Every community in which we operate, not only for providing local jobs and paying taxes but also for using our own, and our people's time, skills and money to help solve some of society's most intractable local and global problems.

Every supplier, large and small, who expects to be treated fairly and paid on time and as agreed.

Every investor, large and small, who expects us to provide a decent return on their investment and to operate successfully, ethically – and sustainably.

Society, which gives us a license to operate – but only provided we fulfil our responsibilities.

We have spent many years building our culture and I believe we have created something really special – a team that is engaged, dedicated and can handle any challenge. I am proud of how well the team has adapted to the challenges we have faced, switching between working remotely and in the office, yet still collaborating and continuing to provide the superb service our customers expect.



I am also really excited about the culture of innovation that continues to grow in this company. We have been technologically innovative since we first opened for business and our creativity continues today. We constantly task our teams with developing new products and ideas and they have already created and brought to market a number of innovative services, apps, enhancements and process improvements, from Facts+ and plate blurring to Mobility as a Service app Placie. I look forward to sharing with you the next generation of innovations in the coming years.

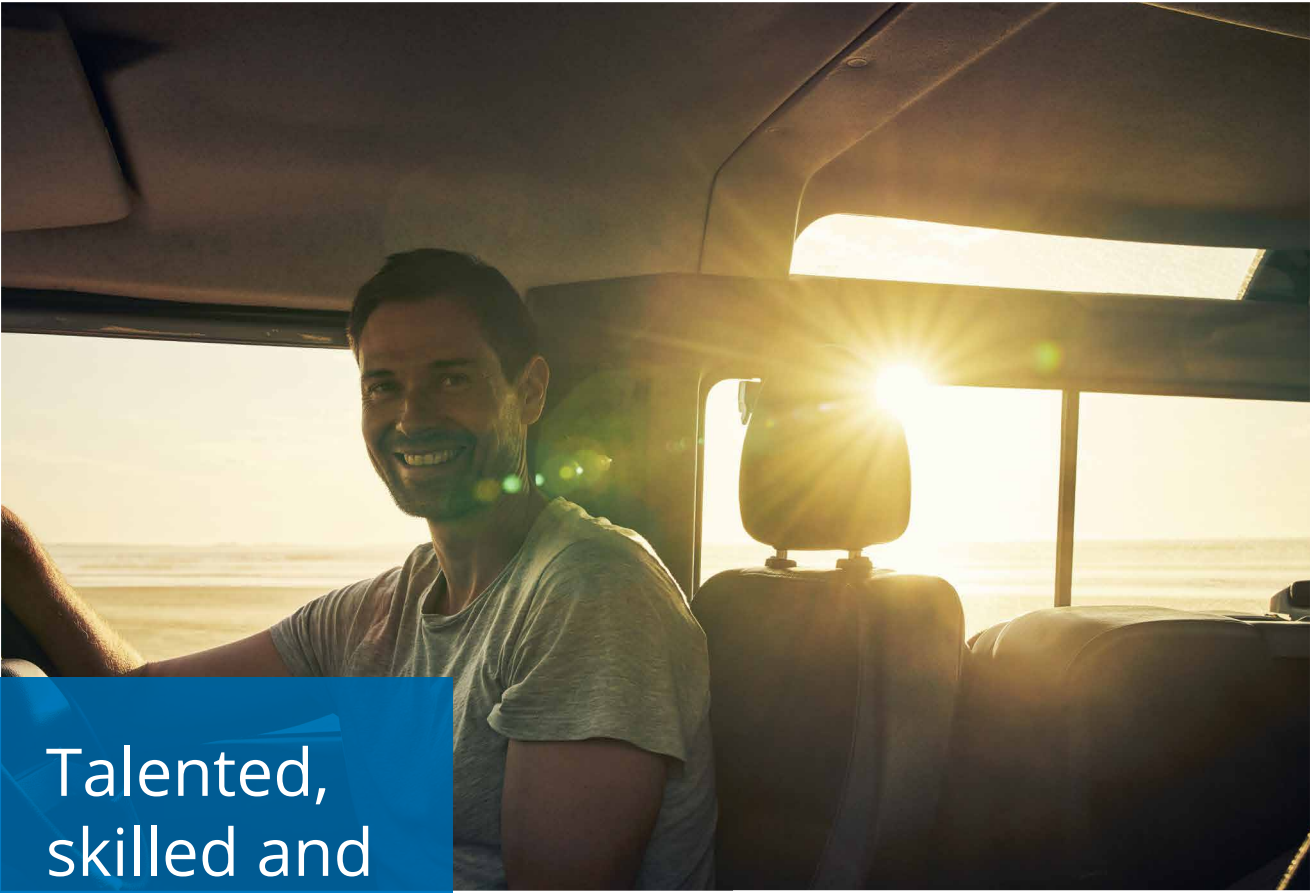
Sustainability is a journey, and we are at an early stage of ours. This report is another firm step on that journey. As we come to understand what is most material to carsales and important to our many stakeholders, we will refine our reporting, set stronger targets and report progress towards achieving them. By viewing our business through a sustainability lens and taking more action to mitigate our sustainability risks and realise our opportunities, we will become a more sustainable and, I believe, a better company.

I hope you enjoy reading this report.



Cameron McIntyre

Managing Director and Chief Executive Officer,
carsales.com Limited

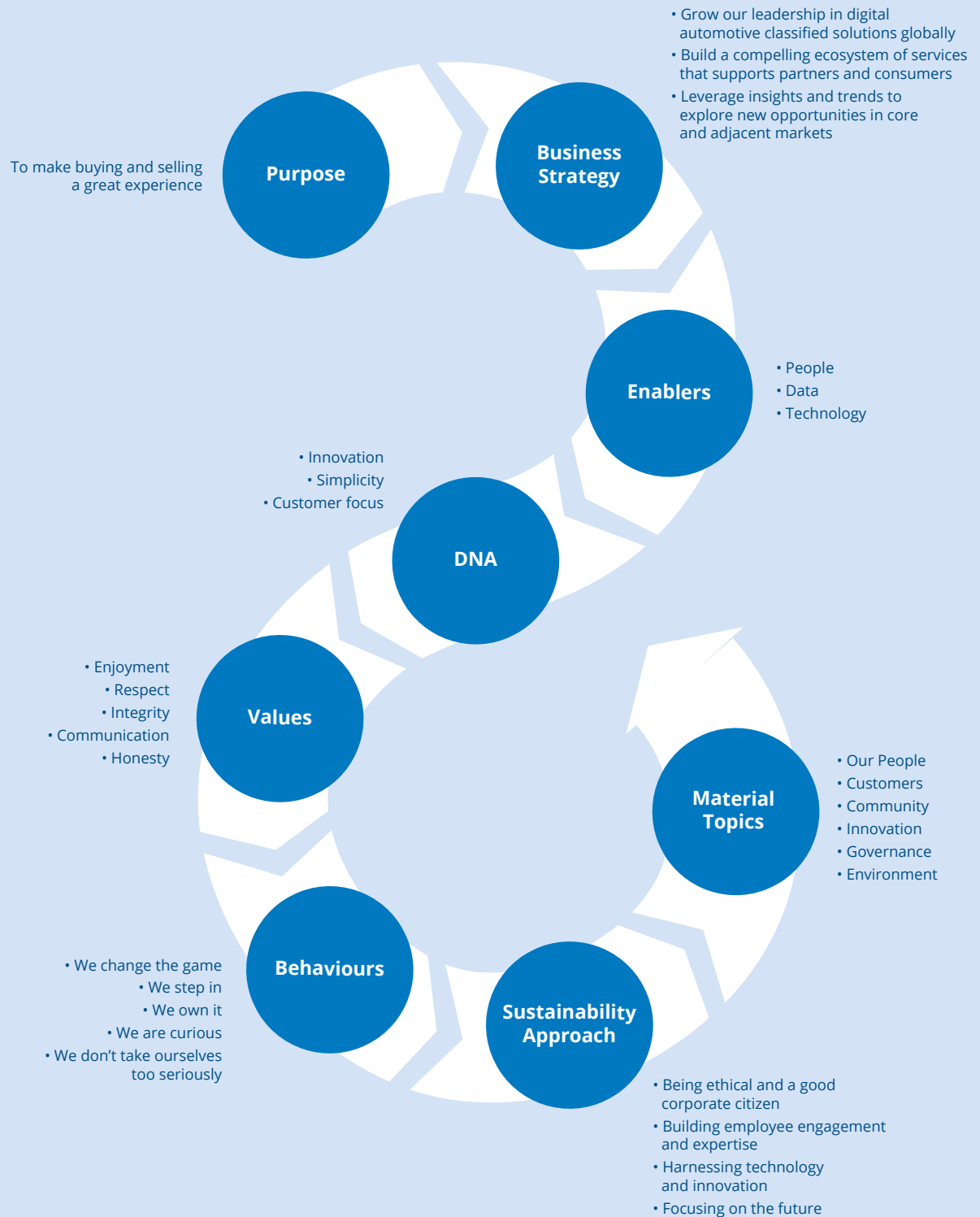


Talented,
skilled and
passionate
individuals



SUSTAINABILITY STRATEGY

Who we are, what we stand for and what matters most to our stakeholders drives our sustainability focus.



Material Topics

The sustainability issues most material to our business and stakeholders fall under our six reporting pillars as follows:



Our People

- Talent attraction, retention and turnover
- Training and development
- Culture and engagement
- Diversity and non-discrimination
- Gender pay equality
- Parental leave
- Health, safety, wellbeing



Customers

- Customer experience
- Trust and safety
- Customer retention
- System reliability
- Data security
- Data privacy



Community

- Community partnerships
- Donations and sponsorships
- Employee giving



Innovation

- Innovation programs
- Automation (including AI)
- Intellectual property



Governance

- Board structure and independence
- Risk management
- Key business risks
- Culture of compliance
- Ethical behaviour
- Modern slavery
- Approach to tax



Environment

- Energy management
- Waste and e-waste
- Influence on customers

ABOUT THIS REPORT

carsales is committed to continuously improving its sustainability performance and reporting transparently on its progress. In this year's report, we explain how we have identified and manage our key sustainability issues and the critical risks to our business and stakeholders.

This Report has been prepared with reference to the Global Reporting Initiative's (GRI) Standards: Core option and to the Sustainability Accounting Standards Board (SASB) standard for the Internet Media and Services sub-industry. Our disclosures relate to the most material impacts to our business, plus some areas that are important to us and our stakeholders. This Report covers FY21 – 1 July 2020 to 30 June 2021. We have included a summary of our operational performance to emphasise the link between sustainability and our long-term business success.

This year's scope

We have revised the scope of our reporting from last year in a number of ways:

- **Global reporting:** carsales is now a truly global company, with around 25% of our FY21 revenue coming from overseas. While we do not yet have complete global metrics for all disclosures we are setting up data capture processes for our global offices for future reporting.
 - **New disclosure 'pillars':** Last year we focused on the three ESG pillars of environment, social and governance. This year we have broken out our reporting into six 'sustainability pillars' of people, customer, community, innovation, governance and environment. We will consult with stakeholders and review our approach next year to determine if this level of disclosure is appropriate.
 - **Frameworks:** For the first time we are reporting against two major global standards: GRI and SASB. This adds a significant degree of rigour to our reporting and means stakeholders can more easily see how we perform against other companies.
 - **Regulatory changes:** As our business expands globally, and governments and regulators introduce and update laws and regulations, we face new reporting requirements. Among our recent reporting obligations are those imposed by the Australian Modern Slavery Act, under which we reported for the first time this year.
 - **Data security:** We have disclosed some of the issues around our management of data security risks, which are of critical importance to our business and customers. These disclosures hint at the scale of effort needed to safeguard our clients' information.
- **Use of resources:** Our environmental impacts are minimal, and we are yet to establish accurate baseline metrics for their impacts across the global carsales business. While our coverage for this year's environmental reporting is limited, once baseline metrics are established across the global carsales business, future reports will include targets related to environmental impacts, such as carbon emissions.
 - **Supply chain and ethical conduct:** We want to ensure that our suppliers share our commitment to continuously improving sustainability performance, so we recently introduced a new Supplier Code of Conduct, which we expect all suppliers to adhere to (<https://business.carsales.com.au/terms/supplier-code-of-conduct/>). The Code sets out expected standards and behaviours, including respect for human rights and the environment.
 - **Risk management and governance:** We have included information on the way we identify and manage risks to our business.

Our stakeholders

Sustainability is about balancing the interests of all major stakeholders so the interests of one stakeholder group are not served at the expense of another's. Different stakeholders have different agendas and focus areas, so it is important that we talk to them to gauge their key issues and concerns, find what is most important to them and in this way ensure our reporting is as balanced as possible. The information we gathered this year has assisted us in understanding what key audiences want, determining are our most material topics and preparing this sustainability report.

Our key stakeholder groups, why they are important to us and how we engage with them, are as follows:

- **Customers.** Our customers are the reason we exist and their expectations regarding issues related to sustainability are hugely important to us. We get feedback from them directly, from our 'Voice of the Customer' teams, through comments on our platforms, and on our social media pages.
- **Employees.** Our employees deliver our products and provide outstanding service to our clients, and they want to work for a company that stands for something more than just economic value. We have initiated a number of ways to find out what is important to our team members, including six-monthly global employee opinion surveys (EOSs), fortnightly carsales Catch Ups hosted by the CEO and the Executive Leadership Team (ELT), onboarding and exit surveys, and internal listening sessions.

- **Investors.** Institutional investors are taking ever greater interest in sustainability issues and their possible impact on future financial returns. Talking periodically with our largest investors and gauging the level of influence on them of leading global rating agencies and investor associations has allowed us to identify what issues are of the greatest significance to them.
- **Senior leaders.** Our executives are the people who manage our business day to day, hear feedback from all stakeholders and make the decisions that their teams need in order to move the business forward. They have each provided an overview of their area of expertise and identified issues that present the greatest risks, and also the greatest opportunities, for carsales, as well as where our company is going in the future.
- **Dealers and manufacturers.** Dealers and manufacturers provide the majority of our revenue so how we address their concerns and issues is vital to maintaining these critical relationships. Our team have regular discussions with our major partners about areas of common interest and obtain clear information about a wide range of topics and areas of concern.
- **Regulatory authorities.** Regulators and governments set the rules under which companies like carsales operate. As a transparent and open company, we engage regularly with tax authorities, federal and state government departments, local authorities and other regulatory bodies.
- **Communities.** Local communities are where our team members live and where our offices are located. We seek to contribute to the solution of difficult social problems where we can by providing financial contributions, training, mentoring, skills and expert help.

Materiality

To gauge what we should report on, we identified:

- The issues and sustainability risks identified by our senior executives as most critical to carsales;
- The topics that investors and the rating agencies that influence them considered material to carsales;
- The issues identified by the Sustainability Accounting Standards Board (SASB, a global reporting framework) as most relevant to the Internet Media and Services industry sub-sector;
- The 15 Global Reporting Initiative (GRI) topics considered most important to carsales by senior leaders and investors. GRI is the most frequently used global reporting framework; and

- In addition to GRI and SASB, other reporting that global investors want to see from companies they invest in. These include the UN Sustainable Development Goals (SDGs), the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), the UN Principles for Responsible investing (UN PRI), and Modern Slavery reporting, which is now mandatory under the Australian 2018 Modern Slavery Act and similar acts in other countries.

The process for defining the report's content was based on following the Global Reporting Initiative's (GRI's) Reporting Principles. The Principles include stakeholder inclusiveness, sustainability context, materiality and completeness and carsales believes that this report conforms with these principles. Topic boundaries differ from topic to topic and are provided in the Content Index on page 41. No assurance was sought for this year's sustainability report; we are considering whether we may utilise some limited assurance in future reports, but no decision has been made.

Ancillary information

The main markets served by carsales are Australia, South Korea, Mexico, Chile, Argentina, Brazil, where we offer automotive and non-automotive verticals, online classified and display advertising services. We also provide data and research services across Asia Pacific. The sectors we serve include car buyers and sellers, dealers (automotive and non-automotive), manufacturers and a range of other advertisers.

Rating agencies

During the year a number of rating agencies provided a rating on our exposure to ESG (environmental, social and governance) risks and how well they assess we are managing them. Two of them are as follows:

- MSCI, a major global ratings provider, assessed carsales' ESG risk management in July 2021 as deserving of a **'AA' rating**, up from **'A'** in July 2020. This is the second highest rating out of seven, and carsales has improved by four ratings since June 2018.
- Sustainalytics, a global rating agency owned by Morningstar, gave carsales an ESG rating of **19.0**, classified as **'Low'** risk, down from a previous **22.5** rating (lower is better) and placing us in position 6 out of 210 sub-industry peers.

OUR MATERIAL TOPICS



Our people
are the
key to our
success



OUR MATERIAL TOPICS

OUR PEOPLE

Our vision is to be a destination for talent and an employer of choice, which we strive to achieve through our focus on inclusion, learning, leadership, performance and passion.

Talent attraction and retention

We are one of many companies looking for technical people, engineers, analysts, creatives, skilled operational leads, expert project managers and senior leaders. High demand across the industry and limited supply can make finding the right people difficult, particularly those in specialist roles. However carsales has a strong employer brand and we continue to attract highly talented individuals to work with us.

Over the past 12 months, and notwithstanding the difficulties COVID-19 has caused, we have been able to deliver on our goal to be a destination for talent. We have continued to attract people who are not only experts in their field but also embrace our culture. Some of our key focus areas globally for attracting talent include:

- Providing attractive and competitive pay packages, parental leave, seeking to eliminate unconscious bias from recruiting and strict policies relating to zero harm, sexual harassment, diversity and equal pay, opportunity and promotion;
- Aligning talent and attraction with our Diversity and Inclusion Strategy;
- Encouraging open discussion with applicants on work / life balance and encouraging flexible and part time options;
- Developing a pipeline of future talent and fostering community relationships through a number of initiatives, including supporting, sponsoring and attending Women in Tech events and our partnership with CS in Schools; and
- Our graduate and internship programs.

A key focus for carsales is recruiting technical experts. Deloitte and the Australian Computer Society estimate that there will be over 100,000 new IT jobs created in Australia by 2024. With only around 7,000 university-qualified IT graduates each year, Australia will need to be creative to fill that demand.

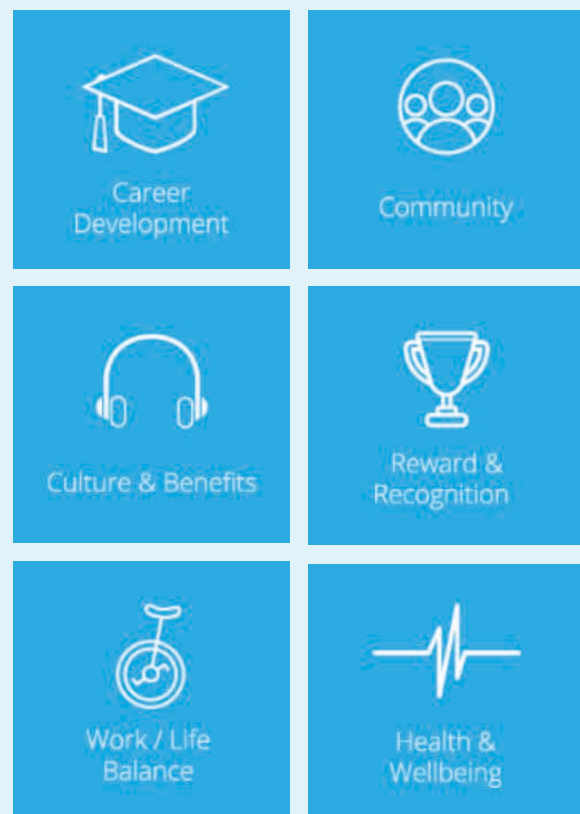
In early 2021 we welcomed our fourth cohort of Technology and Data graduates into the business. Our graduate program has gone from strength to strength, largely thanks to the support of many people within the business who are invested in the development of graduates as the future of carsales. We were pleased to see all our 2020 graduates take up permanent roles at the conclusion of their 18-month graduate program.



PEOPLE PROMISE

The carsales People Promise

Six simple components summarise what our team members can expect from us:



OUR MATERIAL TOPICS

OUR PEOPLE CONTINUED

We are proud to have built an outstanding team of talented people. After so many years of operation, we know what we are good at and we make sure we have the right people in place to do the work needed. We also know where we need help so we do, on occasion, bring in consultants where specialised skills are needed.

One of our major sources of talent is referrals from our people, and we get high recommendation rates for new roles. People respond to a friend's personal recommendation more positively than to conventional recruitment campaigns and can find out more about the job and the culture than through job ads. We ask our people to keep an eye on our careers page and recommend suitably qualified friends for jobs, and we offer bonuses for successful referrals.

We also source candidates through our own careers page and external recruitment websites such as LinkedIn and Seek.

Training and career development

At carsales *We Are Curious* – so learning and career development will always be a key focus areas for us.

Our learning and development programs are focused on identifying personal development objectives for our people as well as meeting the current and future needs of the business. Some of our programs include:

- Our Essential Skills program focuses on the soft skills our people will need to succeed in their careers, including presentation skills, resilience and working to strengths.
- Our Leadership Skills program is focused on providing tangible skills to our people leaders so they can best support their teams and the business.
- Our Expert Series program provides the opportunity for our people to knowledge share and learn from industry experts about their work at carsales.
- Our mentoring and buddying programs further support employee skill development.

This year our training programs provided more than 1,350 hours of combined learning and development across the business.

Continual development of our workforce is critical to our business strategy. Recent highlights include:

- An expanded virtual live learning experience, including the continuation of well-loved programs such as our mentoring and buddy programs, our Expert Series and internal webinars.

From Graduate to Product Manager...

"From the moment I stepped into the carsales graduate assessment centre in 2018, I knew I wanted to work here. The office itself had such a great energy, and everyone was incredibly friendly and helpful. Almost three years on and nothing's changed.



During my first 18 months at carsales I had the opportunity to work across Marketing, Finance, Product and Insights. This gave me great exposure to many Commercial aspects of the business and helped me to decide where I wanted my career to go.

I am now a Product Manager in the Media & OEM team and I absolutely love it. I get to discover, deliver and iterate products to better our customer experience and create unbeatable value for our clients. No two days are the same and I've been fortunate to meet and collaborate with so many wonderful people across the business."

#wearecarsales

When Nikki Pecora joined as a grad, she was excited to work across our business and learn as much as she could. We are so happy that she found her passion in Product and now delivers exceptional products to our customers that make buying and selling a great experience.

- The introduction of a new development series called Leadership in a Virtual World, designed to support our people managers with strategies to manage and develop successful teams in the new world of work. The sessions focus on practical skills to help them motivate, manage mindset, and provide feedback and coaching during times of change.
- Continuing Spanish lessons to our Australian teams to enable better communication with our teams in Latin America.
- Making our annual hackathon virtual with 227 team members around the world working on 48 different projects across three days. The theme for our Virtual Hack was centred on how we can support our customers, partners and selves in the new virtual world. We are passionate about hackathons because they bring people together to collaborate with people outside their immediate teams to innovate, experiment with new ideas and learn. Even better, over half the ideas and concepts developed end up contributing to product innovation for our customers.

Some people stats we're proud of:

- Over 1,350 hours of combined learning and development delivered across the business
 - 356 team members attended 31 health and wellbeing activity sessions
 - 149 managers completed workplace flexibility and gender equality training
 - 202 team members completed Unconscious Bias training
 - 118 mentors and mentees participated across two Mentor Program intakes – 42% female participation
 - 604 team members attended 27 bespoke professional development workshops
 - 129 new team members joined the carsales group
 - 750 graduate program applications
 - Our Virtual Hack: 48 projects, 227 participants
- Extending our mentoring and buddy programs, pairing two team members from anywhere in the world and encouraging them to meet virtually, learn about each other's role, share knowledge and connect socially outside work. It encourages collaboration and builds a better understanding of our global business.
 - Our annual CEO Scholarship. At the end of 2020 we announced the recipients of our annual CEO Scholarship. The scholarship is open to all team members globally and provides a grant to undertake personal or professional development of their choosing. The four 2020 recipients, two from our Australian business and two from our business in Chile, will undertake a wide range of learning opportunities, including courses in English language, marketing and e-commerce and Certified Information Privacy Professional qualifications. The 2021 recipient will be announced later in the year from applications received from across the globe.
 - External mentoring allows our people to share their knowledge with the community. It includes the CS in Schools program, in which 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.

Any employee who is terminated due to redundancy is provided with the opportunity to engage with a Career Essentials program, focused on interview preparation and re-entry into the workforce.

As part of induction, we expect all employees to complete compliance training. They must read relevant policies and procedures covering topics such as discrimination, equal opportunity, harassment, bribery and corruption, privacy and data security and confirm they have done this. In addition, all employees must complete annual refresher compliance training.

Culture

carsales' success depends on the quality of its teams, and like many other companies we must compete to find, recruit and retain good people. One of our competitive advantages is our culture. We have worked hard over many years to build our culture, or 'the way we do things here', so our people know they are valued, feel challenged and supported to give their best every day, and empowered to provide exceptional service to our customers. We know that when people feel valued and engaged they perform at their best, so we constantly strive to improve on our working environment.

We continually build on and reinforce our culture and working environment, so that we continue to attract, and keep, great people.

This past year, with all its challenges, has seen a shift in how we work and where we work from, but what is clear to us is that the carsales culture has never been stronger. As we navigated this period of change, we took the opportunity to reflect on what's important to the carsales team, what defines us, and who we are in this new world of work. This reflection led us to the journey of creating a new set of company behaviours to underpin all that we do and set the benchmark to guide us into the future.

These behaviours were developed and launched at the start of 2021 following extensive conversations with our global team. Their insights enabled us to hear how our people describe carsales today, what aspirations and traits they want to see more of in our teams, and what behaviours they saw in the people they looked up to and admired within the business. After summarising the feedback, it was clear that everyone wanted the same things. From there, our new behaviours were created.

carsales's behaviours

- We change the game
- We are curious
- We step in
- We own it
- We don't take ourselves too seriously



We have moved quickly to reinforce these behaviours across the company. They now underpin our recruitment process, they form part of our induction for new starters to help codify our culture, and we've changed our vernacular when we develop business cases, retrospectives and other business processes. Our leaders are facilitating a five-part series of workshops with their teams; each workshop deep dives into one of the five behaviours and focuses on a set of activities that give team members the tools to proactively incorporate these behaviours in their daily tasks and interactions. We've also reimaged our reward and recognition program to recognise those who live and breathe our behaviours in their day-to-day work.

We see these new behaviours as truly reflective of what makes the carsales culture so unique and special, and we look forward to our commitment to them helping to propel us forward to great future success.

This year has also seen the introduction of an additional suite of flexible leave options to support our people in balancing their work and life commitments. These include:

- Increasing our primary caregivers leave from 16 to 18 weeks;
- Increasing our secondary caregivers leave from two to four weeks;
- Six weeks paid Gender Transition Leave – available to anyone who is affirming, has affirmed or seeking to affirm their gender;
- Public holiday swaps – allowing employees to swap a gazetted public holiday for a day that has more cultural or religious significance to them based on their personal beliefs; and
- The introduction of paid study leave and unpaid career breaks.

We value feedback, and we obtain this from our people in a number of ways:

- **Annual global employee opinion surveys (EOS).** This is supplemented by an additional 'pulse' survey 6-months after each EOS to track how we are progressing in the areas of focus identified in a previous EOS. These surveys are opportunities for us to build on our high-performance culture and re-establish goals and priorities to ensure that our people feel they are being heard and that appropriate actions are taken to address issues.
- **Strategy roadshows.** 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.** During COVID-19 we increased our catch up frequency first to weekly and then fortnightly, and made them 100% virtual. Each catch up is hosted by our CEO and other ELT members, and includes business updates, weekly wins and live Q&A, with team members across the globe participating.

Turnover

Our turnover rate is healthy, reflecting the work we have done in recent years to make carsales a great place to work. We aim to ensure our people feel that their contributions are appropriately valued and their career development is on track. We take nothing for granted – we talk regularly to our key talent to discover any concerns early. For some technical roles, there is a particular vulnerability to people being poached, reflecting the global shortages of these skills. Our voluntary turnover rate (i.e. the number of people choosing to leave carsales) for Australia during FY21 was 16% across all roles. We are comfortable with our current voluntary turnover figures because we believe that healthy turnover is important to ensure we are continuing to bring new ideas and fresh thinking in to add to our talented workforce.

Some highlights from external assessments during FY21 demonstrate carsales' continuing strength as an employer of choice:

- Certified as an Australian Great Place to Work® for four consecutive years
- Six consecutive years as a Workplace Gender Equality Agency (WGEA) Employer of Choice
- Accredited as a Breastfeeding Friendly Workplace since 2016
- Member of the Welcome Here project since 2018 – recognising carsales as a business that is inclusive and welcoming of the LGBTIQ+ community

Diversity, equity and inclusion

carsales is committed to fostering a work environment where diversity, equity and inclusion is celebrated and our people feel valued, respected and a sense of belonging. The diverse characteristics of our team not only give us a wide range of perspectives and innovative ideas, but they more accurately represent our diverse customer base - which helps to drive our business success. We continue to drive our diversity, equity and inclusion agenda with the support of our Diversity Strategy. With automotive and technology being traditionally male dominated industries, our Diversity Strategy has a particular focus on promoting gender equality in our workforce.

We have implemented a number of strategies to increase the number of women in senior roles and professions where women are traditionally under-represented. Initiatives include:

- using software to analyse our job advertisements to ensure they appeal to a broad audience by having neutral wording that doesn't favour any particular attributes or characteristics (including gender);
- advertising all of our available positions to give equal access to available roles;
- ensuring a diverse group of carsales people are involved in all interview processes;



Nothing makes us happier than having some of the smiling faces of our Women In Tech group back together in the same room again. Our group is made up of women from all areas of carsales and offers not only a supportive peer network but plenty of learning opportunities to develop technical and soft skills.

- maintaining gender quotas for recruitment shortlists;
- ensuring that our internal talent team and any external agencies that we may engage are aware of our approach to diversity, equity and inclusion so that they can provide us with a balanced shortlist of candidates;
- building the pipeline of talent into tech through primary and secondary school engagement (see below); and
- running unconscious bias training for hiring managers.

We are passionate about achieving gender diversity. We are thrilled to have reached our target of achieving 40% female representation at the Senior Leadership Team level this year, and to have retained our WGEA Employer of Choice citation for another year. Our CEO, Cameron McIntyre, has continued to lead our efforts in this space by being a WGEA Pay Equity Ambassador and board member for Inclusive Australia.

In addition, we continue to be recognised as a Breastfeeding Friendly Workplace and a business that is inclusive and welcoming of the LGBTIQ+ community via the Welcome Here Project.

Our team continued to celebrate events such as International Women's Day with journalist and proud Wiradjuri woman, Rae Johnston, a leading commentator on all things technology, science and pop culture, as our guest speaker. We also welcomed Nicholas Steepe from The Pinnacle Foundation as our guest speaker for International Day Against Homophobia, Biphobia, Interphobia and Transphobia.

carsales has a strong representation of females in tech roles and we are always looking to boost our team with talented individuals, which requires a pool of eligible people to choose from. For technical roles this poses a problem. The pipeline of young people studying tech subjects is skewed towards males, with many females not considering studying science, technology, engineering or mathematics (STEM) subjects at school or university. Finding enough female talent with the relevant skills is a key industry challenge and poses a risk to achieving our company diversity strategy.

In 2021, 33% of our new hires in Australia were female, however for technical roles, that proportion dropped to 19%. Despite the difficulties in finding female talent we are determined to increase this last proportion.

Women in Tech

Despite the challenges that 2020/21 presented, the Women In Tech group continued to connect and learn throughout the year. We started this by getting together for virtual lunch and learn sessions with members of our Executive Leadership Team who shared their career journeys and leadership insights. The ability to connect virtually throughout the year meant we were able to spend more time getting to know the members of our international Women In Tech group in Latin America.

2020 also gave us the opportunity to participate in the virtual **Go Girl, Go For IT** event. Over 800 girls registered from around Australia and logged in from home or school to enjoy a full day of speakers and workshops. Our team put together two presentations, 'A Day in Tech' and 'What is an API' and enjoyed the opportunity to interact with students of all ages and share their passion for tech.

In 2021 we have regrouped (in person) and refocused our efforts. We started the year with a 'Deep Dive into Data' at carsales which was presented by group members working in this space. We moved onto learning more about our SEO and Search strategy. These sessions gave our group members the opportunity to grow their presentation skills in a safe space. The highlight of 2021 so far has been finally being able to get together for an in-person networking event and socialising over lunch.

Looking ahead we have a full program of work involving mentoring, lunch and learn sessions and presenting at the 2021 Go Girl, Go For IT event.

To reduce the imbalance between males and females, we think differently. We use a number of methods to reinforce technology as a viable career path for women and carsales as a desirable place for them to work:

- We seek to encourage young women into tech by challenging their belief that it is not for them. We show that it can be interesting and engrossing work and, with the right employer, offers a satisfying and enriching career. We send our people out into schools to talk to students, particularly female, describing the different types of work we do, explaining what a typical day looks like, talking about interesting projects and giving case studies about employees who were once exactly where they are. Often the people presenting are only a few years older than the audience, enhancing the connection.

- We try to embed technical learning into future communities by supporting team members to mentor students and teach coding in primary schools. We continue to support the Monash University IT Faculty with many of our Tech team mentoring postgraduate students and providing advice and guidance around their capstone projects.
- We are an active partner of CS in Schools where we volunteer throughout the year at secondary schools to support teachers in teaching tech to future generations. CS in Schools' mission is to create sustainable change in Australian digital technical education, and they do this by providing a complete DigiTech pathway for secondary students and developing teacher confidence in relation to delivering digital technology classes.
- We sponsor events such as Go Girl, Go For IT, which we have been involved with for the past three years.
- We have sponsored two female students to undertake a degree in Computer Science and Information Technology at Swinburne University through our carsales Foundation Women in IT scholarship.
- We will take people on in one role and actively support them if they want to specialise in something different, particularly a role that is technical or requires further study.
- We foster a working culture that values all genders equally, so every employee knows that negative, harassing or discriminatory behaviour is totally unacceptable. We are proud of our inclusive working environment, and the fact that we have been recognised as a WGEA Employer of Choice for Gender Equality for six consecutive years.

We have a number of business objectives focused on gender equality highlighting our goal to retain and grow our top female talent from junior management up to senior management positions. We provide detailed information on our gender equality indicators to WGEA each year, and the report is available in the Investor Centre on the Company website.

We were honoured to see that our efforts to support the cause of encouraging more women to pursue a career in technology was recognised in the 2020 Women Leading Tech awards, where we were a finalist in the Advocacy category.

Gender pay equality

As part of our commitment to achieving gender equality, our CEO is a WGEA Pay Equity ambassador. It is important to us that all of our team members feel valued for the work they do. A key part of this is ensuring we achieve gender pay parity for like roles. We review this throughout the year within our remuneration review process, with a target of ensuring that our people are within the market pay range for each individual role and ensuring our application of remuneration across the board is fair, regardless of gender.

In our FY21 review of our Australian business, we did not identify any like for like gender pay gaps, and this continues to be our target.

When we look at our remuneration spread from an aggregate level, we have identified an opportunity in building further female representation at all levels which is a key focus within our diversity strategy.

Parental leave

As mentioned on page 14, we offer all eligible employees paid parental leave, consisting of 18 weeks for primary caregivers and four weeks for secondary caregivers. A further five days of 'leave up your sleeve' is available to primary caregivers upon their return to work, to enable them to take some additional paid days off to adjust to balancing work and home commitments. Details of the number of team members taking up parental leave are on page 39.

Anti-discrimination

As part of our commitment to diversity, equity and inclusion, we do not tolerate discrimination of any sort. Our EEO, Discrimination, Harassment and Workplace Violence Policy sets out our standards of behaviour for how team members should behave towards each other and anyone else they deal with at work, and there are significant consequences for people who breach these standards. People feeling they have been discriminated against can lodge a complaint and it will be investigated thoroughly. Breaches can lead to sanctions up to and including dismissal. Anyone who reports discriminatory or any other illegal or unethical conduct is protected under our Global Whistleblower Policy.

Health, safety and wellbeing

We are committed to workplace health and safety, which we manage through the carsales Work Health and Safety (WHS) management system. This comprises policies, procedures and resources designed to foster health, safety and wellbeing at work. It identifies workplace risks and hazards and implements appropriate measures to control them, incorporating best practice workplace occupational health and safety standards and taking into account state and federal obligations and guidelines.

The Workplace Health & Safety Policy applies to all employees of carsales and anyone else present in a carsales or subsidiary workplace under the control of carsales. Team members must report all accidents, incidents, work-related illness and near misses through our Incident Reporting Procedure, to the People and Culture Team or a WHS Representative. We investigate every incident to determine the cause, prevent a recurrence, obtain accurate statistics and meet legislative reporting requirements.

We operate an open and transparent culture in which any employee can raise a concern and / or remove themselves from a dangerous situation with the full support of their manager and the People and Culture Team. We conduct regular risk assessments to identify risks, assess them using our risk rating matrix, introduce suitable controls and monitor continuously. Where assessments identify hazards or risks specific to individual roles, special training is provided to those people on how to manage this.

Any team member who reports an incident is protected from victimisation and harassment as per our EEO, Discrimination, Harassment and Workplace Violence Policy and our Global Whistleblower Policies.

We run a health and wellbeing program that incorporates a range of activities and initiatives which are designed to support our employees' physical, mental, emotional and financial wellbeing. In Australia the program includes activities such as fitness classes, seminars and educational programs.

We faced further challenges during FY21 as COVID-19 continued to spread and lockdowns of varying lengths were re-imposed. Although some of our people returned to our offices in limited capacity over the year, many of our teams around the world have continued to work remotely. Our focus has remained on maintaining a feeling of global connectedness during a time when many have felt isolated, and on protecting our team members' mental health. Managers check in with their teams often, many on a daily basis. The carsales Catch Ups over Zoom keeps our people up to date on the business and enables them to ask the CEO and ELT members questions directly. Our leaders and team members are all dealing with the same challenges, from juggling work and home schooling to working in a noisy household or dealing with social isolation. We have been open and honest about these challenges to encourage open communication.

As team members were required to work from home in various locations due to local lock downs, our People & Culture team also focused on their physical environment. We made every effort to ensure that all employees had the equipment they needed to work safely in their homes to avoid workplace injuries.

OUR MATERIAL TOPICS

OUR PEOPLE CONTINUED

When office work resumed, we instituted social distancing measures, and provided hand sanitiser and masks to all employees. Our employee assistance program continued to be available globally; during COVID-19 this has been an important resource for all our teams. We have promoted webinars, fact sheets and resources in local languages to help all our people support their mental health during this challenging time.

Our CEO and ELT hosted our global team over 38 Catch Ups updates this year and show no signs of slowing down.

We knew that our people were missing their usual informal office connections, and realised that new starters were at risk of missing these key introductory opportunities in their first few months at carsales. To combat this we introduced a Slack bot called 'Donut' which randomly pairs people who opt in from across the business for a virtual coffee catch up. Donut has helped us all to meet new people, learn more about what they do and make connections with people we wouldn't necessarily get to interact with regularly – including team members based at international offices.

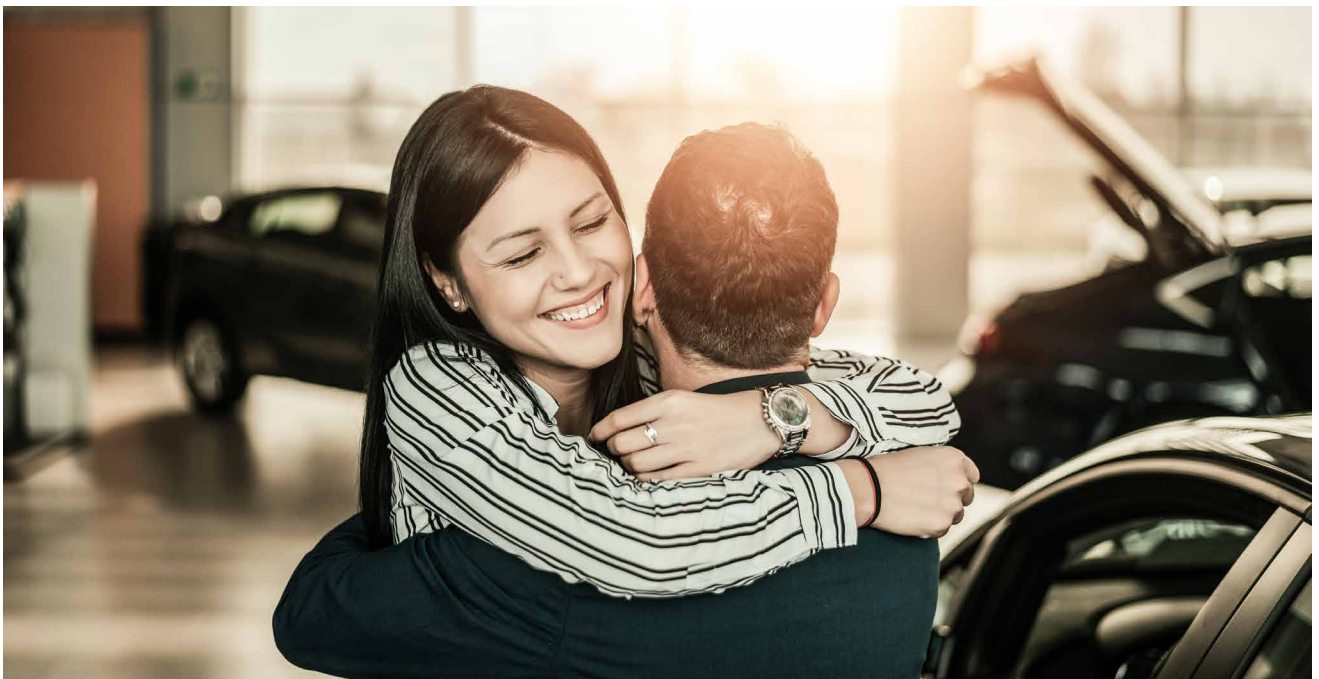
We moved all elements of our Health and Wellbeing program into a virtual environment – including HIIT and yoga classes over Zoom. We incorporated additional seminars centred around mindset and mastering emotions

to help our people navigate through this challenging time with increased ease.

Supporting our extensive network of carsales parents – many of whom have had to juggle work commitments, homeschooling, and reduced access to childcare and / or family support for extended periods – was another high priority. We gave them additional flexibility and organised KidsCo to run two virtual school holiday programs providing much-needed relief to parents. These usually run in Melbourne only, however this virtual solution allowed us to open the program up to children of parents working in all our offices around Australia.

In July 2020 we treated all team members to a \$250 gift voucher and an additional day off work to take a break and switch off – a small gesture of our thanks and appreciation to everyone during what had been a tumultuous year.

Our COVID-19 focused pulse survey showed that 95% of our people had confidence in carsales' response to the pandemic and 92% of our team felt supported by the business. This reinforced to us that we had the team's trust during this time of significant change.



OUR MATERIAL TOPICS

CUSTOMERS

Key to being the leading platform in our markets globally is our deep understanding of our customers and their needs.

Customer experience

Ensuring that our customer experience matches or exceeds our brand promise and that we live up to our reputation is a key focus of our company.

We continuously seek to increase our understanding of our customers and their needs, using a range of techniques:

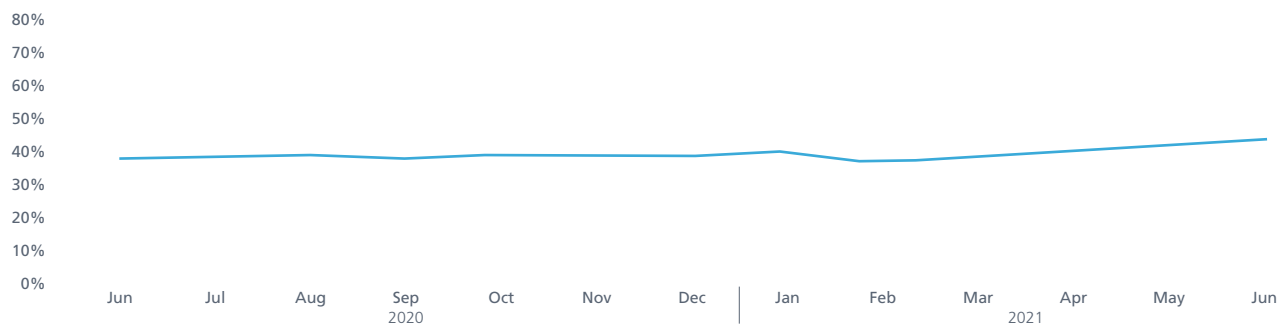
- We measure our Net Promoter Score (NPS) at a brand level and at a transactional level for customers who have had experiences with various products so we can continue to improve our experience. Our score is often two, three or four times that of our nearest competitor.
- We use a feedback loop from customers to understand how they see us. Our 'Voice of the Customer' team analyses feedback for key themes to inform experience improvements via technological and operational enhancements.
- We track consumer sentiment towards dealers, given their key role in the sales process.

As part of our core offering, we provide car buyers and sellers with a range of unique services to help them trade with ease and confidence.

Seller services we provide include:

- Flexible options for selling, including our Instant Offer product which provides users with a convenient and hassle-free way to sell their car to our dealer network. Sellers are guaranteed next day payment, rather than having to wait for the car to be sold 'in due course'. In exchange for this convenience they accept slightly less than the full retail price;
- Weekly ad stats email to show sellers how their ad is performing;
- Enhanced security features, such as our proprietary fraud detection tool to help combat fraudulent activity and phone number security with our Privacy Protect feature;
- Safe selling tips and advice provided by email and on our website; and
- Seven day support from our local Customer Service team to help sellers optimise their ad to get the sale they want.

Dealer NPS



carsales Post Enquiry Survey, Dealer NPS, June 2020 – June 2021. n= avg 6,000/mth

OUR MATERIAL TOPICS

CUSTOMERS CONTINUED

Buyer benefits include:

- Saved car and search alerts which allow buyers to keep track of vehicles they are interested in, including key updates such as price drops and notifications when demand is high from other prospective buyers;
- Facts+ which helps decision making by providing comprehensive buyer insights on the selected vehicle, including car history such as whether it has been stolen or written off, market pricing data, expert and owner reviews;
- RedBook Inspect (RBI), a paid inspection service for used cars, through which qualified mechanics inspect vehicles for sale, and report back to the prospective buyer; and
- A library of over 40,000 articles of automotive reviews, used car buyer guides, advice and news.

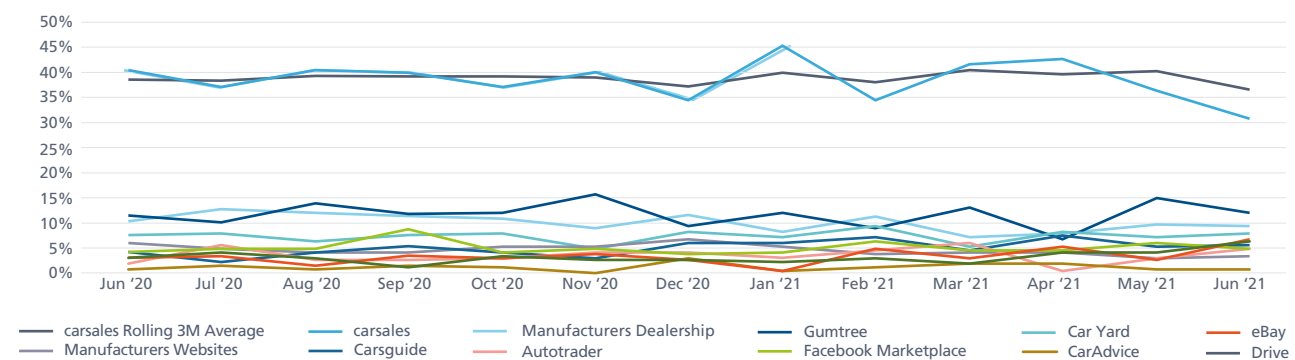
Key to our service to our customers is ensuring that our websites have the buyers and sellers they need to fulfill their transaction. This requires us to ensure that people are aware of our brand, and actively choose our business when thinking of buying or selling a vehicle. For this reason, we track our a range of brand health metrics. Prompted brand awareness for carsales in the community is 80-90%, and the preference for carsales is 38%. For our competitors, their results are one-third to one quarter of our figures.

Supporting our commercial customers and industry

carsales is a major part of the automotive industry eco-system and we continuously seek ways to support the industry. The key players and their role in the eco-system are:

- Dealers. Provide the majority of our revenue, so it is critical we get the right balance between the needs of end buyers and dealers. We have a team of dedicated account managers and carry out dealer sentiment surveys to ensure we satisfy their needs in a rapidly-evolving market.
- Finance houses. Includes banks and specialist providers such as fleet financiers. Provide buyer finance, often through dealers, and provide a significant proportion of carsales' display ad income.
- Other sellers e.g. after-market product sellers. Also heavy buyers of display ads, often with considerable need for personalisation to relatively small groups of buyers.
- Manufacturers and the display agencies who support them. This group is of enormous importance to carsales and we have a specialised team to support them.
- Other channels, such as Facebook, Google and Salesforce. We nurture our relationships with these companies, who in some ways are partners and in others, competitors.

carsales brand performance



Nature Research, Brand Health tracker, June 2020 – June 2021. n=267/mth

We seek to strike a balance between the needs of the different players in the industry – we have always been a disrupter but we are also part of the eco-system and it is in no-one's interest to damage the industry or the dealers on whom we depend. We review all new services, features, add-ons or enhancements before we roll them out, with great care and through multiple lenses, to ensure we understand where the benefit lies – with buyers, sellers, the industry or carsales. The ones most likely to go ahead are those that benefit everyone.

As a key player in a complex, ever-shifting network of companies of different sizes and with widely-different agendas, we are careful to do everything we can to preserve and build these relationships. We make certain we understand the implications of our actions to the consumer, dealer, manufacturer or any other player. In this way we avoid creating conflict between the needs of different groups.

As an example, when we introduced Facts+ we were aware that it provided extra information about a vehicle's history and price, information that had previously only been available to dealers. We involved many internal departments and worked with dealers to communicate the benefits – that giving buyers more information would increase the level of trust and engagement. In this way we were able to allay any fears that dealers may have had about the new product.

Trust and safety

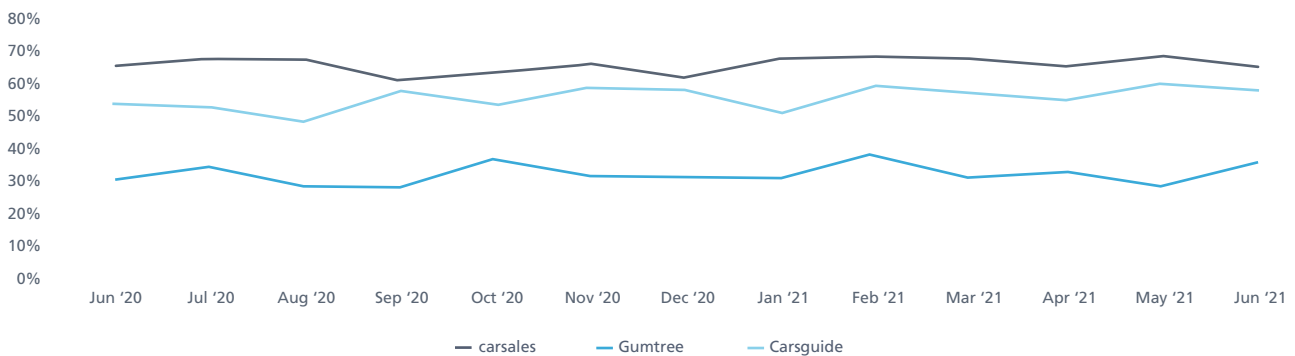
Trust and safety are key issues for customers, so we do everything we can to build customers' trust in carsales - by keeping their data secure, respecting their privacy and providing valuable add-ons. Three of the ways we keep customers safe include:

- Routinely blurring number plates in ads to limit the risk of plate cloning;
- Using AI to look for scams in used car sales; and
- Preventing system intrusions with multiple layers of defence so data is kept secure.

Our efforts in this area are well received by customers. We regularly survey consumers to determine key brand association metrics. carsales has maintained its strong position in these metrics, including 'is a market leader for buying and selling cars' and 'is trustworthy'. When compared to our competitors, carsales continues to be the market leader as a trusted marketplace to buy and sell.

A vital, and key part of the purchase process for both buyers and sellers is detailed research. With our vast experience derived from facilitating the sale of millions of cars a year, we are able to make a major contribution to the amount, accuracy and relevance of information needed to complete a sale. A fundamental requirement for reinforcing our customers' trust in us is that the information we provide is accurate and up to date.

Reputation – "Is Trustworthy"



Nature Research, Brand Health tracker, June 2020 – June 2021. Reputation: "Is Trustworthy" (% rated 7-10) n= avg 250/mth

OUR MATERIAL TOPICS

CUSTOMERS CONTINUED

The online content we provide is a huge component of buyer research. Our independent content team comprise subject matter experts across key verticals. The team is dedicated to providing useful, concise, accurate and independent information. Our content includes:

- Vehicle reviews for almost every type or model of vehicle, motorbike, truck or boat;
- Price and other comparisons (including real-world testing) between vehicles;
- Papers on current automotive trends. EVs, hybrids, battery and charging technology are key areas of interest hence we have upweighted our research and coverage;
- Thought leadership on the auto and online industries and issues relevant to them;
- Ancillary related articles on issues like used car parts, fleet buying and after-market products; and
- 'Pure' research carried out as part of our ongoing innovation activity, on local and global topics, exploring consumer sentiment around mobility, fuels, sustainability, demographic changes and so on.

We have over 8,500 review and advice articles live and searchable on carsales alone. Similar independent content is published to our other verticals. Significant effort is made to ensure articles are easily accessed from our websites and also via mainstream search engines.

It also a tenet of carsales content to clearly label any material that is advertising based. This is to ensure consumers are easily able to distinguish between independent and commercial content

Customer retention

To drive long-term retention outside of the buy/sell cycle, we offer a range of member benefits to keep car owners engaged when they are not in market. These benefits aim to increase loyalty and keep our brand top of mind during the period before they make their next purchase.

Through our customer sentiment program and ongoing research, we continue to identify new ways to engage and retain customers long-term, drive return use of our platform, improve retention and help build a customer's lifetime value.

Below are some of the key member benefits that run as part of this program:

- Fuel discounts – carsales members have access to all-year fuel discounts from Shell Coles Express as part

of our broader strategic partnership with Viva Energy; This has been a key driver of ongoing usage of our carsales app;

- Vehicle insights – carsales members receive emailed price depreciation updates every three to six months providing the estimated resale value of their car, current demand in market and expected time to sell; and
- Partner offers – carsales members receive ongoing discounts on key automotive services such as tyres, insurance and finance to support their ownership journey.

System reliability

A key component of the customer trust we seek to build comes from having reliable systems. Our platforms must be accessible to everyone that wants to view them or transact business, 24/7, 365 days a year and we proudly maintain an uptime of 99.99% across our sites. To protect us and our customers from major disruption, we have put in place a detailed Business Continuity Plan and a Disaster Recovery Plan, which are both reviewed and tested regularly.

Our Business Continuity management approach defines, in detail, the critical systems, processes, people, schedules, actions, protocols and contact details for each type of major incident. Alternative work locations are available 24/7 and can be rapidly deployed should a major outage occur. The impact of any one incident depends on the systems or infrastructure affected, however we have tried and tested technical teams, with many years experience, managing these situations and can generally resume operations, even where alternative locations must be activated, within the shortest possible time.

Data security

We take data security very seriously and see it as one of carsales' most material business risks. We have more than eight million member accounts, and we work unrelentingly to ensure that data is accurate, secure and used appropriately.

We are highly conscious that our customers allow us to use their data to help them buy or sell, and that their permission can be withdrawn at any time. We act at all times as data custodians, and approach collection, storage and utilisation through a custodian lens – data is not our right to use how we want but is collected only as needed for specific purposes. Keeping it secure is therefore a fundamental obligation for carsales.

While we do not disclose the techniques and defences we use to maintain the security of our systems, some of the broad approaches we use include:

- Using long random GUIDs that avoid incremental numbering;
- Doing penetration testing both internally and using external experts;
- Using our own proprietary systems, developed in-house, thereby avoiding any weaknesses in third party provider software;
- Using a defence in depth strategy in which data is stored behind multiple layers of defence; and
- Conforming to the internationally recognised NIST Cybersecurity Framework.

Data privacy

While data security focusses on protection against external attack through systems and software, data privacy requires the correct handling of personal information by our team members. Privacy issues can arise at any stage of our data management, from collection, storage, use, release and ultimate removal of data, so we have a strict data governance framework, including permissions, handling, management, communications, security, compliance and monitoring.

Our data governance processes require that we:

- get members' permissions before capturing data;
- restrict access to data to people who need to use it;
- safeguard all information and handle it carefully;
- ensure data is only communicated according to our data governance requirements;
- regularly maintain and upgrade our systems;
- provide regular training and refresher training on data privacy to our employees;
- monitor staff compliance with privacy and information security policies, procedures, standards and guidelines;
- strictly control and monitor how our team members and supplier organisations use member data; and
- only retain data where we have a legal right to do so.

A significant issue for carsales is to ensure that members are giving proper consent to use of their data. In the past, members provided data to us and, when it came to receiving information from us, had only two choices – receive everything or unsubscribe and receive nothing. Customers are more varied in their needs and we

constantly adapt our systems to increase the granularity of consent they can choose. This allows them to opt, for example, to receive product recalls and emergency updates, but not other sales material. carsales members can manage these consents easily online.

Another associated issue is the use of cookies, which unlock a computer's memory and allow websites to recognise users when they return to the site and tailor the content or services displayed. The European Union's (EU's) General Data Protection Regulation (GDPR) sets guidelines for collecting and processing personal information from individuals in or from the EU.

While only a tiny proportion of carsales' website traffic is from the EU in response to the GDPR, carsales developed a new cookie policy (<https://www.carsales.com.au/info/cookie-policy/>) and has introduced cookie pop-ups to better inform visitors how we use cookies. If a visitor is from an EU IP address, express consent is required before the visitor can use the website.

We gather cookie-based data concerning onsite behaviour such as items that a visitor clicks on or views. This data is used to improve the onsite experience by way of tailored content and is similarly used off the network by carsales to serve relevant content via social media and digital display. carsales' member database is not provided to third parties for direct marketing purposes.

We also have an advertising program based on user onsite behaviour. Visitor data is de-identified and the program allows a third party outside carsales, such as a vehicle manufacturer, to serve relevant advertisements both on the carsales network and on the wider internet, based on the onsite browsing activity of the user. This data is aggregated into audience segments and not personally identifiable by the advertiser.

OUR MATERIAL TOPICS

COMMUNITY

As a major global digital business, carsales facilitates the sale of millions of vehicles a year to people living in communities all over the world. We support our local communities in a number of ways:

- Corporate giving and sponsorships;
- Employee donations through volunteering days;
- Fund-raising activities;
- Ensuring we always pay our small, often local suppliers within 30 days; and
- Providing jobs and employee pay for local people in the countries where we have offices and paying taxes that are used to pay for services benefitting the community.

Community partnerships

CS in Schools

This year we were thrilled to partner once again with CS in Schools, whose mission is to create sustainable change in Australian digital technical education by providing a complete DigiTech pathway for secondary students and developing teacher confidence to deliver digital technology classes.

In FY21 our people contributed over 300 hours of volunteering for the CS in Schools program.

Having partnered with CS in Schools last year to develop a pipeline of students with coding skills, the next opportunity for us was to provide students with a real-world problem to solve. We provided a data set to students and asked them to build a pricing model. Students spent the first half of the year working with this real-life industry challenge and they are preparing for the chance to come and present their projects to our teams for feedback.

Women in Tech

As part of our drive to increase the number of young women taking up IT careers, we further developed our Women in Tech program during FY21. Our activities included:

- Being a sponsor of the virtual Go Girl 2020 which aims to inspire students with fantastic role model speakers, showcasing technology of the future and challenging misconceptions about what a career in IT might look like;

Highlights in the Community

COVID-19 has not stopped us from being active within the community:

- The carsales Foundation provided grants to charities nominated by our team members – including Movember, Whitelion Youth Agency, Rizeup, MS Australia and Act for Peace.
- We donated laptops to CoderDojo WA – a volunteer led, community-based computer programming club that teaches digital literacy skills to young Australians.
- Our partnership with The Smith Family saw us sponsor seven school children around Australia through the Learning for Life program and our staff donated \$3,890 to their 2020 Christmas Appeal.
- We continued to support the Monash University IT Faculty with many of our Tech team mentoring their postgraduate students and providing advice and guidance around their capstone projects.
- We partnered with not-for-profit CareerSeekers to provide internship opportunities to refugees and people seeking asylum, allowing them to develop technical and software development skills, and soft skills.

- A continued focus on developing technical and soft skills through a series of lunch and learn sessions. These sessions also provided an opportunity for our group to connect and network during periods of remote work; and
- Supporting the Women In IT program at Monash University by participating in speaking and mentoring opportunities.

Donations and sponsorships

Our community efforts are powered by the carsales Foundation, our independent, registered charity that we created to formalise our community programs. Its 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. They are:

-
- **Community grants:** anyone in our business can nominate a charity they are passionate about to receive a donation of up to \$500;
 - **University education:** the Foundation supports a female to study technology at Swinburne University through a Women in Tech scholarship;
 - **Prevention of family and domestic violence:** donating to shelters and family support networks; and
 - **Primary and secondary school education:** providing support to primary and secondary school children suffering from hardship through the Smith Family.

Employee giving

We provide each of our employees with a Community Day so they can take a paid day off work to contribute their time to a cause they care about. We encourage team members to volunteer in a group with their colleagues and use the opportunity to introduce their colleagues to a cause important to them.



OUR MATERIAL TOPICS

INNOVATION

carsales specialises in developing cutting-edge technology and advertising solutions that enhance the consumer experience. As a major global business platform, we live or die by the quality of the systems our customers use to transact, and the services we provide to help them, both personal and behind the scenes.

Innovation programs

Innovation is part of our DNA and we have always invested time and money in continuously innovating to be the clear leader in our industry. Our Board and ELT regularly discuss innovation and we continuously promote it to the global carsales team, asking them to focus not only on technology but on all areas of our business.

We make innovation happen in a number of ways:

- We look for day to day enhancements to existing systems and operations to improve the customer experience, make us more efficient or save money;
- We seek out and develop new products / services and add-ons;
- Our 'Voice of the Customer' team work with customer services, capturing information from customers and feeding it back for the tech teams to seek improvements to solve problems; and
- We use hackathons to bring together people from across the company and across the world, so they can collaborate to improve an existing product, develop a new idea or create something to support other teams.

Product innovation is a key part of how we deliver value to our customers and each year we continue to invest in improvements to the buying and selling experience, adding new features such as:

- Price indicators, designed to help buyers easily identify vehicles priced at or below market;
- 'My Feed', which delivers personalised content based on prior searches of vehicles that may be of interest, including relevant reviews and advice;
- An average of 300 articles per month that we produce on latest released vehicles including independent comparison tests, helpful advice and news on the auto industry; and
- Customer Day, where we invite a group of customers to speak directly with our product and technology teams to foster customer-first thinking in our product design.

Innovations that become significant projects are facilitated via the Project Management Office (PMO) and we use cross disciplinary teams to ensure all aspects are considered.



The poster for #WorldInnovationDay Hack 2021 is dated Friday April 16 - Monday April 19. It features the carsales logo and identifies them as a 'COMMUNITY PARTNER'. The poster also mentions 'HACKMAKERS', 'ORACLE', and 'UN @ environmental programme'. A quote from CIO Jason Blackman is included: "Technological innovation plays an important part in driving sustainable positive change for all in our world, and I'm excited to see new ideas and creative solutions for the challenge categories."

We were thrilled to partner with Hackmakers to support the #WorldInnovationDay Hack 2021 – encouraging people to creatively use their skills in generating new ideas and solutions for the United Nations Sustainable Development Goals of health & wellbeing, economic growth, decent work and quality education.

Our CIO Jason Blackman, one of the global judges, said: "Technological innovation plays an important part in driving sustainable positive change for all in our world, and I'm excited to see new ideas and creative solutions for the challenge categories."

There are four or five programs in development at any one time. Small projects (under \$20k) are run by the inventor's manager. Medium sized projects (\$20k-\$300k) are subject to executive control. Large projects (over \$300k) are considered by ELT. There is always an executive sponsor who ensures all sign offs are received.

Some of our most recent innovations have been:

- Placie, a MaaS (Mobility as a Service) transport app incubated over the past three years and launched in beta in October 2020. It enables consumers to plan and book trips combining several modes of transport using data provided in real time. The launch required us to lobby state governments to provide exemptions for laws not designed with MaaS in mind.
- Plate blurring. An innovation that came from our 2018 hackathon, which involves blurring number plates in ads to limit the risk of plate cloning.
- Facts+. An added-value service that shows price indicators, previous vehicle history, accidents, write-offs etc. It redresses the information imbalance between dealers and consumers, and we worked closely with dealers and other partners to bring this to market.

We are proud of our record of innovation and are focused on our commitment to developing and bringing to market new products and enhancements.

Automation (including AI)

As an online selling and advertising platform, automating processes to make them faster, more reliable and more efficient is key to what we do. We constantly seek ways to automate and simplify processes to continue to enhance the customer experience and make carsales easier to deal with.

Machine learning and artificial intelligence (AI) are significant technologies that we will continue to utilise to deliver benefits to our customers. Our constant innovation and skilful use of automation has resulted in carsales leading the industry in user experience, products and services, operational efficiency and business model.

Our investment in data science and insights also means we can deliver more and more insightful data to our customers. In turn this builds stronger relationships with manufacturers and dealers and gives consumers better and more personalised experiences.

Intellectual property

carsales actively manages its intellectual property, using both in-house and external specialist resources. The company has a range of registered trade marks in Australia and in overseas jurisdictions, and has also pursued patent protection for novel inventions by its employees.

As a world leader in the industry, there are many businesses that try to trade off carsales' excellent reputation. carsales is extremely protective of its reputation, which it has established over 25 years of trusted service, and does not intend to allow others to diminish that through their actions. Accordingly, the company has an 'always on' mentality in protecting its intellectual property – whether it be brands that are too close to one of the company's trade marks or a site reproducing carsales' copyright material without authorisation, the company does not ignore others breaching its intellectual property rights or creating confusion in the market.



OUR MATERIAL TOPICS

GOVERNANCE

carsales is committed to strong corporate governance which we believe underpins sustainable value creation for investors and other stakeholders.

We have put in place a detailed governance and management framework to help us manage our reputational and financial risks. Under the legal and regulatory framework within which we operate, which includes the ASX Corporate Governance Principles and the ASX Listing Rules, we must address these risks and report annually on our progress.

This section of the Sustainability Report covers the areas of governance that represent the biggest sustainability risks to the Company. It does not seek to duplicate the Corporate Governance Statement, which you should refer to for a more complete description of our governance framework. Our Corporate Governance Statement is available on our shareholder website at <https://shareholder.carsales.com.au/governance/>.

Board structure and independence

The Board is ultimately accountable for implementing and overseeing an effective corporate governance framework, but the executive leadership team and all carsales team members are responsible for upholding our high corporate governance standards, underpinned by our core values of Enjoyment, Respect, Integrity, Communication and Honesty. These carry through into our corporate policies, which include our Code of Conduct, as well as our behaviours.

The Board seeks to ensure that carsales is properly managed and that all of our people operate in an appropriate manner. The Board has adopted a framework for managing the company that includes internal controls, risk management processes and corporate governance policies designed to promote responsible management and conduct.

Three Board committees provide specialist oversight and assist the Board: an Audit Committee, a People & Culture Committee (formerly the Remuneration and Nomination Committee) and a Risk Management Committee. Each operates under a formal charter that is publicly available in the Investor Centre of the Company website. The Risk Management Committee (RMC) is responsible for sustainability issues.

Risk management

carsales' Board is responsible for ensuring that there is an appropriate corporate governance framework in place to protect and enhance our performance and build sustainable value for our shareholders. The 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 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. Each of the Board Charter, the RMC Charter and the Company's Risk Management Policy are publicly available on our shareholder website at <https://shareholder.carsales.com.au/charters/>.

We recognise that managing risk is a continual process and an integral part of the management of the business. During FY20 the Company established a new risk management committee comprising ELT and senior operational management to assist the RMC in tracking and escalating risks. As part of this process, 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. This is discussed in further detail below.

Identifying material risks

carsales conducts a review and update of its formal risk register at least twice a year. This captures material and other potential risks to the business and assesses the nature, likelihood and materiality of the impact of each risk. carsales uses the results of the assessment to inform its risk management strategy. We continue 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.

Environmental and social risks have been more prominent in recent years, and form part of the company's general risk framework. This Sustainability Report goes into detail about our risk identification and management practices and how we manage our major sustainability risks. Given the nature of our activities there is a low likelihood of material exposure to environmental risks, so we focus on those risks that are more likely to arise and impact our business.

Key business risks

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

- **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 significant

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 a serious impact on the company's reputation, operational and financial performance. Further information on how we manage this risk is contained in the Customer section of this report.

- **Maintenance of professional reputation and brand name:** The success of carsales and its businesses around the world is heavily reliant on our reputation and brand. If an event were to occur which substantially damaged carsales' reputation, it could have a significant impact on the performance of the company. See the Customers section for how we monitor our brand health, the Our People section for how we attract and retain the highest calibre employees and the Governance section for how we manage our risks.
- **A downturn in the global economy, motor vehicle or general advertising market:** The performance of carsales is influenced by the overall condition of the motor vehicle market in each country in which we operate. This in turn is influenced by the general conditions of the economy, which by its nature is cyclical and subject to change.

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. Most recently we have had to deal with the COVID-19 pandemic, which has impacted global markets and economies. carsales has been closely monitoring trends, identifying areas of risk and opportunity and deploying our resources and efforts where they will have most impact. We have come through previous challenges through extensive experience and constant innovation, and we are confident we will emerge from this one in a position of strength.

- **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. See the Customers section for our approach to system reliability.
- **Exposure to sovereign/geopolitical risk:** As carsales expands into more geographically distant international markets, the risk of sovereign and geopolitical risk intensifies. We hold a number of investments across the Latin American and Asian regions. As these businesses grow and we expand to new geographies, we become more exposed to regulatory, legal and political risks. Many of these geographical risks are outside of the Company's direct control.

We mitigate them by:

- maintaining our knowledge of international issues and changes in legislation;
- by training relevant carsales people in key areas;
- by spreading risk and investment across a wide range of countries;
- maintaining close working relationships with our bankers, who provide insight into local markets;
- consulting with local advisors on matters including legal, tax and industrial relations; and
- members of our leadership team regularly consulting with international offices to ensure each operation is both compliant and representative of the carsales culture.

Risk mitigation

The level of mitigation in place and acceptance of risk varies according to the extent of the risk across the company's operations, the potential consequences and the likelihood of occurrence. For example, we invest heavily in protecting and monitoring against IT security risks, whereas risks around changing consumer behavior are dealt with by monitoring trends and product management activities.

This year, the RMC instituted some new practices to ensure that risks are being appropriately monitored and mitigated. Each of the risks on the risk register was assigned key risk indicators (KRIs) for which a tolerance threshold was set. These KRIs are included in the monthly Board reports from management to the Board and updated with the latest information. Where a KRI is approaching the tolerance threshold, it is an indication that it requires heightened attention and action from both management and the Board. This system has been well received, and provides valuable insight to various levels of management and the Board.

Culture of compliance

Central to carsales' approach to risk mitigation is its objective to cultivate a culture of compliance. Each employee is a guardian of carsales' reputation and is armed with the knowledge and attitude to protect it. We provide tailored training and development throughout the employee lifecycle to ensure all employees understand their role in compliance. Compliance training begins from day one; training modules for all new starters must be completed within the first weeks of employment, with annual refresher training thereafter to ensure they remain top of mind.

OUR MATERIAL TOPICS

GOVERNANCE CONTINUED

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, highlights the standard of acceptable behaviour and identifies 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 FY21 averaged 96%.**

While carsales is an innovative company, it takes a conservative approach with regard to the law. Compliance with the law is embedded throughout the company. Every team member must adhere to every aspect of the law and this is written into our Code of Conduct. There are significant consequences for breaches of this requirement. Where regulations require a certain standard of behaviour we regard this as the minimum, and always strive for better.

The Company has developed a 'Global Code of Conduct', fully endorsed by the Board, which applies to all directors and employees. It aims to ensure the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the group's integrity, taking into account legal obligations and the expectations of the company's stakeholders. The Code requires that team members act at all times with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. It expresses the company's zero-tolerance stance on bribery and corruption and its approach to the giving and acceptance of gifts. Our Global Code of Conduct is publicly available in the Investor Centre of our website at <https://shareholder.carsales.com.au/charters/>.

Our Code of Conduct is supported by two key policies: our Ethics Policy and our Global Whistleblowing Policy. The Ethics Policy expressly requires all company personnel to act in accordance with the highest ethical standards and to conduct business in a way that is compliant with anti-bribery and anti-corruption laws.

Our Global Whistleblowing Policy is publicly available in the Investor Centre of our website at <https://shareholder.carsales.com.au/charters/>. It applies to all employees, contractors and eligible whistleblowers and provides an independent whistleblower hotline supported by Deloitte to allow for disclosure whilst maintaining the highest levels of confidentiality and the protection of whistleblowers. The RMC is informed whenever the whistleblowing policy is invoked and receives a report of any investigations resulting from disclosure. The identity of whistleblowers or any information which would lead to their identification cannot be disclosed without their express permission. carsales is committed to protecting the anonymity of any whistleblower and providing the full protection prescribed under law.

Finally, there are a number of other significant policies covering issues such as discrimination, harassment, privacy, human rights, diversity and equality. They are applicable to all employees and directors, with annual refresher compliance training.

Ethical behaviour

We are an ethically cautious company, committed to following the letter and spirit of the laws that govern us as well as expected standards of ethical business behaviour. We work with our risk management framework and Code of Conduct to manage potential risks from ethical issues such as bribery, corruption, fraud and conflicts of interest. Our Code of Conduct requires our team members to consult with a manager if they are in any doubt about a course of action or if someone is breaching our ethical expectations.

Modern slavery

A risk for carsales, as for any company when dealing with suppliers of certain products and services, is modern slavery. With the release of our first modern slavery report this year, we have commenced a detailed review of the supply chains of our majority owned Australian and international group companies. We have categorised our suppliers by risk level (using factors such as country of origin and type of service/product) and sought to engage with them.

Our supply chain is relatively small. Around 60% of our cost is employees and we own very little physical infrastructure, with our offices and systems hardware mostly leased. Nevertheless, we have identified around 1,000 tier one (highest risk) suppliers across all our operations.

We have prepared a Modern Slavery action plan and now screen new suppliers for modern slavery risk using a questionnaire. We seek to insert anti-slavery clauses

into our supplier contracts and request that suppliers adhere to our Supplier Code of Conduct. We work with our suppliers collaboratively to address the risks of modern slavery, and where appropriate, we will terminate our relationship with non-compliant suppliers.

Our first Modern Slavery Statement was submitted in March 2021 and contains a comprehensive explanation of our actions to minimise the risk of modern slavery occurring in our business. We continue to review all our operations globally, including our subsidiaries, to gauge their slavery risks and compliance with our anti-slavery requirements.

Our Modern Slavery Report is available on our website at <https://shareholder.carsales.com.au/governance/>.

Approach to tax

Our tax strategy is in line with our risk management framework. Our tax risk management framework, which is not publicly available, is reviewed and approved by the Board and administered by our Tax and Treasury function. We undertake tax risk assessments and present identified tax risks to the Audit Committee as part of the annual and half yearly reporting process, and more often if required. carsales has signed up to the tax transparency code and will, over time, publish more tax information beyond that in the Annual Report.

We have processes to ensure we comply with applicable tax regulations in each country we operate in:

- Tax compliance is managed locally by finance team members, overseen by Tax and Treasury;
- Income tax and operational tax matters are managed by Tax and Treasury;
- PAYG and other withholding, payroll tax and superannuation guarantee matters are administered jointly by People and Culture and Tax and Treasury;
- Foreign taxes are administered by local management, overseen by Tax and Treasury and Finance departments; and
- We may involve reputable local tax advisors in all these processes.

Tax decisions are made considering both the regulatory environment in which we operate (anticipating future changes as relevant) and our business goals and risk appetite. carsales believes in paying its fair share of tax and pays close to the Australian business tax rate of 30%. We review proposed business strategies through a tax lens to ensure required outcomes can be achieved within relevant tax regulations. Our effective tax rate is reviewed regularly to monitor the impact business decisions are having on our tax positions, and to ensure

that such operational decisions are independently sustainable without needing to rely on specific tax positions/conditions.

The tax governance and control framework is approved by the Board of directors, with Tax and Treasury responsible for day to day administration and compliance. Tax risk management centres around the following commitments:

- Ensuring we comply with tax laws in each jurisdiction we operate in and that all tax positions taken are reasonably arguable;
- Obtaining advice as needed from tax advisors or revenue authorities;
- Dealing transparently with revenue authorities, and maintaining open, co-operative relationships with them;
- Maintaining the integrity and reputation of carsales at all times; and
- Adopting only positions that enhance shareholder value without having to rely on their tax effect for viability.

The business is well educated on tax matters and we ensure tax is considered in all key business operations. Tax and Treasury is regularly advised by senior leaders of business opportunities, acquisitions and disposals, transactions and other business operations under consideration that require tax input or with potential tax implications and obtains advice from external advisors as required. We identify tax risks as they arise and escalate significant ones to the Audit Committee and Board. We meet with our main tax advisor monthly to discuss business updates and ensure that key tax risks are identified and addressed or mitigated, with these meetings documented.

We are committed to transparency in our dealings with revenue authorities and maintaining open and co-operative relationships with them. In matters directly relevant to carsales' operations, we engage in public policy advocacy via participation on Treasury working groups and indirectly via interactions with the Corporate Tax Association and other key taxpayers in the digital classifieds sector.

The carsales group is not subject to country-by-country reporting requirements in any tax jurisdiction that it currently operates in.

OUR MATERIAL TOPICS

ENVIRONMENT

As a business that does not extract or process any materials, our environmental footprint is relatively small, however we recognise that all companies have an obligation to do what they can to protect the environment, minimise the use of scarce resources and reduce waste and pollution. We seek to ensure that our operations, and our development and enhancement projects, are managed to minimise cost and environmental impact.

In June 2021, we embarked on attaining Climate Active certification, with the goal to be carbon neutral in our Australian operations in FY22. This certification is important to us because it sends a clear message to our people, customers, clients, and stakeholders that we are committed to sustainability, climate change and the environment.

Here we discuss what we are doing to reduce our own environmental footprint as a company, and also where our thinking is going with regard to how we can contribute to reducing the significant environmental footprint of the automotive industry. We are conscious that in the past, like many other companies, we have not spent enough time on environmental thinking, and we are keen to evolve and develop a more sophisticated approach.

Energy management

Our own energy use is made up of:

- The energy (mainly grid electricity) used to heat, light and power our offices, including energy registered on our own meters and the base energy used by our landlords to operate lifts, building common areas, delivery docks and so on.
- The energy used in our data centres, both physical and virtual or cloud-based.

We seek to reduce our energy consumption through the following steps:

- Installing low wattage, low energy, power efficient globes in all our offices;
- 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. This is in place in all our offices.

As part of our efforts to reduce our emissions, we were pleased to be advised in June 2021 that our head office

building in Richmond, Victoria, has been Climate Active certified and has achieved a 4.5 star NABERS rating. Climate Active certification means that the operations of the building, including energy, water, waste and refrigerants, have resulted in net zero emissions.

In addition to the risks posed by climate change, we also consider the opportunities a transition to a low carbon economy this may provide.

There are three types of emissions defined by the Greenhouse Gas (GHG) Protocol:

- Scope 1, mainly emissions from burning fuel (e.g. coal or gas) in our facilities,;
- Scope 2, emissions from grid electricity in our offices and physical (and cloud-based, or virtual) data centres;
- Scope 3, emissions resulting from
 - our suppliers providing products and services (upstream emissions), and
 - our customers using our services and products (downstream).

During FY21 our Scope 1 emissions were extremely limited; no coal or gas fuel was burnt.

Scope 2 emissions from grid electricity provided almost all our emissions. We are setting up processes to track, capture and report our energy use and hence our emissions across our global operations, and we expect to report baseline figures in our FY22 Sustainability Report.

Scope 3 upstream emissions cover all emissions resulting from our suppliers' production and supply of products and services.

In the past air travel was a significant contributor, though this has been curtailed almost entirely during COVID-19. We have not, to date, included employee commuting or other work-related travel in our upstream emissions; we will review this during FY22. Other than travel, we are currently working with our largest suppliers and expect to start reporting our upstream emissions from FY23.

Scope 3 downstream emissions are emissions related to sold goods and services.

As a facilitator of the sale of vehicles that contribute to emissions, we believe our responsibility for the emissions of the vehicles sold through our platforms is limited – we have no influence on what vehicle someone buys or how they use it. We are, however, considering whether we can increase our influence on buyers (see below).

The Task Force on Climate-Related Financial Disclosures (TCFD) recommends that companies with significant emissions should report the future financial impact of climate change now. Many investors and ESG rating agencies recommend that companies report against TCFD. Although we are as a business with low emissions, making minimal contribution to global warming, we believe that it is important for us to understand and mitigate the ESG risks to our business. As a provider of platforms to facilitate the sale of automotive vehicles, it is inevitable that climate change will impact our business in the future. We have therefore taken the decision that, from FY23, carsales will start reporting against the TCFD framework. We expect that our TCFD report will be included in our Financial Statements.

Waste and e-waste

The major forms of waste generated in our offices are:

- Items such as paper, cans, bottles, which are sorted and recycled;
- Personal waste, non recyclable materials, mostly going to landfill; and
- e-waste, such as computer CPUs, laptops, mobile phones, monitors etc.

To reduce our waste as much as possible we:

- employ sustainable cleaning, waste and recycling practices. We have removed personal rubbish bins from desks to ensure all waste is recycled as appropriate;
- purchase 100% recycled paper; and
- use default double-sided, black and white printing on all printers.

Our e-waste consists of redundant, obsolete or irreparably damaged equipment. We seek to ensure that all e-waste is either re-used, recycled or goes to materials recovery, as these items contain recoverable amounts of metals such as gold, silver, copper, titanium, palladium, lead, tin, nickel, mercury and cadmium. Where hazardous materials such as brominated flame retardants are also present it is essential that these are kept out of landfill. We seek to reuse old but serviceable computers and laptops by providing them, after hard drives have been wiped, to local community groups through CoderDojo WA. All other items are either recycled or broken down and valuable materials recovered. We are currently working with our provider to determine the weight of e-waste that we send for disposal by reuse, recycling and materials recovery.

In Australia, we aim to achieve complete re-use of electronic waste. We are working with our other offices in South Korea, Mexico, Brazil, Chile and Argentina, to obtain more complete and detailed disposal information.

Influence on customers

According to the Australian Government, transport is Australia's third largest source of greenhouse gas emissions and contributes 17% of total emissions, and cars are responsible for roughly half of that.

Since the day we opened for business in 1997 we have had no view on what vehicles our customers buy. We provide information on fuel consumption, exhaust pollution, safety, value for money and the myriad other factors that buyers take into account, but we have never said what anyone should or should not do. It is their choice.

The rapid onset of climate change has focused the attention of the potential for vehicle choice to play an active role in reducing emissions. While it will always be



OUR MATERIAL TOPICS

ENVIRONMENT CONTINUED

the buyer's right to choose, we believe it is important that buyers do so from an informed position.

The evolution of automotive from largely ICE (internal combustion engine) platforms to battery electric and other low emission technologies is the largest step change in the industry in a century. We believe carsales has an important role to facilitate this change, whether by providing clear, easy to understand and independent information on new automotive technologies or as a path to market.

Climate change is a global challenge and, with regard to the contribution made by the vehicles sold through our platforms, we are determined to be part of the solution.

carsales is already one of the leaders in the Australian marketplace in terms of provision of independent content related to electric, hybrid and other low emission vehicles. Our content includes both independent advice, reviews and technology articles as well as content published in conjunction with car manufacturers and energy and industry organisations.



SUSTAINABILITY ROAD MAP

At carsales we have built a successful company with a wonderful culture and a team of engaged, motivated and committed people who passionately want our company to continue to succeed. In the previous pages we have explained what we are doing to identify the sustainability issues that are most material to our business, and what we are doing to manage them and improve our sustainability performance.

We now want to look ahead and give an indication of how we intend our approach to sustainability issues to evolve over the next few years. We cannot be prescriptive at this stage; the sustainability topics that are front of mind for our investors now are not the same as they were ten years ago, and investor interest, driven by regulators, individual members of the public and activists, develops over time.

We have set a series of broad goals that we want to achieve over the next two years and hope to move to five year plans by next year. Our 2023 goals are as follows:

Our People	Customers	Community
<p>Goals by 2023</p> <ul style="list-style-type: none"> • Zero like for like gender pay gap in Australia • Like for like gender pay gap in international businesses less than 5% • Proportion of women in all recruitment shortlists: 50% of total • Proportion of women, all tech roles: 30% • 50% of women in senior roles • Turnover rate at 20% or below. 	<p>Goals by 2023</p> <ul style="list-style-type: none"> • Improve Net Promoter Scores by 5%. 	<p>Goals by 2023</p> <ul style="list-style-type: none"> • Set / achieve target for 75% uptake of corporate volunteering days • Set / achieve target for student visits, mentoring sessions and internships, including female only.
<p>Our approach</p> <ul style="list-style-type: none"> • Focus strongly on equal pay for equal work – unequal pay seen as unfair and discriminatory • Improve our communication to employees, enhance the intranet, make all work information easier to find • Provide periods of ‘down time,’ including fun activities, to avoid burnout. 	<p>Our approach</p> <ul style="list-style-type: none"> • Increase our Net Promoter Scores across the company, year on year. 	<p>Our approach</p> <ul style="list-style-type: none"> • Get employees involved in recruiting helpers, organisers and participants • Keep track of all company and employee donations and volunteering hours • Continue exploring ways to grow the talent pipeline, including school visits, mentoring, setting challenges, surveying exiting employees.

SUSTAINABILITY ROAD MAP CONTINUED

Innovation	Environment	Governance
<p>Goals by 2023</p> <ul style="list-style-type: none"> • Bring 3 internally-created, revenue-generating innovations to market a year • Invest at least 5% of revenue in IT and innovation annually. 	<p>Goals by 2023</p> <ul style="list-style-type: none"> • Fully report against TCFD • Achieve carbon neutrality in CAR's own operations • Progressively reduce water use, waste, e-waste and materials (e.g. furniture, re-fit materials). 	<p>Goals by 2023</p> <ul style="list-style-type: none"> • 99% of employees completing all compliance training every year • Embed strong accountability for sustainability outcomes in both the Board and senior management.
<p>Our approach</p> <ul style="list-style-type: none"> • Set up cross-company approach to generating ideas, assessment, costing etc incl. employee awards for best ideas, both revenue-generating and cost-reduction • Set up a process to assess, cost and fast-track the most promising ideas 	<p>Our approach</p> <ul style="list-style-type: none"> • Do preliminary TCFD reporting in 2022 • Measure energy use, water, waste, e-waste and other materials use across all office • Get baseline figures, then set targets for water, waste, e-waste, energy, recycling and materials 	<p>Our approach</p> <ul style="list-style-type: none"> • Make one director responsible for overseeing ESG strategy and performance within the Risk Management Committee • Set up employee committee to canvas and propose 'bottom-up' ESG initiatives, senior management to review



FUTURE REPORTING

In the future, we will continue to broaden and deepen our stakeholder engagement and consult with more external and internal stakeholders. We expect our processes to capture accurate data on key indicators will become better established as offices become more used to recording data. We will continue to assess the value of the data we report and, where we believe its value is limited, determine if the effort required to capture it is warranted, for example some environmental disclosures.

For this year's Report, we have gathered information from across carsales where possible, but being at an early stage of our sustainability journey, do not yet have processes in place to capture accurate data from all our global operations. We look forward, as our processes become better established and we understand our impacts better, to reporting on a more global and detailed basis.

Our intentions for next year's report include continuing to:

- consolidate our processes and move to a more automated approach to data capture;
- extend our review of our supplier sustainability to more suppliers and into more jurisdictions;
- review all our material topics, including this year's new disclosures, to determine the value in reporting them versus the effort required to do so; and
- reassess the topics that we consider most material to our business and stakeholders, both through our own assessment processes and as regulators, the community and our investors make new demands for disclosures on key global and local issues.

In our sustainability report last year, we focused on the three key areas of governance, social and environment. This year, we have disclosed under six 'pillars' – our people, customers, community, innovation, governance and the environment – in order to provide a more complete view of our sustainability across carsales. In this way, we seek to extend the relevance and materiality of our reporting, and our expectations of our data owners across our entire business, in a gradual, clear and consistent way. We intend to continue to seek continuous improvement, year on year, in the scope, data quality and accessibility of our reporting.

Other frameworks

This year, for the first time, we have reported against the most commonly used and globally recognized GRI Standard, which focuses on the needs of all stakeholders, and the SASB Standard, which focuses on the needs of institutional investors. There is some common ground between the two standards, and, given that sustainability is a long term journey, we will aim for continuous, year-on-year improvement in our performance and in the transparency and depth of our reporting. We also intend to report, in the future, against a number of other frameworks:

TCFD: In future years, as we touched on in the Environment section, on page 33, we intend to report against the recommendations of the Task Force on Climate-related Financial Disclosures, usually referred to as TCFD. Financial markets need clear, comprehensive, high-quality information on the impacts of climate change, including the risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies in our changing world. Reporting against TCFD will require us to consider the likely future financial impact on our business of climate change, as well taking action to assess and manage our climate-related risks and opportunities.

We have taken the decision to start reporting against TCFD from FY23. This requires us to have accurate baseline carbon emissions data and to set targets for reducing our emissions over time. While we do not yet have this data, we are focused on setting up processes for capturing it in all our global offices, which will allow us to set targets for emission reduction. Reporting will also require us to consider different climate change scenarios and understand their future financial impact on our business, both through physical risks from extreme weather, flooding etc and from transition risk, as the world, countries and companies start transitioning to a carbon-free future. We believe that being able to put a price on climate change impacts will help to make us a more resilient company and demonstrate to our stakeholders that we take climate change seriously.

FUTURE REPORTING CONTINUED

UN Sustainable Development Goals (SDGs):

We also intend to report in future on the extent to which our sustainability performance is aligned with the 17 Sustainable Development Goals. The SDGs were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals. We can align with (some or all) 17 SDGs by defining priorities, setting goals, demonstrating how we integrate ESG into our core business and reporting on progress. This is a long term commitment.

We do not comment on specific issues raised by individual stakeholders during the consultation process that led to the preparation of this Report.

We report our sustainability performance annually, covering each financial year from 1 July to 30 June. This Sustainability Report is available on the carsales investor website at shareholder.carsales.com.au.

External assurance

We did not utilise any external assurance for this report. We anticipate that we may utilise limited assurance on key topics in future reports.

Queries about this report

All questions on the Sustainability Report or our sustainability initiatives should be addressed to our Company Secretary.

SUSTAINABILITY PERFORMANCE FY21

People

Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements	0%
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New hires

New hires (Australia only), total	142
New hires by gender (Australia)	32% female, 68% male
New hires, by age (Australia):	
Under 30	27%
30-50	67%
Over 50	6%

Parental leave

Total number of employees entitled to parental leave, by gender	653
Total number of employees that took parental leave, by gender	27 males, 23 females
Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	27 males, 22 females
Total number of employees that returned to work after parental leave ended who were still employed 12 months after their return to work, by gender	24 males, 22 females
Return to work/retention rates of employees taking parental leave, by gender	100% of males, 96% of females

Work related injuries

	All employees	Non-employees whose work carsales controls
Number and rate of fatalities from work-related injury	0	0
Number and rate of high-consequence work-related injuries (except fatalities)	0	0
Number and rate of recordable work-related injuries	2	0
Main types of work-related injury	Soft tissue	-
Work-related hazards that pose a risk of high-consequence injury	None identified	

Diversity

(a) Percentage of individuals in the organization's governance bodies by Gender	28.5% female, 71.5% male.
Age group:	
Under 30	N/A
30-50	100% female, 0% male
Over 50	17% female, 83% male
Other indicators of diversity where relevant (e.g. minority or vulnerable groups)	Not recorded
(b) Percentage of employees per employee category in each of the following diversity categories:	
By gender:	
Total	29% female, 70% male, 1% other
Full time	27% female, 72% male, 1% other
Part time	72% female, 22% male
Casual	14% female, 86% male
Fixed term	33% female, 67% male

SUSTAINABILITY PERFORMANCE FY21 CONTINUED

	All employees	Non-employees whose work carsales controls
Work related injuries		
By age group:		
Under 30	7% female, 13% male	
30-50	30% female, 69% male, 1% other	
Over 50	23% female, 77% male	
Other indicators of diversity where relevant (e.g. minority or vulnerable groups)	Not recorded	
Discrimination		
Number of incidents of discrimination reported during the reporting period		
Child labour		
Operations and suppliers considered to have a significant risk for incidents of Child labour or young workers exposed to hazardous work	Operations N/A, suppliers see our Modern Slavery report	
Operations and suppliers considered to have a significant risk for incidents of child labour either in terms of Type of operation (i.e. manufacturing plant) and supplier;	Operations N/A, suppliers see our Modern Slavery report	
Countries/geographic areas with operations and suppliers considered at risk	Operations N/A, suppliers see our Modern Slavery report	
Forced or compulsory labour		
Operations and suppliers considered to have a significant risk for incidents of forced or compulsory labour, either in terms of Type of operation (such as manufacturing plant) and supplier	Operations N/A, suppliers see our Modern Slavery report	
Countries/geographic areas with operations and suppliers considered at risk	Operations N/A, suppliers see our Modern Slavery report	
Measures taken by the organisation in the reporting period intended to contribute to the effective abolition of all forms of forced/compulsory labour	See our Modern Slavery Report	
Customers		
System reliability		
Proportion of time our websites were fully accessible to customers	99.99%	
Community		
Community activity		
Total direct payment to charitable and community organisations		
For other community activity, see Community section		\$104,000
Environment		
We are currently establishing accurate data capture processes for our environmental performance and expect to be able to report baseline data in FY22. See Environment section for information on what we are doing to reduce our environmental impacts.		
Innovation		
Our reporting of innovation, and how we create the next generation of products and enhancements, is qualitative so there are no specific metrics that we report on.		
Governance		
Our reporting of governance issues is largely qualitative and we report few metrics. Our Corporate Governance Statement provides more detail on our complete range of governance issues and how we manage them. Sustainability-related governance issues are covered in the Governance section.		

GRI AND SASB CONTENT INDEXES

Indicator code	Description	Topic boundary	Location or link
UNIVERSAL DISCLOSURES			
102-1	Name of the organisation	Inside the company	carsales.com.au
102-2	Activities, brands, products, and services	Inside the company	Annual Report
102-3	Location of headquarters	Inside the company	Melbourne, Australia
102-4	Location of operations	Inside the company	Australia, South Korea, Mexico, Chile, Argentina, Brazil, New Zealand, Malaysia, Thailand, China
102-5	Ownership and legal form	Inside the company	Australian public company listed on ASX
102-6	Markets served	Outside the company	About this report page 13
102-7	Scale of the organisation	Inside and outside the company	Annual report
102-8	Information on employees and other workers	Inside the company	Our People page 19
102-9	Supply chain		Governance page 28
102-10	Significant changes to the organisation regarding size, structure, ownership and its supply chain	Inside and outside the company	No material changes
102-11	Precautionary principle or approach	N/A	Not applicable
102-12	Externally developed economic, environmental and social charters	Inside and outside the company	None
102-13	Membership of associations (industry) and national or international advocacy - hold position on governance body; provide funding or views membership as strategic	Inside and outside the company	Supports the industry body AADA but no greater involvement
102-14	Statement from senior decision-maker	Inside the company	CEO's statement, page 4
102-16	Values, principles, standards, and norms of behaviour	Inside the company	Our People page 11, Governance page 28
102-18	Governance assurance	Inside the company	Governance, page 28
102-40	List of stakeholder groups	Inside and outside the company	About this report page 13
102-41	Collective bargaining agreements	Inside the company	Our People page 11
102-42	Identifying and selecting stakeholders	Inside and outside the company	About this report page 13
102-43	Approach to stakeholder engagement	Inside and outside the company	About this report page 13
102-44	Key topics and concerns raised	N/A	We do not report on individual concerns raised
102-45	Entities included in the consolidated financial statements	Inside the company	Annual Report
102-46	Defining report content and topic Boundaries	Inside the company	About this report, page 13
102-47	List of material topics	Inside the company	About this report, page 13
102-48	Restatements of information	N/A	Not applicable
102-49	Changes in reporting	Inside and outside the company	About this report, page 13
102-50	Reporting period	N/A	1 July 2020 to 30 June 2021
102-51	Date of most recent report	N/A	August 2020
102-52	Reporting cycle	N/A	Annually
102-53	Contact point for questions regarding the report	N/A	Company Secretary
102-54	Claims of reporting	N/A	About this report page 13
102-55	GRI content index	N/A	page 41-44
102-56	External assurance	N/A	About this report page 13

GRI AND SASB CONTENT INDEXES CONTINUED

Indicator code	Description	Topic boundary	Location or link
TOPIC-SPECIFIC DISCLOSURES			
Management approach			
103-1	Explanation of the material topic and its boundary	Inside the company	About this report page 13
103-2	The management approach and its components	Inside the company	Whole report
103-3	Evaluation of the management approach	Inside the company	Whole report
ECONOMIC			
Anti-corruption			
205-1	Operations assessed for risks related to corruption	Inside the company	Governance page 28
205-2	Communication and training about anti-corruption	Inside the company	Governance page 28
205-3	Confirmed incidents of corruption and actions taken	Inside the company	Governance page 28
Tax			
207-1	Approach to tax	Inside the company	Governance page 28
207-2	Tax governance, control and risk management	Inside the company	Governance page 28
207-3	Stakeholder engagement and management of concerns related to tax	Inside and outside the company	Governance page 28
207-4	Country-by-country reporting	N/A	Not required
ENVIRONMENT			
Energy			
302-1	Energy consumption within the organisation	Inside the company	Environment page 32
302-2	Energy consumption outside of the organisation		Environment page 32
302-3	Energy intensity	Inside the company	Environment page 32
302-4	Reduction of energy consumption	Inside the company	Environment page 32
302-5	Reductions in energy requirements of products and services	Inside the company	Environment page 32
Water and effluents			
303-1	Interactions with water as a shared resource	Inside the company	Environment page 32
303-2	Management of water discharge-related impacts		Environment page 32
303-3	Water withdrawal		Environment page 32
303-4	Water discharge		Environment page 32
303-5	Water consumption	Inside the company	Environment page 32
Emissions			
305-1	Direct (Scope 1) GHG emissions	Inside the company	Environment page 32
305-2	Energy indirect (Scope 2) GHG emissions	Inside the company	Environment page 32
305-3	Other indirect (Scope 3) GHG emissions	Inside and outside the company	Environment page 32
305-4	GHG emissions intensity	Inside the company	Environment page 32
Effluents and waste			
306-2	Waste by type and disposal method		Environment page 32

Indicator code	Description	Topic boundary	Location or link
SOCIAL			
Employment			
401-1	New employee hires and employee turnover	Inside the company	Our People page 11
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Inside the company	Our People page 11
401-3	Parental leave	Inside the company	Our People page 11
Occupational health and safety			
403-1	Occupational health and safety management system	Inside the company	Our People page 11
403-2	Types of injury and rates of injury, occupational diseases	Inside the company	Our People page 11
403-3	Occupational health services	Inside the company	Our People page 11
403-4	Worker participation, consultation, and communication on occupational health and safety	Inside the company	Our People page 11
403-5	Worker training on occupational health and safety	Inside the company	Our People page 11
403-6	Promotion of worker health	Inside the company	Our People page 11
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Inside the company	Our People page 11
403-8	Workers covered by an occupational health and safety management system	Inside the company	Our People page 11
403-9	Work-related injuries	Inside the company	Our People page 11
Training and education			
404-1	Average hours of training per year per employee	Inside the company	Our People page 11
404-2	Programs for upgrading employee skills and employee transition programs	Inside the company	Our People page 11
404-3	Percentage of employees receiving regular performance and career development reviews	Inside the company	Our People page 11
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	Inside the company	Our People page 11
405-2	Ratio of basic salary and remuneration of women to men	Inside the company	Our People page 11
Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Inside the company	
Freedom of association and collective bargaining			
407-1	Freedom of association and collective bargaining	Inside the company	Our People page 11
Child labour			
408-1	Operations and suppliers at significant risk for child labour	Inside and outside the company	Governance page 28
Forced or compulsory labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Inside and outside the company	Governance page 28
Customer privacy			
418-1	Privacy		Customers page 19

GRI AND SASB CONTENT INDEXES CONTINUED

Indicator code	Description	Location or link
SASB - TECHNOLOGY AND COMMUNICATIONS industry - INTERNET MEDIA AND SERVICES sub-industry		
Environment	Environmental Footprint of Hardware Infrastructure	
TC-IM-130a.1	(1) Total energy consumed (gigajoules), (2) percentage grid electricity, (3) percentage renewable	Environment page 32
TC-IM-130a.2	(1) Total water withdrawn ('000 cu m), (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Environment page 32
TC-IM-130a.3	Discussion of the integration of environmental considerations into strategic planning for data centre needs	Environment page 32
Social Capital	Data Privacy, Advertising Standards & Freedom of Expression	
TC-IM-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	Customers page 19
TC-IM-220a.2	Number of users whose information is used for secondary purposes	Customers page 19
TC-IM-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Customers page 19
TC-IM-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	We do not track these numbers
TC-IM-220a.6	Number of government requests to remove content, percentage compliance with request	No requests to remove content
Social capital	Data security	
TC-IM-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII), (3) no of users affected	Customers page 19
TC-IM-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Customers page 19
Human capital	Employee recruitment, inclusion and performance	
TC-IM-330a.1	Percentage of employees that are foreign nationals	Our People page 11
TC-IM-330a.2	Employee engagement as a percentage	Our People page 11
TC-IM-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Our People page 11
Leadership and governance		
TC-IM-520a.1	Intellectual Property Protection & Competitive Behaviour - monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Governance page 28

CORPORATE DIRECTORY

Directors

Pat O'Sullivan

(Non-Executive Chair)

Cameron McIntyre

(Managing Director and CEO)

Wal Pisciotta OAM

(Non-Executive Director)

Kim Anderson

(Non-Executive Director)

Edwina Gilbert

(Non-Executive Director)

Kee Wong

(Non-Executive Director)

David Wiadrowski

(Non-Executive Director)

Steve Kloss

(Alternate Non-Executive Director)

Company secretary

Nicole Birman

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