

# DRIVING THE FUTURE: OUR SUSTAINABLE BUSINESS

carsales.com Limited  
Environmental, Social & Governance Report  
August 2019

# Introduction

Welcome to carsales.com Ltd's second Environmental, Social and Governance Report 'Driving the Future 2019'.

After producing our first report in 2018, we have further refined our approach with a stronger focus reporting on the highest impact areas for our business. In this report, we communicate to our stakeholders the actions we are taking to safeguard their investment in our company well into the future.

I am extremely proud of the culture and business we have built at carsales – we know that people are at the core of everything we do, and continuing to attract and retain the very best talent will be key to our continued success.

In addition to our people, other key drivers of our success are our world leading technology and the unparalleled data and insights we have in the automotive industry. Accordingly, cyber security and data protection are always top of mind for us.

As an online business, we have a low environmental impact as compared to many other categories of companies. However, we believe it is incumbent on every business and individual to be aware of their environmental impact and have this in mind in relevant decisions whether on a day to day basis or for more significant projects.

This report offers insight into how we manage our most vital areas of our business. The successful implementation of our strategy in these and other areas will result in a strong and sustainable business to benefit all of our stakeholders well into the future.

Finally, I want to thank all of our people and supporters across the globe – without whom we would not be able to do what we do.



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

A stylized, handwritten signature in black ink, consisting of a large 'C' and 'M' followed by a horizontal line and a small dot.

# Approach to ESG Risk Management

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

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

carsales has developed its ESG Report internally and has based its ESG reporting framework feedback from investors and their representatives.



## Corporate Governance

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



## Social

- Talent attraction and retention
- Diversity
- Community



## Environment

- Continuous improvement in sustainable practices

# Corporate Governance



# Corporate Governance

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

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

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

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

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



# Board and Management

## Board structure

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

This is partly assessed by an annual Board skills matrix (the results of which are disclosed in the Company's Corporate Governance Statement). It is also considered by the Board's Remuneration and Nomination Committee in its Board renewal plans, which have seen the appointment of three new independent non-executive Directors in the last three years.

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

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



**Pat O'Sullivan**

Independent non-executive Chair  
Director since 2007



**Cameron McIntyre**

Managing Director & CEO  
Director since 2017



**Wal Pisciotta**

Non-executive founding Director  
Director since inception



**Kim Anderson**

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



**Edwina Gilbert**

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



**Kee Wong**

Independent non-executive Director  
Director since 2018



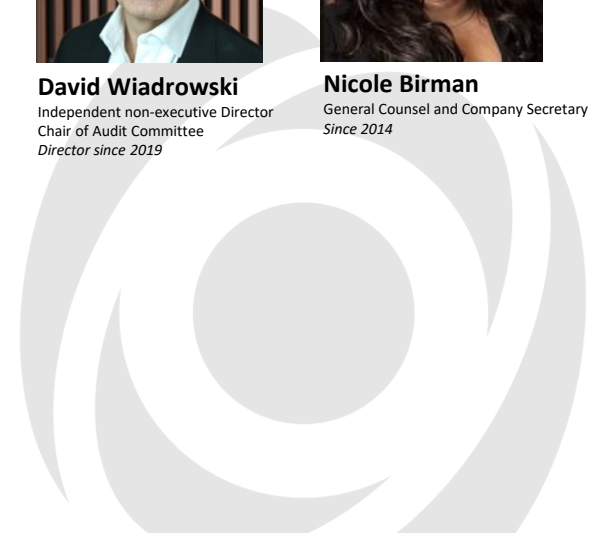
**David Wiadrowski**

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



**Nicole Birman**

General Counsel and Company Secretary  
Since 2014





# Board and Management



**Cameron McIntyre**  
Managing Director & CEO  
Employed 2007



**Ajay Bhatia**  
Managing Director Consumer  
Employed 2008



**Jo Allan**  
Chief People Officer  
Employed 2008



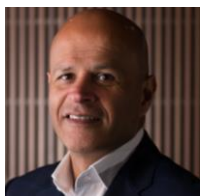
**Paul Barlow**  
Managing Director International  
Employed 2009



**Nicole Birman**  
General Counsel & Company Secretary  
Employed 2010



**Jason Blackman**  
Chief Information Officer  
Employed 2012



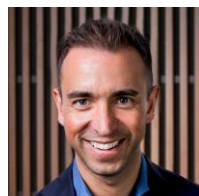
**Michael Holmes**  
Executive Director Dealer  
Employed 2013



**Andrew Demery**  
Chief Financial Officer  
Employed 2014



**Kellie Cordner**  
Chief Marketing Officer  
Employed 2015



**Simon Ryan**  
Managing Director Commercial  
Employed 2019

## Management composition

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

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



# Board and Management

## Talent management and succession

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

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

### **CEO Succession Planning: a case study**

*Approximately 4 years before founding CEO Greg Roebuck retired, the carsales Board set out on a thorough and thoughtful succession-planning journey. The Board identified a number of executives within the Company with potential to succeed Greg, and increased their exposure to the Board and to different areas of the business to better assess their skills. Through this process, the Board was able to identify those with the strategic vision and leadership skills to continue on the CEO succession path.*

*As part of the process, the Board required each executive to have their own first and second in line successors. This allowed the eventual promotion of some executives into new roles to further stretch them and give them access to their own line of business, for example Cameron McIntyre's move from CFO to COO. When Greg officially expressed his decision to retire, the Board agreed on a timeline and appointed an executive search firm to formally commence the search for a replacement CEO.*

*Both internal and external candidates were considered in the process. Internal candidates were interviewed by the appointed search firm and identified a preferred candidate, being Cameron McIntyre. The Board, through the support of the search firm was able to conduct an extensive external search to ensure the best candidate was found. The Board conducted interviews both locally and internationally, with a strong selection of candidates presented. It was said that as an internal candidate, even more was expected of Cameron in his interview with the Board.*

*A sub-committee of the Board prepared a matrix of the final candidates' competencies and capabilities and Cameron remained the preferred candidate. A recommendation was made to the rest of the Board on this basis, and Cameron was announced as the next CEO with an agreed handover period with Greg. Two years later, the Board is extremely pleased with the smooth transition and has commenced the next phase of succession planning for all levels of the organisation.*

- Kim Anderson, Chair Remuneration and Nomination Committee



# Risk Identification and Management

## Risk and crisis management

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

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

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

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

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

## Material risk identification

The Company conducts a thorough review and update of its formal risk register at least twice a year. This review captures material and other potential risks to the business along with an assessment of the nature, likelihood and materiality of the impact of each risk, mitigation plans and a specific risk owner. These include risks relating to regulatory compliance, operational risks, commercial risks and reputational risk.

There is ongoing assessment by the ELT and senior operational management of less significant risks and issues that arise, and the implementation of appropriate risk and issue mitigation plans. In addition, the Company has outsourced an internal audit function to KPMG, which performs regular reviews of high risk areas under an annual internal audit plan approved by the RMC.

Together, the Board and ELT undertake a joint annual global risk/issue analysis, including strategic, operational, governance and social risk. This process includes an assessment of the materiality and significance of each risk, based on the long-term impact on value creation and the Company's ability to deliver on its strategy.

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

# Risk Identification and Management

## Risk philosophy

The level of mitigation in place and acceptance of risk varies according to the pervasiveness of the risk across the Company's operations, the potential consequences of the risk (across financial, brand, people and customer dimensions) and the likelihood of occurrence.

For example, the Company extensively invests in preventative resources and monitoring against IT security risks, whereas risks around changing consumer preferences are dealt with by monitoring customer feedback and day-to-day customer experience and product management activities.

## Culture of compliance

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

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

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

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

At a minimum, carsales 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 employee training courses over 2017 – 2018 averaged 94%.

# Codes of Conduct

## Codes of business conduct

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

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

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

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

They are aligned to the Company's Trade Practices Policy, EEO, Discrimination, Harassment and Workplace Violence Policy, Workplace Bullying Policy and the Workplace Health and Safety Policy. All these policies are published on the Company's Intranet.

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

## Workplace health and safety

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

carsales proactively manages risk across our global network.

During FY19, carsales.com Ltd had three reported incidents – all which were classified as minor. As of the date of this report, our Company Lost Time Injury Frequency Rate was zero, with no claims open.

# Codes of Conduct

## Global whistleblower policy

carsales implemented a new global Whistleblower Protection Policy in 2019.

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

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



# Introduction to Key Risks

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

## **Cyber security and data protection**

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

## **Maintenance of professional reputation and brand name**

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

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

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

## **Information technology**

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

## **Exposure to sovereign / geopolitical risk**

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

# Risks In Depth

## Cyber security and data protection

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

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

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

carsales has implemented a number of systems, including new artificial intelligence and machine learning platforms, to assist and help identify fraudulent activities across its services to help prevent any impact to customers.

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





# Risks In Depth

## Reputational risk

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

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

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

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

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

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

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

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

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

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

# Risks In Depth

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

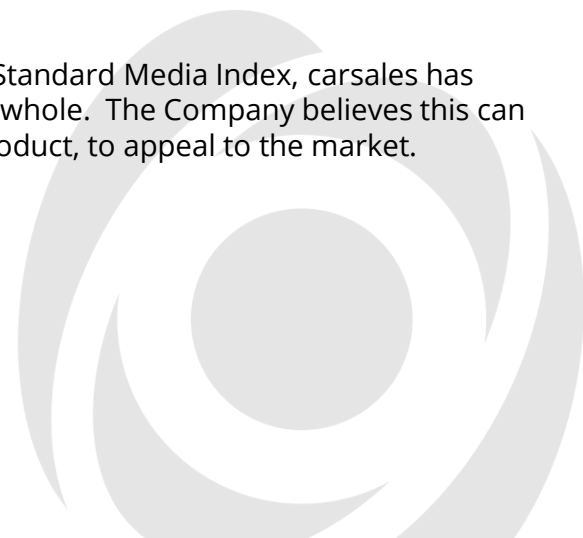
As a participant in economies around the world, carsales is able to be impacted by general downturns in the economy or more specific declines in relevant markets.

carsales has proved itself to have a resilient business model during the global financial crisis, and more recently has had to deal with hyper-inflation in Argentina and a decline in the general advertising market in Australia according to the Standard Media Index reporting.

Through constant innovation and extensive experience, the Company has come through these challenges.

In a tough, uncertain economic climate in Argentina, the Company has kept investing in its dealer customers through online sales training and products. This has seen the business perform above its competitors throughout this extremely challenging period.

During the most recent reporting period on the Australian advertising market by the Standard Media Index, carsales has managed to perform significantly better than the automotive advertising market as a whole. The Company believes this can be attributed to its forecast of this decline and measures put in place, such as new product, to appeal to the market.



# Risks In Depth

## IT security and system availability

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

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

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

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



# Risks In Depth

## Exposure to sovereign / geopolitical risks

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

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

The Company has close working relationships with its bankers in regard to overseas risk. Furthermore, members of our leadership team regularly visit our international offices to ensure the operation is both compliant and is representative of the carsales culture that has been fostered. This has also been supported by the deployment of employees from head office to some of our International locations.



# Innovation Management

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

Innovation will be central to the next era of carsales as it maximises the value of the data it generates. The Company's investment in data science and insights means it is delivering more and more insightful data to its customers. In turn this builds stronger relationships with OEMs and dealers and gives consumers better and more personalised experiences.

carsales will continue to invest in innovation in order to streamline experiences for customers and make the process of buying, selling and advertising easier. Machine learning and artificial intelligence will be significant technologies that the Company will exploit to deliver benefits to its customers.



# Innovation Management

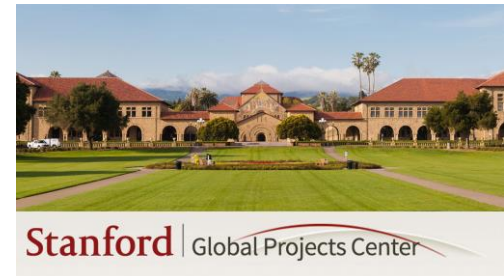
## Evolution of the automotive industry

There are a number of 'mega trends' expected to shape the transport sector in the medium to long term. These include electric vehicles, autonomous vehicles, shared services and on demand services.

While some of these changes could impact carsales' operations, this is an opportunity for the Company. carsales has prepared a business model that is future focused, and pushes technological boundaries.

carsales is uniquely well positioned to respond to changes in the automotive industry with its contextual relevance, innovative capabilities, audience and membership and strong relationships with dealers, OEMs, and all other participants in the automotive value chain.

To help it stay abreast of the very latest trends, carsales has affiliated itself with those at the forefront of the emerging trends. One example of this is carsales' affiliation with Stanford University on its Digital Cities project, which explores how emerging technologies will change the way the world thinks about transport.





# Innovation Management

## carsales Hackathons

- Throughout the year, we encourage all our people to work on a creative project or idea with their peers that will improve an existing product, develop a new idea or create something that will support our people in their role.
- Across this three-day period, teams and individuals who may not ordinarily connect come together and collaborate, with the hope of being crowned Hackathon Champion.



## Cyclops case study

One of our most celebrated Hackathon products has been the development of our image recognition tool – affectionately known as Cyclops.

- In 2018, cyclops went from an AI innovation to becoming a product that has cut out an estimated 55-hours of handling time of the 20,000 daily images of vehicles carsales receives - streamlining what was a very manual process in favour of machine learning
- Private sellers and dealers benefit from this tool known as Snap and Sell, as they can use it to automatically select and assign angles to images of vehicles.

Why are we so proud?

- Won numerous Tech awards (ITNews, AFR Most Innovative Company)
- Cyclops is now powering many carsales internal/external products
- Internally, it has reduced the manual approval workload for our customer service representatives by 40 per cent, allowed the team to focus on its core customer service channels including livechat, email and phone queries



# Stakeholder Engagement

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

carsales recognises the value that each unique view can add to the Company and welcomes both formal and informal feedback. Senior executives take part in roadshows in Australia at least twice yearly in addition to more ad hoc meetings throughout the year.

The Company Secretary and representatives from the Company's Board meet with proxy advisors throughout the year. This provides an opportunity for the proxy advisors to gain a deeper understanding of the Company's documents and remuneration practices as well as alert the Company to issues of concern to investors.

## Customer relationship management

carsales understands that its reputation, employees and customers are the life blood of its businesses around the world. Each of the Company's business units has a specific team that is responsible for customer relationship management. Every quarter, carsales undertakes an independent study through a third party independent supplier to measure its brand health.

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

# Stakeholder Engagement

## Customer experience

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

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

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

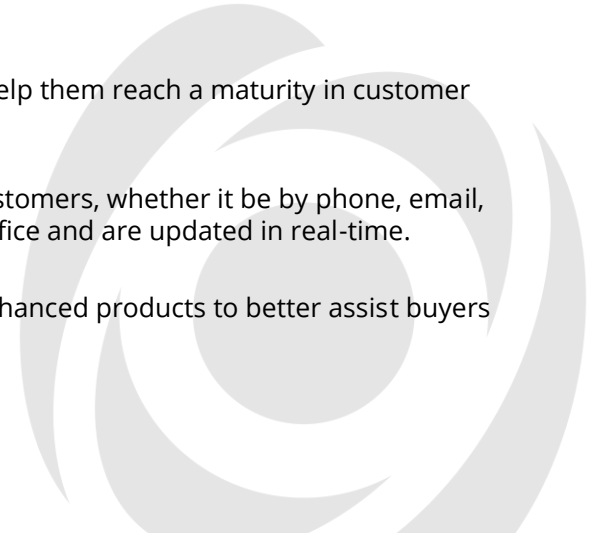
The team interprets the feedback and identifies way in which carsales' service offering can be improved to enhance the customer experience. The team then monitors customer feedback in relation to the changes made, and closes the loop by letting the customer know of the improvements resulting from the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

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

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

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

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



# Stakeholder Engagement

## Commercial customers

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

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

## Corporate online presence

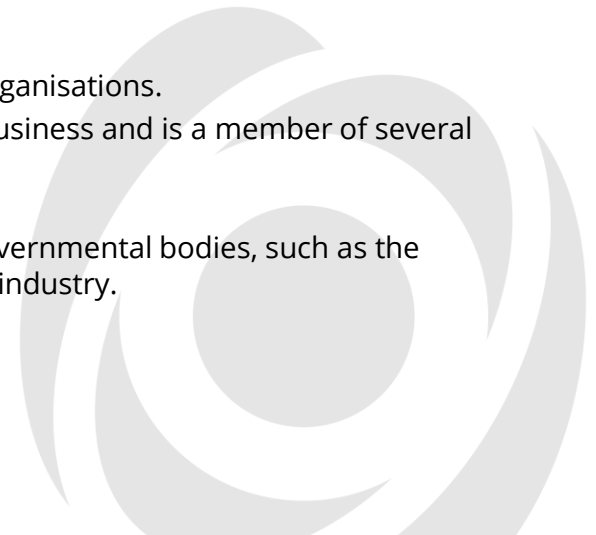
The nature of carsales' business around the world means that the Company operates many websites and mobile apps. In addition, the Company and its consumer brands has a strong, engaged presence on a number of social networks around the world including LinkedIn, Facebook and Twitter.

## Policy influence

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

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

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



# Stakeholder Engagement

## Tax strategy & transparency

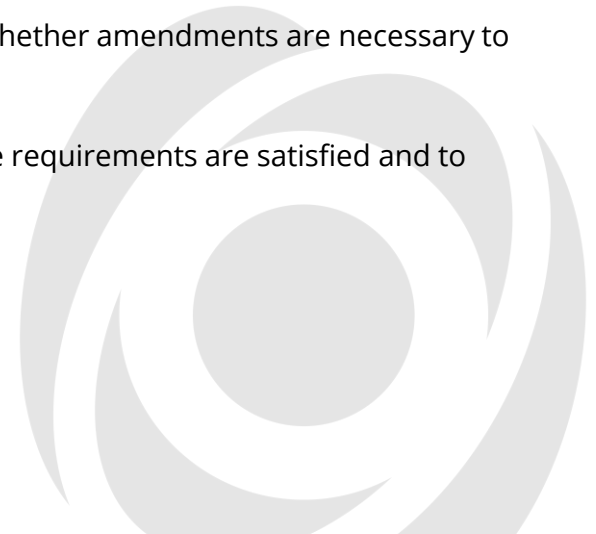
The Board has adopted a Board Tax Policy. The purpose of the policy is to set out the philosophy and approach to the management of tax risks for the Company. Under this policy, the Board is committed to:

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

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

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

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





A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow across the sky and water. The sailboat's mast and rigging are visible in the foreground, and the sail is partially unfurled. The word "Social" is overlaid in white text in the center of the image.

# Social



# carsales Culture and Values

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

## carsales Values

**EnRICH** ENJOYMENT  
RESPECT  
INTEGRITY  
COMMUNICATION  
HONESTY

### Enjoyment

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

### Respect

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

### Integrity

We are authentic and hold ourselves to a high standard

### Communication

We listen to learn, share freely and are transparent

### Honesty

We mean what we say and say what we mean

## carsales DNA



### Innovation

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



### Simplicity

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

### Customer focus

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

# The carsales People Promise



Career  
Development



Community



Culture & Benefits



Reward &  
Recognition



Work / Life  
Balance



Health &  
Wellbeing

# carsales People

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

Celebrating our talent and acknowledging their overarching role in the success of the Company is one of our strengths that has carried on from our beginnings as a technology start-up. Today, as a top 100 ASX listed company, carsales employs more than 1,300 people across the globe, with offices across South America, Asia and Australia. Being a truly global company, our people come together and are aligned by a common purpose and vision – ‘to empower people to move freely through our world leading marketplaces.’

Investing in our people has been achieved through focusing on our core areas of:

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



# Talent Attraction and Retention

Attracting and maintaining the best global talent is key to the ongoing success of carsales. The Company uses a variety of channels to attract talent which facilitates a robust and interactive recruitment process, attracting a diverse range of applicants.

Having our recruitment function in-house has assisted with ensuring that the top-talent we attract from across the globe are aligned to our culture and embody our overarching values and behaviours.

Our methods have yielded excellent results and over the past 12 months the Company has been able to deliver on its ambition to be a destination for talent that is not only able to attract experts in their field, but also individuals who will enable the business to evolve its culture of inclusion, learning, leadership, performance and passion. Our talent strategy has enabled carsales to be a sought after destination across all of our core business function areas.

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

- public recognition as an Australian **'Great Place to Work'**®
- 4 consecutive years as a **WGEA Employer of Choice**
- awarded the **Best Internal Innovation at the 2018 Financial Review Most Innovative Companies Awards** and carsales people continually recognised by their industry peers and being key-note speakers at various high-profile events
- named as a **top graduate employer** for 2019 by the Australian Association of Graduate Employers after the first year of carsales innovative 'Next Gear' graduate program



# Career, Training and Development

We encourage our people to continually strive for excellence in the workplace and identify opportunities for growth and development. From the moment onboarding begins with a new starter, we set our people up for success – no matter what stage of their career they are at. Further, we provide employees with access to workshops and learning opportunities from external providers on topics such as leadership, personal growth, presentation skills, conflict resolution and gender-bias training.

In 2018 the focus for carsales was the introduction and global rollout of its performance and professional growth program. Unique to our business model and based on data and insights from our people, the program known as 'Supercharge' is centered on regular fortnightly conversations between managers and their teams and identifying opportunities for growth and development across the year. It is a time for our people to focus on their individual development program, growth opportunities internally and a chance for conversations. Each and every person within the business has already completed the first module, with new modules rolled out quarterly.

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

- The annual CEO Scholarship with more than 30 applicants from across the globe – 2018 saw our very first winner from Chile and the 2019 recipient is based in Sydney, Australia.
- In 2018 carsales people collectively accessed 1667+ hours of training, more than 80 people committed to learning Spanish, more than 12 Expert-series were run (where our internal experts share their learnings, projects and introduce the wider team to their specific job function) and our mentor and buddy program were run throughout the year
- In 2019, we have so far delivered 1,204 hours of training; more than 396 hours of Spanish lessons to 46 individuals and more than eight Expert Series.



2019 CEO Scholarship recipient, Jo Stephens

# Work / Life Balance

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

## Health and Wellbeing

carsales prioritises a holistic health program, which focuses on injury prevention and confidential psychological support.

Some of our 2019 activities include:

- providing seasonal fruit and healthy breakfast cereals;
- access to health insurance discounts;
- access to free flu immunisations – 210 of our people took advantage of this;
- HIIT, yoga and meditation classes across our Australian offices; and
- corporate massage program – in which 135 of our people participated in the space of one month.



Members of our Sydney team ready for a HIIT class



# Work / Life Balance

## Culture and Benefits

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

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

- ❖ a subsidised school-holiday program, which we ran twice in 2018. We also hosted two internal Kids Coding Camp workshops, which saw the involvement of more than 25 of our team's children;
- ❖ regular opportunities for face-to-face interactions with the company leadership team via monthly 'carsales Catch Up' events, strategy roadshows and discussion groups;
- ❖ hackathons;
- ❖ our SHOUT! system created in a hackathon, which allows team members to SHOUT praise to any other team member which is broadcast on screens throughout our offices; and
- ❖ our annual Excellence Awards, which are presented at our major annual celebration.



# Work / Life Balance

Each year carsales encourages its people to participate in providing feedback via an internal global engagement survey. In 2018, carsales added an additional touch point in the cycle with a 'pulse survey'.

This survey is global so carsales can receive feedback from all its people.

These surveys are opportunities for the Company to continue to build on its high-performance culture and to pivot and re-establish goals and priorities to ensure that our people are being heard and actions made when appropriate.

carsales has sustained engagement levels over 70% for well over a decade, and strives to increase participation and engagement each year.

Some highlights from our 2019 engagement survey include:

**93%**

of our people feel that our work environment is open, inclusive and accepts individual differences

**85%**

of our people believe that management genuinely cares about their wellbeing

**82%**

of our people feel like they have work life balance

**79%**

of our people feel empowered to have conversations about performance

# Community

carsales encourages its employees to be a positive influence in their communities by supporting an annual 'Community Day'.

Each employee is encouraged to take one business day per year to contribute to the community.

Employees often use these days to go out into the community as a team to perform charity work or offer other community assistance. Examples of recent activities undertaken by our employees include assisting in setting up breakfast and lunch and serving food at Sacred Heart Mission, and helping out St Kilda Mums by working in their warehouse.



# Community

Another way in which carsales encourages its people to be active global citizens, to share their ideas and speak up for causes that are important to them is through the carsales Foundation.

The carsales Foundation is our independent, registered charity which was launched in 2016. The carsales Foundation's vision is to positively impact our community by promoting inclusion and supporting equal access to education. It achieves this by focusing on four pillars:





# Community

carsales' community work also extended into sharing our knowledge and donating our time to empower the next generation. In 2018 we formalized and launched our Go4Tech program that delivered successful educational coding workshops in local schools in Melbourne. Our people created engaging modules that cater to all levels and we also run these as internal school holiday programs.

## *From scholarship recipient to carsales employee – a testimonial*

*Throughout my degree in computer science, I was always looking for new opportunities and ways to advance my learning. I found the carsales Foundation scholarship to support a woman studying IT at Swinburne University in one of the many emails sent to students by the university. I couldn't always keep on top of all the communications coming from the university, but luckily I chose the right one to read! As soon as I read about it, I seized the opportunity and began to research and critically think about why I really was so passionate about technology.*

*As I got writing, I realised just how eager I really was to share my passion and enthusiasm around technology. From the impact it can have on society, the reliance we all have on it and just how much value it can add to one's life – how unreal that there was a company built on that exact same passion. Little did I know that this scholarship would completely change what I thought I was capable of and the direction of my career.*

*While I had always loved the technical side of technology, I didn't have faith in my abilities to code. When I compared myself to my classmates I thought I would never catch up. As part of the carsales Foundation scholarship, I participated in two 6 week internships at carsales. These were without a doubt, the scariest weeks of my final year at uni. However, it completely changed my attitude to coding. The people I worked with were so supportive and kind and gave me the sense of confidence I needed. I look back now and marvel at how these brilliant people could share in my excitement of getting basically 3 lines of code to work and make me feel so proud of the tiny, miniscule change I had made.*

*Following my internship and completion of my studies, applying for the carsales graduate program was an easy decision. I never imagined myself working anywhere other than carsales after I graduated because I never realised how much of a positive impact a company could have on me, my ability to learn and my motivation to push myself to take on new challenges. I definitely wasn't going to pass up the opportunity to start my career in this environment.*

*Today I'm a few months into my graduate program rotations. I have never been more excited to go to work and to see what I am going to accomplish and learn tomorrow and the day after that and the day after that. The internships allowed me to come into the graduate program prepared for the constant change and learning that is technology in this fast paced world. I've joined the women in tech group – this group of women is phenomenal, everyone is both motivating and inspiring and prove exactly why we need to continue on our mission of shifting perceptions of women in IT.*

*When I started my degree I never believed I could be a software developer, this scholarship showed me that if I set my mind to it I can shape my tech career in whatever way I want. This is what excites me about the future.*

- Steph McDonald

# Diversity

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

## Gender Diversity

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

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

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

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

Some of our gender diversity highlights from 2019 include:

- ✓ 4<sup>th</sup> consecutive year of WGEA Accreditation
- ✓ White Ribbon Accreditation
- ✓ Breastfeeding Friendly Workplace accredited;
- ✓ Our celebration of International Women's Day each year with an inspiring guest speaker, championed by our CEO
- ✓ Support internally and in the wider community of women in the technology field



# Diversity

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

In 2019, some of our activities we are proud to support include:

- ❖ Launch of our inclusive language guide titled 'Language Matters', helping our people to use inclusive language which reflects our values.
- ❖ Promotion of our flexible work arrangements designed to support our people regardless of gender or stage of life.
- ❖ We became proud members of the Welcome Here project. Welcome Here supports organisations to create and promote environments that are visibly welcoming and inclusive of Lesbian, Gay, Bi, Trans, Intersex and Queer (LGBTIQ) communities. All of our Australian offices now display the Welcome Here membership sticker and charter, so that all of our people and visitors know the values we uphold as a business in terms of supporting and welcoming the LGBTIQ community. This recognition is important to us as it demonstrates our commitment to helping create positive social change and means that we not only welcome LGBTIQ diversity, but we celebrate it too.
- ❖ Our Australian team celebrated IDAHOBIT Day (International Day Against Homophobia, Biphobia, Interphobia and Transphobia).
- ❖ Spanish language classes in our Australian offices to promote ease of communication with our team in Latin America.



Some of our team taking a pledge towards ending discrimination against the LGBTIQ+ community in support of IDAHOBIT Day, 17 May 2019





A photograph of a tree-lined road at sunset. The sun is low on the horizon, creating a bright glow and long shadows. The word "Environment" is overlaid in white text in the center of the image.

# Environment

# Environment

## Environmental reporting

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

The Company reports on the actions it takes towards environmental conservation in its Annual Report.

## Environmental strategy, policy & management systems

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

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

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

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

# Environment

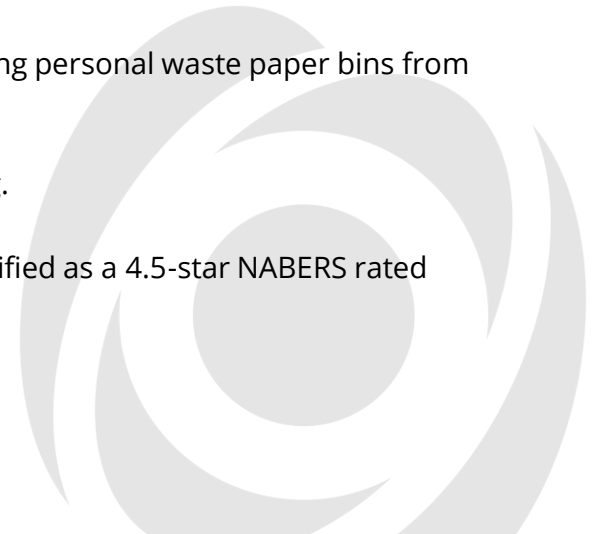
## carsales offices

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

Initiatives we have undertaken include:

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

Our head office in Richmond, which houses the highest number of our people, is certified as a 4.5-star NABERS rated building while our state-of-the-art Sydney premises are yet to be certified.



# Environment

## Additional environmental initiatives

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

The Company has focussed on reducing its higher impact travel activities, such as air travel and in FY19 successfully reduced air travel undertaken by employees by approximately 33% compared to the previous year.



# Environment

## Data centre efficiency

During the past year, carsales closed its last legacy fixed site hosting facilities and completed its move to 100% cloud-based solutions such as Amazon Web Services (AWS). This helps deliver on our commitment to reduce our environmental footprint.

Our key partners AWS and Equinix are both publicly committed to power their data centres with 100% renewable energy. By working with AWS and Equinix, we benefit from their continuous efforts to increase the energy efficiency of data facilities and equipment, and the innovation of the design and manufacture of servers, storage, and networking equipment to reduce energy.

AWS has a long-term commitment to achieve 100% renewable energy usage for its global infrastructure footprint. AWS also focuses on reducing water usage in its data centres, and evaluating climate patterns for each AWS region to select the most energy and water efficient cooling method. It is also implementing on-site water treatment technologies that allow it to further reduce water consumption and AWS utilises non-potable, recycled water for cooling when possible.







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