



CARmax[®]

What
Drives
Us

2022 Responsibility Report



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Overview

About This Report

Thank you for your interest in CarMax's Responsibility Report. We are pleased to share the initiatives and programs that support CarMax's commitment to making a positive impact on our people, communities, and the environment.

In this report, we highlight how we continue to care for our associates, invest in our communities, support critical social justice initiatives, make progress on our commitments to protect our environment and address climate change, and share our efforts in critical areas of focus such as corporate governance, ethics, data security, and customer privacy.

This report has been reviewed by CarMax's Board of Directors (the "Board"). The reporting period covers our fiscal year ("FY") 2022 ("FY22"); the period beginning March 1, 2021 and ending February 28, 2022. Any data or information referencing a different period is designated in the report.

In preparing this report, we considered various standards, frameworks, ratings, and rankings for Environmental, Social, and Governance ("ESG") and general sustainability reporting. Several of the metrics and narrative disclosures provided in this report align with the guidance provided by the Sustainability Accounting Standards Board ("SASB") and the Global

Reporting Initiative ("GRI"). For more information about CarMax, please visit [CarMax.com](https://www.carmax.com).

We are proud of the values we live, our history of success, and our ongoing commitment to all of our stakeholders to drive long-term, sustainable value creation.

A Message from Our CEO

In another year marked by uncertainty due to an environment of rapid disruption and the challenges of the COVID-19 pandemic, CarMax associates once again demonstrated resilience, adaptability, and a steadfast commitment to serving our customers, our communities and each other.

We continue to succeed because we keep our core values front and center, and FY22 was no different. Our values – **Do the Right Thing, Put People First, Win Together** and **Go for Greatness** – not only underscore our purpose at CarMax, but equally important, they shape every interaction with our associates, customers, communities, and shareholders.

Putting People First

Our people are our priority and are central to our success at CarMax. This year, we amplified the voice of our associates by revamping our employee engagement practices. We increased the frequency of our associate surveys and incorporated questions on inclusion and belonging, to better assess the health and well-being of our associates and our workplace culture. Building on our long-standing commitment to diversity and inclusion, we invested in additional resources to further foster a culture of belonging in FY22. We expanded our D&I team with new members focused on advancing our vision, and we fully integrated our diversity and inclusion leaders into our broader Corporate Social Responsibility (“CSR”) team. Additionally, more than 95% of CarMax associates and all of our Board members completed quarterly, thematic D&I educational lessons exploring important topics such as unconscious bias, empathy, and allyship in the workplace.

We approach compensation through a lens of equity, with a focus on ensuring that associate compensation is fair, competitive, and aligned with our value of **Putting People First**. We made good on this commitment in FY22 – increasing the hourly rate for the vast majority of field associates following a comprehensive review of our Company-wide pay structure.

Protecting the Environment

This year, CarMax established greenhouse gas (“GHG”) emissions reduction targets to demonstrate our commitment to reducing our carbon footprint:

- ▶ Reduce Scope 1 and Scope 2 GHG emissions by 50% by 2025 against our 2018 baseline; and
- ▶ Achieve net-zero carbon emissions by 2050 in alignment with the Paris Agreement.

We took several important steps in FY22 to ensure CarMax has the foundational pieces in place to meet our ambitious decarbonization goals. Our primary focus is on decreasing overall energy use in our daily operations and increasing the use of energy from renewable sources. Accordingly, all CarMax stores now operate with energy-efficient exterior LED lighting and we’ve begun retrofitting interior lighting as well.

Finally, we recognize that climate change continues to be squarely in focus for many of our stakeholders. We have inventoried our Scope 3 emissions as a first step in addressing the indirect impact of our operations and we are building and refining a strategic roadmap to better understand the climate-related risks and opportunities facing CarMax.





“ Strong corporate social responsibility and ESG practices are fundamental to our ability to create sustainable value for our associates, customers, communities, and shareholders for years to come.”

Caring for our Communities

We view the success of our business as fundamentally linked to the health and well-being of our local communities. Last year was no exception, and we paired our return to in-person volunteering with new efforts to continue our focus on supporting the communities in which we live and work.

In FY22 we invested more than \$9.5 million through The CarMax Foundation (the “Foundation”) and our philanthropy efforts. We also equipped our associates to connect in meaningful ways with their local communities as we continued our work with nonprofits providing individuals with access to economic opportunities. We built playgrounds, wrote letters to veterans, packaged care kits for our most vulnerable community members, and volunteered our time to support our communities’ most pressing needs. These are just a few of the many ways CarMax and our associates supported our local communities over the past year.

Ensuring Responsible Governance and Ethics

Integrity is the core principle upon which CarMax was built. It helped shape our Company value, **Do the Right Thing**, which drives our commitment to ethical behavior in everything we do. We operate knowing that strong, effective corporate governance is necessary to ensure accountability across the organization, and we have the full support of our Board of Directors. From compliance to data privacy, our oversight and risk management protocols are designed to protect the integrity of our business and culture.

Our ESG oversight structure is specifically designed to ensure alignment of our Company values and our

business strategy, and in FY22, we undertook an extensive review with the guidance of a third-party advisor to identify the key ESG issues most relevant and impactful to our business. We recognize the value of open communication and engagement with our stakeholders and will continue to work relentlessly to ensure we remain focused on the issues that matter most.

Looking Ahead

Strong corporate social responsibility and ESG practices are fundamental to our ability to create sustainable value for our associates, customers, communities, and shareholders for years to come.

I am excited by the level of rigor with which CarMax has approached our ESG and sustainability efforts over this past year. These efforts are well-reflected in this report, and they will undoubtedly continue to yield meaningful results for all our stakeholders. FY22 represents another resounding success for CarMax due to the resilience, commitment, and hard work of our outstanding associates. Looking ahead, we are extremely well-positioned to continue making a difference for our customers, associates, and the communities we serve.

Thank you for your interest in CarMax, and a special thanks to our associates who live our values every day and are responsible for driving our success.

BILL NASH
Chief Executive Officer, CarMax

About CarMax

Company History

When CarMax opened its doors in 1993, we set out on a bold mission to transform the way people buy and sell cars by providing an ethical, honest, and transparent experience. As the original disruptor of the used automotive industry, our “no-haggle” prices transformed car buying and selling from a stressful, dreaded event into the honest, straightforward experience all people deserve. We’ve been raising the bar on customer experiences ever since.

From the beginning, our unwavering focus on doing the right thing has driven our success. We are a FORTUNE® 500 Company and the nation’s largest retailer of used cars, with approximately 11 million cars sold since our founding. We deliver the most customer-centric experience in the industry, made possible by our more than 30,000 associates across our 230 locations nationwide who embody our values in every interaction.

Our Purpose and Values

Our purpose is to drive integrity by being honest and transparent in every interaction. Unique to our industry, this approach has a powerful effect on our associates and is demonstrated in how we treat each other, serve our customers, and deliver every aspect of our product offering. Each day, our associates bring our purpose to life by living our core values. These values – **Do the Right Thing, Put People First, Win Together, and Go for Greatness** – are fundamental to how we conduct business. They represent who we are and guide every interaction with our associates, customers, communities, and shareholders.

What We Do

We are committed to delivering an iconic experience for our customers – everywhere, every time. We take a

OUR VALUES



Do the Right Thing



Win Together



Put People First



Go for Greatness

customer-centric approach and never stop innovating. Known for disrupting the industry with the first used vehicle “no-haggle” buying and selling experience, our industry-leading innovations and trusted brand define our competitive advantage.

Our omni-channel platform empowers retail customers to buy a car on their terms – online, in-store, or a seamless integration of both. Through this personalized experience, customers can opt to complete the car buying experience in-person at one of CarMax’s stores nationwide, buy the car online and receive home delivery, or request delivery through express pickup. For our dealer customers, we hold wholesale auctions conducted by professional auctioneers, where the typical vehicle sold is approximately 10 years old and has more than 100,000 miles.

Through CarMax Auto Finance (“CAF”), we offer financing to customers buying retail vehicles from CarMax and provide loan servicing. CAF has also played a significant role in our omni-channel experience by working to digitize the finance application and approval process and by recalibrating the online sales process so that financing decisions can be completed earlier.

In FY22, we further strengthened our ability to deliver customers an enhanced digital experience by acquiring Edmunds, one of the most well-established and trusted online guides for automotive information and a recognized driver of innovation within the digital car shopping landscape. By adding Edmunds to the CarMax family, we are better equipped to deliver innovative products and the highest quality online experience to our customers.

Finally, an integral part of our customer value proposition is the vehicle reconditioning process, which ensures that every car meets our internal standards before it can become a CarMax Certified quality vehicle. Each store provides vehicle repair service, including repairs covered by the extended service plans we offer.

FY22 HIGHLIGHTS



924,338

used vehicles sold
at retail



706,212

vehicles sold at whole
sale auctions



1.1 million

customer accounts
representing \$15.65B
in loans

Recognition and Awards

Each year, we are proud to be recognized as a top used car retailer, a responsible corporate citizen, and a great place to work. In 2022, CarMax was named one of the 100 Best Companies To Work For[®] by FORTUNE magazine for the 18th year in a row.

For a full list of awards and local recognitions, visit the [Company Recognition](#) page.



The CarMax Consumer Difference

CarMax provides the ultimate personalized car buying experience – offering consumers both peace of mind and the ability to buy on their terms. Key offerings and differentiators include:

- ▶ **A stress-free car buying experience** with no-haggle pricing and flexible options, including the ability to buy online
- ▶ **360-degree photos online** that provide customers with full viewpoints of the interior and exterior of vehicles
- ▶ **Express pickup, available nationwide**, or home delivery, available to most customers
- ▶ **“Love Your Car Guarantee”** – an unprecedented and industry-leading consumer offering
 - **24-Hour Test Drives** where customers have a full day to decide if a car is the right fit
 - **30-Day Money Back Guarantee** where customers can return the car for any reason for a full refund within 30 days of purchase if the vehicle has not been driven more than 1,500 miles
- ▶ **A nationwide inventory of used vehicles** consisting of nearly every make and model
- ▶ **Limited warranty offerings** that cover a vehicle’s major systems for 90 days or 4,000 miles, whichever comes first
- ▶ **Free appraisal offerings** that remain in effect for seven days – available both online and in-store. We’ll buy your car even if you don’t buy ours[®]

Our Approach to ESG

CarMax was founded on the principles of integrity and transparency. It is in our DNA to do the right thing. To demonstrate our ongoing commitment to these principles, we have formalized our ESG and CSR teams to define, execute, and remain accountable for our CSR initiatives and ESG reporting.

Reporting directly to our President and CEO, our cross-functional ESG Leadership Team ("ESGLT") is comprised of senior leaders from across the Company who establish the strategy and direction for CarMax's approach to ESG. In FY22, we established a new team and leadership role

dedicated to CSR, to work in conjunction with our cross-functional ESGLT representing multiple disciplines across the Company.

Finally, our ESG oversight framework has been formalized at the Board level through the Nominating and Governance Committee and is memorialized in its charter mandate to "consider corporate and social responsibility, environmental and sustainability matters as the Committee deems necessary or advisable" and to "make recommendations to the Board regarding, or take action with respect to, such matters."

Our CSR team's stated purpose is to drive actions across the Company that make a positive societal impact while building sustainable value for CarMax and our stakeholders.

Under the direction of our ESGLT, and in close conjunction with our new CSR team, related activities are managed by three working groups, one designated for each pillar of ESG:

Environmental Working Group:

Our Environmental Working Group is responsible for overseeing activities related to managing CarMax's environmental footprint.

This group is led by our Vice President, Store Delivery and Support Services, with support from our Environmental, Health, and Safety ("EH&S") team.

Social Working Group:

Our Social Working Group is charged with overseeing CarMax's efforts to put people first and care for our communities.

This group is led by our Vice President, CSR, and includes our Director of Community Relations and our Chief Diversity and Inclusion Officer ("CDIO"), as well as senior leaders from our human resources and communications teams.

Governance Working Group:

Our Governance Working Group is responsible for overseeing activities related to CarMax's corporate governance and ethics programs, policies, and procedures.

This group is led by our Vice President, Deputy General Counsel, and Corporate Secretary, and includes senior leaders from our legal and investor relations teams.

Key Topic Identification

In FY22, we partnered with a third-party advisor to identify the ESG issues that are most critical to the success of our business and to the continued growth of our culture of integrity.

We began by aggregating relevant ESG topics sourced from leading sustainability reporting frameworks, ESG rating agencies, sustainability data providers, and rigorous industry research. These initial topics were then assessed, revised, and prioritized through extensive internal discussions with more than 25 CarMax associates across our business, spanning different levels of management and a range of business functions including: CSR, human resources, legal, investor relations, health and safety, energy, community relations, diversity and inclusion, public relations, cybersecurity, among others.

This comprehensive review identified the core ESG topics deemed most critical to CarMax's success and continued value creation for all stakeholders. These key topics will help guide our go-forward CSR strategy to ensure that our efforts are focused on the most significant ESG risks and opportunities where we have the ability to effect change and make an impact.

Finally, we continue to regularly engage with our external stakeholders: shareholders, suppliers, regulators, customers, and others to ensure our ESG principles and strategies are aligned with their interests. What matters to them, matters to us. Consequently, these priorities may evolve as stakeholder interests change over time.

Environmental

- Waste Management and Recycling
- Energy Consumption
- Fleet Fuel Economy / Utilization
- Emergency Preparedness and Response
- Climate Change-Related Physical Risks
- Electric / Hybrid Vehicles
- GHG Reduction Strategies / Net-Zero Targets

Social

- Associate Engagement and Satisfaction Results
- Diversity and Inclusion
- Professional Development and Education
- Retention Efficacy
- Labor Availability and Hiring Efficacy
- Volunteerism
- Philanthropy
- Environmental, Health, and Safety - Compliance and Audits
- Workplace Health Management
- Associate Safety Training

Governance

- Formal ESG Oversight Structure
- Fair Marketing and Transparent Pricing
- Equal Access to Financing and Anti-Discrimination
- Political Contributions
- Cybersecurity Risks and Response Protocols
- Consumer Privacy and Data Protection
- Product Quality Controls



Putting People First

Putting People First is a foundational CarMax value; it guides our Company's mission, strategy, and operations every single day.

Our associates are responsible for our success, and we are proud that our culture and award-winning workplaces are driven, first and foremost, by an unwavering commitment to our people. It is our people-centric approach that guides our continued efforts to provide an exceptional workplace full of opportunities to learn and grow, celebrate, reward accomplishments, and take care of each other and our communities.

Highlights from Fiscal Year 2022 include:

- ▶ Strengthening our diversity and inclusion efforts by providing additional training, learning resources, and engagement measures to ensure our associates feel valued and supported;

- ▶ Providing our associates with additional benefits aimed at promoting well-being and work-life flexibility to meet the evolving needs of our dynamic and diverse workforce;
- ▶ Increasing hourly wages for a significant portion of our field associates – reflective of our commitment to understand market trends on wages, and use that knowledge to provide competitive pay for our associates; and
- ▶ Revamping associate engagement practices and increasing the frequency of engagement to ensure all associates' voices are heard and considered.

Our commitment to our associates is at the foundation of our unique culture, but it is also formally articulated in our policies:

- ▶ **Treating Associates with Respect:** Defines our commitment to maintaining a workplace that is respectful, safe, and welcoming for all associates.
- ▶ **Equal Employment Opportunity:** Defines our commitment to providing equal employment opportunities to everyone in all terms and conditions of employment.
- ▶ **Commitment to Diversity:** Defines our commitment to championing diversity, inclusion, and belonging for our associates, customers, and communities.

View these policies [here](#).



Employee Engagement and Satisfaction

Our highly engaged associates provide exceptional customer experiences, personify our core values, and continue to fuel CarMax's growth and success.

Since CarMax's inception, our goal has been to achieve world-class associate engagement and satisfaction scores.

As our diverse and dynamic workforce continues to evolve, so too do our engagement and outreach practices. In FY22, in response to associate feedback, we rolled out a new inter-employee communication tool, CarMax Connect, to provide additional opportunities for our employees to engage with one another. We also recently invested in a new survey platform and have begun conducting pulse surveys more frequently to better assess the health of our workplace culture. These new and enhanced tools will provide associates with additional opportunities to share feedback about their experiences and will better equip managers with decision-useful insights.

Additionally, we revamped our internal associate engagement survey questions to better align with the issues that matter most to our associates, including our D&I initiatives and our associates' sense of inclusion, belonging, and fulfillment in their daily work. Similarly, we have enhanced our employee onboarding experience to ensure our new associates have the resources they need to be successful, and we revamped our exit surveys to capture valuable insights to foster continuous improvement.

Going forward, we will continue to advance our engagement efforts to meet the needs of our associates, while providing managers with detailed insights, user-friendly reporting, and the tools necessary to ensure constant improvement. We expect these enhancements to strengthen CarMax's culture and ultimately initiate more informed conversations between managers and associates about the CarMax experience.



To date, we have a strong track record with engagement and we have been named one of **FORTUNE'S 100 Best Companies To Work For®** for 18 straight years.

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Diversity and Inclusion

At CarMax, we are committed to building a workplace that is diverse, inclusive, and fosters a sense of belonging, purpose, and pride in all our associates. This commitment stems from our aspiration to always put our people first, but we also believe that diverse talents, perspectives, and ideas contribute to our ability to win together and to build a stronger business.

Our diversity and inclusion principles are present in everything we do and are formally codified in our D&I Framework as well as our [Commitment to Diversity Policy](#), which clearly outlines our commitment to championing diversity, inclusion, and belonging for our associates, customers, and communities. Our dedication to these principles and our concerted efforts to support a diverse workforce is evidenced by our growing and thriving population of diverse associates. We know there is always more work to do, but we are proud of our continued progress.

% Female	FY18	FY19	FY20	FY21	FY22
Leadership	22.8%	23.0%	23.6%	24.1%	23.4%
Non-Leadership	24.7%	24.6%	25.8%	27.2%	29.6%

% Ethnically and Racially Diverse	FY18	FY19	FY20	FY21	FY22
Leadership	25.9%	26.1%	26.8%	27.9%	29.0%
Non-Leadership	49.5%	50.3%	52.6%	53.2%	56.5%

For purposes of workforce diversity, CarMax considers ethnic and racial minorities as diverse and defines management as director and above at the corporate level and the top four managers at the store level as a group. The FY21 and FY22 data reflects the inclusion of Edmunds associates and a change in roles in our stores.

Leadership and Oversight

Our diversity and inclusion efforts are driven by the highest levels of the organization, including both the Board of Directors and executive leadership. Our Board of Directors is regularly updated on D&I matters and the Compensation and Personnel Committee of the Board is specifically charged with overseeing CarMax's strategies, policies, and practices related to human capital management, including diversity and inclusion.

Additionally, our CEO is committed to ensuring that CarMax is a diverse, equitable, and inclusive workplace for all associates. He has demonstrated this commitment by signing the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven commitment to advance diversity and inclusion in the workplace.

With our leadership's strategic support, our D&I oversight structure has been designed to ensure effective progression of our D&I initiatives and deep alignment with both our Company strategy and daily operations.

Building on our strong foundation, in FY22 we fully integrated our diversity and inclusion leaders into our broader Corporate Social Responsibility team. Additionally, we expanded our Diversity and Inclusion Team by hiring a Senior Manager of D&I Strategy, a D&I Program Manager, and a Senior Manager of Supplier Diversity. These structural changes and additional associates will support our ongoing efforts to develop a more comprehensive D&I strategy, design effective associate education programs, and strengthen community partnerships.

The Executive Steering Committee is a cross-functional, diverse executive leadership team, including the CEO, that is designed to drive Company-wide D&I initiatives and programs while advising on new policies and practices.

The Diversity and Inclusion Council led by the CDIO, is comprised of a wide range of diverse associates based on factors such as background, race, ethnicity, gender, and sexual orientation. Comprised of individuals who represent every area of our business, the Council is responsible for overseeing efforts in our core areas of focus: Associate, Customer, and Community.

The CarMax Diversity and Inclusion Team is responsible for planning and implementing D&I programs at all levels of the organization.



CarMax's Diversity and Inclusion Framework

Purpose: Champion diversity, inclusion, and belonging for our associates, customers, and communities.

Vision: Where everyone, everywhere has the same opportunity to reach their full potential.

Focus Areas Commitment:

► **Associate**

Promote an inclusive work environment where our differences are celebrated and make us stronger.

► **Customer**

Provide an iconic customer experience where every customer feels welcomed and valued.

► **Community**

Promote equal access to economic opportunities to serve and strengthen our communities.



D&I Learning and Associate Resources

A core tenet of our D&I strategy is to provide effective D&I education and training to all individuals within the organization. These efforts help shape an equitable workplace culture and ensure that all associates have the support and resources needed to have a successful career at CarMax.

To this end, we provided a suite of related resources to associates in FY22, including:

D&I Education: All associates are required to complete quarterly D&I training on an ongoing basis, and managers are required to complete additional unconscious bias training. Upon completion, CarMax teams are encouraged to use the provided reflection guides tailored to the course materials to help facilitate conversations about their learnings and discuss how to apply the course concepts in their work.

Additionally, we provide supplemental monthly sessions and update our training resource library to ensure that all associates have access to additional learning opportunities on critical D&I issues, on a regular and an as-needed basis.

Leader Perspective Videos: These videos feature authentic conversations from diverse leaders across the organization, demonstrating our belief in the value of dialogue as a way of understanding one another's backgrounds and perspectives.

Conversation Guides and Manager Discussions: Every manager is responsible for leading conversations with their associates to better understand their perspectives and experiences related to diversity, equity, inclusion, and related topics. Managers are equipped with conversation guides to ensure a structured and consistent approach to engaging associates across the organization and are encouraged to regularly discuss challenges and best practices with fellow managers.

D&I Intranet: Our intranet site, The CarMax World, features a dedicated D&I landing page for associates to engage with content, explore monthly celebrations and observances, access CarMax's D&I FAQs, learn more about inequality and social justice, and share their own stories about living our values and embracing differences.

Additionally, in FY22, we launched an Associate Inclusion Groups pilot program, with the goal to create multiple opportunities for people with different backgrounds to connect, share experiences, support each other, and embrace their roles at CarMax. It is our associates who drive our success, and our strategy relies on our actively engaged associates to bring our D&I principles to life. We look forward to expanding these initiatives in the coming years and sharing our progress along the way.

FY 2022 Training Themes

- ▶ Blind Spots & Bias
- ▶ Embracing Differences Through Empathy
- ▶ Insights & Connections
- ▶ Meaningful Actions

25,000+ CarMax associates representing over **95% of the associate population** – in addition to **100% of Board members**, completed these trainings.



Talent Acquisition and Development

We understand the importance of continuously investing in our associates and providing them with ample opportunities to grow. Through our talent acquisition and development practices, we champion a workforce that reflects our core values.

TALENT ACQUISITION

The market for talent remains highly competitive in our industry and within our communities. Despite challenging labor market dynamics, CarMax maintains a strong pipeline of qualified candidates.

Today, we are investing time and resources into the hiring process to ensure we are attracting and retaining the right candidate for a given role.

Key components of the hiring practices driving our success include:

Recruitment: Our extensive recruitment efforts and channels include social media outlets, professional networking sites, campus recruitment, trade school and military recruitment partnerships, job advertisements and paid campaigns, recruiter networks, and employment agencies. As part of our larger D&I strategy, we also continue to expand our partnerships with diverse organizations to enhance the strength of our talent pipeline.

Assessments and Interviews: As part of the application process, candidates for most positions complete an online assessment to help us predict a candidate's potential for success at CarMax. We typically conduct at least one in-person or virtual interview with each candidate where role-specific skills and competencies are assessed.

New Store Openings: When we open a new store, our focus is on developing a respectful and mutually-beneficial partnership with the local community. We conduct extensive market research and develop relationships with local residents and organizations. These efforts are critical to our success and occur before establishing local employment centers to help identify associates to represent us in the community.

PROFESSIONAL DEVELOPMENT

Our integrated talent development processes and programs are comprehensive and customizable to ensure each unique individual has the resources needed to continue learning and growing at CarMax. We strive to provide our associates with a range of tools to grow and succeed in their careers, including personalized development plans, learning materials, meaningful and efficient performance reviews, formal and informal mentorship opportunities, and job-specific curricula through our learning management system.

At an organizational level, we engage in comprehensive workforce planning to assess and forecast our talent needs. We regularly evaluate our talent pipeline to ensure that we have associates prepared to assume leadership roles to support the growth of our business. We have also increased our focus on reskilling our associates to enable them to contribute to the continued evolution of our business. For example, in FY22, we piloted a three-month program to provide existing associates the opportunity to reskill and learn critical back-end software engineering skills. We have since implemented a full program focused on reskilling and upskilling our associates in the technology field.



Compensation and Benefits

We strive to create compensation packages and benefits programs that are fair and broad-based, while providing our associates with the opportunity to maximize their earnings and improve their well-being.

ASSOCIATE COMPENSATION

While our associate compensation takes on various forms and structures given the variety of roles in our organization, we regularly review our Company-wide pay structure to ensure earnings are fair, competitive, reflective of our core values, and compliant with all applicable laws. As an outcome of these deliberate compensation reviews, we increased the hourly rate for a significant portion of our field associate population in FY22. As of February 28, 2022, none of our associates were paid at the applicable minimum wage; all our associates were paid above the applicable minimum wage.

We review pay equity annually based on objective factors such as position, tenure, and location. If we find discrepancies that cannot be explained by these objective factors, we make appropriate adjustments. We provide equal pay for comparable work regardless of gender, age, race, or ethnicity.

ASSOCIATE BENEFITS

Our complete compensation packages incorporate benefits and programs designed to meet the needs of all associates, no matter their stage in life or their careers. We regularly engage our associate population to ensure our benefits packages meet their dynamic needs, and in FY22, we completed a formal Company-wide benefits survey to gather feedback on our total rewards offering. With this feedback, we will continue to adjust our approach to ensure our associates are provided with the benefits and resources they need.



BENEFITS AT CARMAX INCLUDE:

Healthcare: We offer our associates quality healthcare, dental, and vision coverage at affordable prices to meet their individual needs. Our healthcare packages include benefits for domestic partners, services related to the treatment of gender dysphoria, and applied behavioral analysis therapy. Through our partnership with Live Health Online, associates enrolled in a CarMax medical plan can receive virtual care for both physical and behavioral health issues. In 2020, we expanded our health benefits to include access to Teladoc Medical Experts, a service that enables associates to receive advice regarding a diagnosis or treatment plan options from the nation's leading medical experts at zero cost.

Retirement Plans and Stock Purchase Plans: CarMax associates are eligible to participate in our 401(k) program, including a 100% match of up to 6% of pay, beginning on their first day of work.

Additionally, our associate stock awards and employee stock purchase programs allow our associates to become CarMax shareholders.

Paid Time Off and Holiday Pay: All salaried associates have access to our "Time Away" benefit, which does not impose a limit on vacation, sick, or personal time off, provided appropriate workload arrangements are made. Commissioned and hourly associates are also eligible to accrue vacation time. Our paid parental leave benefit, short-term disability pay policies, and personal leave policy enable our associates to take care of their personal and family needs as they arise.

We also observe six paid Company holidays and offer holiday pay for certain roles. In FY22, we introduced a floating holiday, offering associates the choice to celebrate an additional holiday that is significant to them.



FOUR BENEFITS THAT DIFFERENTIATE CARMAX'S AWARD-WINNING WORKPLACE INCLUDE:

Wellness Programs: All CarMax associates, as well as their spouses or domestic partners, have access to various mental health and wellness programs, including health screening and a variety of support resources. Through Engage, our wellness tracking tool, associates and their spouse or partner are eligible to earn gift card incentives and a medical plan credit when they participate in healthy activities. In May 2021, in recognition of Mental Health Awareness month, we provided our associates with a subscription to a leading mindfulness, meditation, and stress management app.

Flexible Work Policy: This policy provides associates the flexibility to balance work demands with their personal lives. For our corporate associates, many roles have been designated as hybrid or 100% remote. All associates are able to request flexible options, including

flex time and compressed or reduced schedules.

Relocation Program: Under this program, we work to ensure a smooth transition for associates who are relocating to a different store or community. We assign a relocation counselor to help affected associates navigate the Company's relocation program, find new housing, and become acquainted with the community they are joining.

Associate Discount Program: We value and recognize the hard work of our associates and their families. To show our gratitude, associates and eligible family members receive discounts of up to \$3,000 off, per car, on up to three used cars per year.



Safety

The safety of our associates, customers, and all other guests remains a top priority. Our programs are focused on equipping our managers and associates with the tools and training to do their job safely.

OCCUPATIONAL SAFETY

Our occupational safety and health efforts are rooted in our values to **Put People First** and to **Do the Right Thing**. They are supported by our [Code of Business Conduct](#) and our [Environmental, Health, and Safety \(“EH&S”\) Principles](#), which detail our occupational safety and health expectations for all CarMax associates.

Our expectation is that every associate take responsibility for keeping themselves, their coworkers, our customers, and our visitors safe. This includes following all relevant safety protocols, using appropriate personal protective equipment (“PPE”), keeping work areas clean, and resolving or reporting hazards as soon as they are discovered.

We also have clear EH&S expectations for store managers, including quickly resolving facility issues, keeping tools and equipment well-maintained, ensuring PPE is available, and holding associates accountable to EH&S requirements to ensure a safe and comfortable working environment.

Finally, we believe that a culture of transparency and accountability is necessary to foster a safe workplace. As part of our open-door policy, we encourage associates who have concerns to raise them through our associate helpline, their manager, human resources representative, or our internal EH&S team.

WORKPLACE HEALTH MANAGEMENT

As the COVID-19 pandemic evolved in its second year, we continued appropriate protocols to reduce the risk of exposure and transmission at all locations. We maintained sanitation protocols and mask policies and adhered to public health and government agencies requirements. We also maintained the centralized human resources team that we established early in the pandemic to support associates who had been tested for, had exposure to, or tested positive for the virus, and to track impacts in affected locations.

PERSONAL SAFETY

Just as we are committed to creating and maintaining a safe work environment, we also recognize the importance of personal safety. We have a zero-tolerance policy regarding workplace violence. Our Workplace Violence Prohibition and Protection Policy outlines reporting procedures, investigation strategies, and warning signs to educate and better prepare associates for potential risks.

We also recognize that certain circumstances can pose greater risks than others and have created codified Personal Safety Guidelines to address specific activities with greater risk and empower our associates to keep themselves safe in such situations. Personal Safety Guidelines exist for test drives, store opening and closing procedures, after-hours and overnight work, and home deliveries.

Additionally, our Asset Protection Policy provides basic ground rules, expectations, and specific examples for protecting CarMax assets, including our people, property, and our culture of integrity.



Finally, as a prerequisite to employment at CarMax, all associates are subject to evaluation and background screening as part of the hiring process, and our security controls help prevent and deter potentially dangerous interactions.



Protecting the Environment

Our Approach

CarMax moved to the forefront of our industry in addressing climate change by establishing our greenhouse gas (“GHG”) reduction targets - demonstrating our commitment to decarbonization. We have committed to:

- ▶ Reducing CarMax’s Scope 1 and Scope 2 GHG emissions by 50% by 2025 against our 2018 baseline; and
- ▶ Achieving net-zero carbon emissions by 2050 in accordance with the Paris Agreement.

We have also completed a preliminary inventory of our Scope 3 value chain emissions. We are continuing to evaluate the various categories of our Scope 3 emissions, refine our calculation methodologies, and assess the materiality of our Scope 3 emissions as a prerequisite to any comprehensive Scope 3 reduction planning.

Energy

Energy used in our stores and by our operations represents a sizeable portion of CarMax’s direct and indirect GHG emissions. Consequently, our strategy is focused on energy conservation measures to reduce electricity use and on strategies to increase the use of renewable energy.

In calendar year (“CY”) 2021, our renewable electricity use as a percentage of total electricity consumed was 17.23%, up from 15.73% in CY 2020, and 6.37% in CY 2019. The primary sources of renewable energy used at CarMax are:

- ▶ A Power Purchase Agreement (“PPA”) in CarMax’s home state of Virginia, with energy sourced from a Virginia biogas project;

- ▶ Renewable Energy Certificates (“REC”) associated with retail supply contracts in Texas and Ohio. The Texas RECs are tied to a wind resource in the state of Texas while the Ohio contract comprises certified generic US wind REC; and

- ▶ Solar panels on select stores in Texas and Arizona

Additionally, as of March 2022, two Kansas City CarMax locations are powered with 100% renewable energy through a renewable tariff offered by the local utility. Finally, in FY22, we entered into a community solar agreement in New York State that supports the development of additional renewable resources.

With regards to energy efficiency improvements, in FY22, we completed a multi-year project to retrofit exterior lighting at nearly 140 CarMax locations,

resulting in energy-efficient LED exterior lighting at all stores across the country. We also launched a second lighting enhancement project in FY22 to similarly upgrade interior lighting to LED. We have retrofitted 28 stores so far, with 88 additional stores planned for FY23.

Finally, we are actively building and refining our strategic roadmap to meet our GHG reduction commitments and have begun to execute on these strategies. We look forward to sharing our progress along the way.

Electric Vehicles

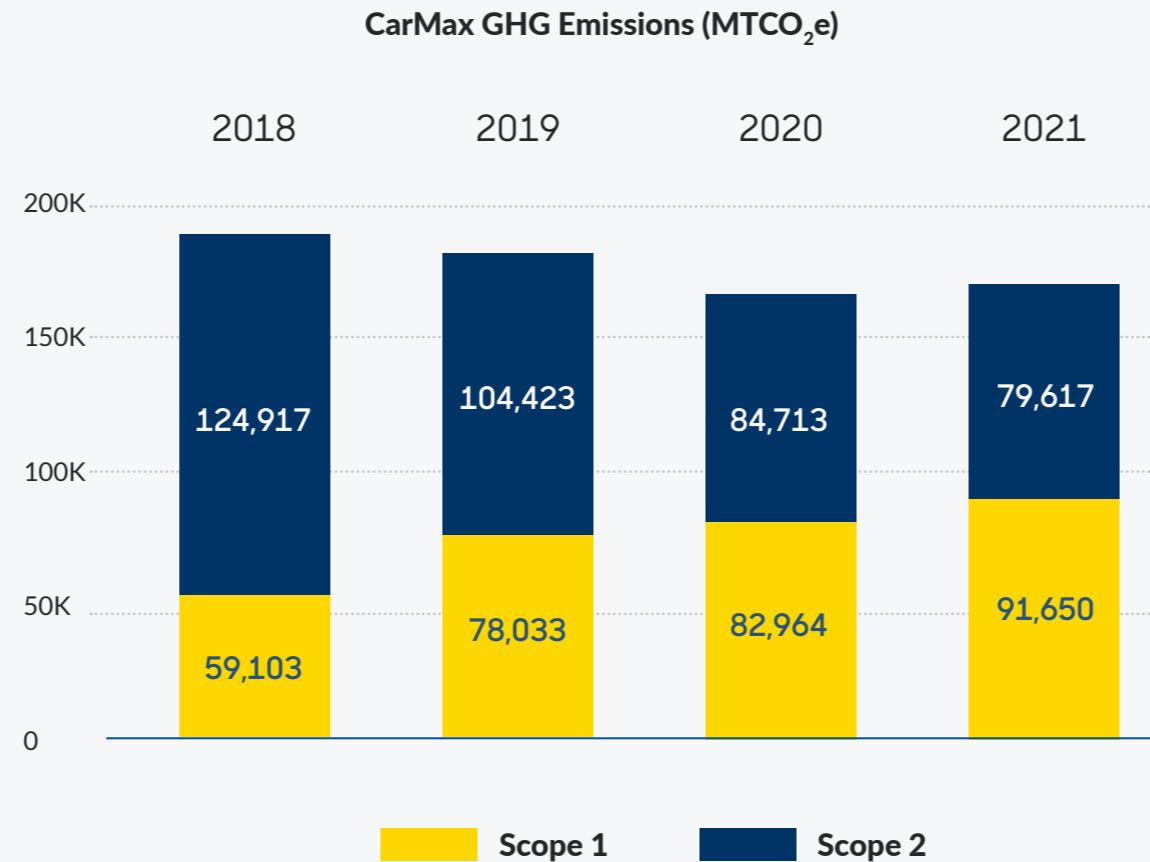
In the last two years, our retail sales of electric and hybrid vehicles have more than doubled - making EVs one of our fastest growing categories. In FY22, to support the continued growth of our EV segment, we formalized a cross-functional Electrification Working Group charged with ensuring CarMax has the necessary internal infrastructure to recondition and sell EVs at greater scale. This new working group includes our CSR and community relations leaders to better understand the needs and the impacts of EVs on our communities. In keeping with our outstanding commitments to environmental stewardship, we will continue to invest to ensure CarMax is a leader in the used EV space.

Building Design and Systems

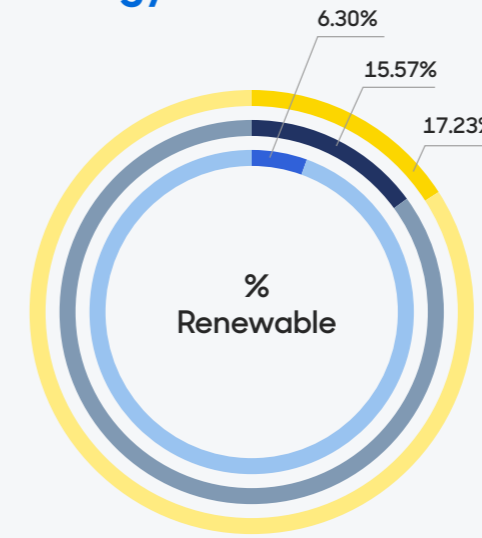
As of the end of FY22, there were 230 CarMax stores in operation, in addition to a number of corporate and administrative offices. To help manage the environmental impact of our retail footprint, our buildings are designed with energy efficiency in mind, and we integrate best practices from the Leadership in Energy and Environmental Design ("LEED") principles in our new store construction and store upgrade plans.

ENVIRONMENTAL DATA AT A GLANCE

Emissions



Energy



CarMax Electricity Consumption kWh

	Renewables	CarMax Total
■ CY19	17,359,865	275,568,258
■ CY20	41,734,833	267,985,929
■ CY21	47,638,904	276,438,541

CarMax Energy Consumption in GJ : CY 21

Purchased Electricity (Grid)	954,848
Renewable Electricity (Generated Solar)	1,331
Natural Gas and Propane	603,829
Gasoline and Diesel	846,913


Recycling

 **552,817**
Tires Recycled

 **1,509,459**
Gallons of Oil Recycled

 **11,369,475**
Pounds of Everyday Products Recycled

Water

 **85%**
of Water Reclaimed from Car Washes

When designing new stores for our growing business, we optimize for function and size, which helps to reduce energy use throughout the useful life of the building. We also take deliberate steps to improve energy efficiency and improve air quality by:

- ▶ Building skylights and large storefront glass to allow natural light into our production shops and store showrooms;
- ▶ Automatically monitoring natural light levels and reducing artificial light power using automatic dimmers;
- ▶ Using white thermoplastic polyolefin reflective roofs, which reduce cooling energy use and heat island effects; and
- ▶ Using special fixtures and materials to improve air quality in our buildings, including low-VOC (volatile organic compounds) interior paint, flooring materials, adhesives, and sealants.

Additionally, we have made significant investments in building controls to optimize our heating, ventilation, and air conditioning (“HVAC”) systems. Our energy management program allows our team to track energy usage and adjust building conditions based on occupancy, weather conditions, and seasonal changes. Using data provided by our systems, we can identify and correct operational issues quickly. In addition, we actively participate in the U.S. Environmental Protection Agency’s ENERGY STAR® partner program and use its recommended energy management and analysis principles to identify reduction opportunities.

Finally, our HVAC systems are designed to ensure we are providing our associates and customers with an

environment that is safe and comfortable, while using the least amount of energy possible. This is achieved through multi-stage heating and cooling, multi-speed fans, energy recovery wheels, variable frequency drives, and demand control ventilation. Across all our operations, our facilities team ensures our equipment is in good condition and determines when to replace units that are inefficient, outdated, or not operating correctly.

In addition to optimizing our systems, we power down whenever possible. Air compressors, vacuums, and other related equipment are automatically turned off when not being operated. Similarly, computer equipment, other electronic equipment, and all nonessential lights are automatically turned off during non-business hours.

Fleet Operations

As the nation’s largest used car retailer, we rely on a combination of our own CarMax fleet as well as third-party providers to transport vehicles from store to store. In recent years, we have implemented operational efficiencies including increasing full transport loads and the use of transportation hubs. These efficiencies help reduce diesel use and corresponding emissions from our fleet operations.

In addition, we work with our partners and vendors to ensure we continue to implement the latest technologies as they become commercially available. For example, we have piloted the use of a natural gas-powered vehicle within our fleet and plan to continue similar efforts going forward.

Waste

Our thorough vehicle reconditioning process improves the quality of the cars we sell and often extends their useful life. However, the reconditioning process and



general car maintenance can generate various types of waste. We look for ways to reduce and recycle waste from across the business and have dedicated recycling programs for a variety of materials including used oil, non-automotive batteries, automotive battery cores, tires, scrap metal, as well as paper products.

Water

CarMax implements water conservation practices at all retail and office locations. We apply xeriscape principles in all our new stores, which includes limiting the use of grass lawn to appropriate, functional areas, and planting

water-efficient, drought-tolerant plants. Additionally, we use irrigation systems with rain sensors and drip irrigation and have installed low-flow faucets and facilities in our new stores.

Finally, we reclaim approximately 85% of the water used in our car washes.



Caring for Our Communities

Caring for our communities has always been at the core of who we are.

We invest where we live and work because it's the right thing to do, and because we understand that the health and prosperity of our communities is crucial to our success.

Empowering our Associates to Give

An important tenet of our giving philosophy is to always empower our associates to engage with the issues and support the causes that are most meaningful to them and their families. The CarMax Foundation's ("Foundation") gift-matching program matches the financial donations from our associates and their immediate families to any eligible nonprofit organization, up to \$5,000 per associate each year. Through our Matching Hours program, The Foundation donates \$15 for every hour an associate, or their family member, volunteers with a school or other eligible nonprofit.

In FY22, to help associates invest in their communities, the Foundation expanded our Care Card program in conjunction with Giving Tuesday, an international day of charitable giving celebrated annually on the first Tuesday after Thanksgiving. Every associate was empowered to direct \$50 to the nonprofit of their choice. Over 22,000 associates participated in the program, helping to donate over \$1.1 million to more than 8,000 nonprofits.

Volunteering

After the significant challenges we faced with the rapid emergence of the COVID-19 pandemic, we returned to our in-person volunteering efforts in FY22. We encourage our associates to take an active role in organizations they are passionate about through our Volunteer Team-Builder ("VTB") Program.

CarMax and The CarMax Foundation invested more than \$9.5 million in FY22 and have given more than \$85 million since 2003 to support the growth and wellbeing of our local communities.

The pillars of our giving philosophy are:

- ▶ Strong Military Families
- ▶ Resilient Communities
- ▶ Equitable Economic Opportunity

The VTB Program enables associates to volunteer with qualifying organizations in their communities, and when five or more associates participate, The Foundation donates to that organization. After most VTB events, our Foundation grants a minimum of \$500 to the organization served.

Last year marked the 10-year anniversary of The Foundation's partnership with KABOOM!, a national nonprofit that unites with communities to build kid-designed playspaces. In the last decade, our associates have participated in the creation of 190 playspaces in communities that needed them most. In FY22, we helped build seven playgrounds. These efforts directly help fight inequity in children's lives by providing access and a sense of belonging to children who have historically been marginalized and underserved. We are especially proud of this continued partnership as it strengthens our communities and aligns naturally with our principles of supporting equitable opportunities for all to grow and thrive.

Strong Military Families

Helping military members, their families, and veterans to develop the skills and relationships to create strong connections within their communities is a core pillar of CarMax's philanthropic efforts. Our partners include Hiring Our Heroes, Operation Homefront, Operation Gratitude, and The Mission Continues.

In FY22, CarMax and Operation Homefront – a national nonprofit whose mission is to build strong, stable, and secure military families – launched a new partnership to support military and veteran families. CarMax invested in Operation Homefront's mission, and employees volunteered at back to school events in California, Colorado, and Nevada. In November 2021, CarMax



"CarMax Cares is wonderful because it helps communities and people in need. I started serving a few months ago and it's been awesome. In September, we took part in Walk for LOVE with Shriners Hospital for Children. It was great to raise awareness for them. We've also done work with veterans and are having a holiday donation drive.

I like our values here at CarMax. We put people first and do the right thing. You see it in the culture. That's huge. It makes me look at my career here and know that I've found the place I want to be."

- DONALD RANQUIST, CarMax Technician

thanked veterans through their "MaxGratitude" initiative. Over 4,500 CarMax associates submitted more than 5,600 letters of appreciation to veterans nationwide. In honor of our associates' response, CarMax and our Foundation donated additional funds to the effort. CarMax, along with the Portland Trail Blazers, also partnered with Operation Homefront to gift new bicycles and helmets to children of service members in Oregon.

Resilient Communities

Supporting resilient communities is a fundamental facet of our giving philosophy. With our partners, we help communities prepare before the unexpected happens and support individuals through recovery efforts to help ensure the return of thriving communities. Our

associates support local events each year, including blood drives, smoke alarm installation events in underserved communities, disaster kit builds, and others.

In FY22, for the first time, CarMax partnered with Project Helping to build and distribute Kynd Kits – care packages with essential items to help those most in need. Our associates and their families completed over 12,000 kits, providing critical resources and personal support cards to a broad range of vulnerable persons, including injured veterans, those in homeless shelters, cancer patients, displaced LGBTQ+ teens, and essential workers.

CarMax also provides financial support for communities struck by disaster through our partnerships with the following organizations:

PAYING IT FORWARD

The TechForce Foundation® 2021 Techs Rock Awards celebrate the nation's most accomplished transportation technicians. With an understanding of the value that auto technicians bring to our business, CarMax was proud to nominate auto technicians from CarMax markets across the country.

Donald Ranquist – an associate at our Salt Lake City, UT, location – was recognized as the finalist in the 'Pay It Forward' category and won the grand prize as a part of a nationwide vote. This recognition celebrates technicians for being a community advocate and inspiring the next generation of technicians.



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In addition to these nonprofit partnerships, we support our associates through the CarMax Associate Disaster Relief Fund. When our associates are hit by tragedy, we want them to receive help as quickly as possible. That's why we partner with the Emergency Assistance Foundation to provide grant support for those experiencing unforeseen hardships.

When an associate donates to any of these national partners, or to the CarMax Associate Disaster Fund, The Foundation matches that donation 2:1 through our Matching Gifts Program.

Equitable Economic Opportunity

In 2020, we took a strong stand against racial injustice, pledging \$1 million to organizations that promote fairness and inclusion. This marked an important step in our journey to create lasting change in our communities. Guided by our values, we were inspired by a desire to affect people's lives in real, tangible ways and fulfilled our initial commitment by investing in nonprofits making an impact on individuals. We believe that everyone should have the same opportunities to reach their full potential, and we are continuing to focus our efforts on promoting equitable access to economic opportunity in communities nationwide.

We recognize that access to resources is critical to a more equitable future and that many communities are currently experiencing severe economic hardships. Our focus on building pathways to long-term prosperity through equitable access to education, careers, and financing, as well as promoting entrepreneurship, can help address the economic disparities that exist within underserved communities.

We are focused on four pathways to achieve economic opportunity for underrepresented communities.

01 EDUCATION

Access to equitable and inspiring educational opportunities can lay the foundation for a lifetime of economic mobility.

- ▶ CarMax continues its support of Sponsors for Educational Opportunity (SEO), a free, eight-year, academic program that transforms public high school students into college graduates. The program educates and mentors underserved, low-income students in New York City and San Francisco leading up to and through college and has realized an impressive college graduation rate of 90%.

02 CAREERS

Establishing a stable career can act as a pathway to greater economic opportunity.

- ▶ CarMax's ongoing commitment to promoting equitable access to economic opportunity includes close partnerships with the following nonprofit organizations that have proven expertise at the forefront of relevant local career initiatives:
 - STRIVE: While working with black and brown low-income communities, STRIVE offers a holistic program with in-demand skills and certifications to propel adults and young adults into careers, allowing them to build long-term financial independence.
 - TechForce Foundation: Inspiring a new and diverse generation of transportation technicians is TechForce's mission. Its efforts focus on championing students through their education and into careers as professional technicians.
 - ASE Education Foundation: ASE's mission is to bridge the gap between employers' needs in the automotive service industry and how students are taught by designing solutions that align schools, students, instructors, training managers, and employers.

03 ACCESS TO CREDIT & FINANCIAL EDUCATION

Fair, equitable access to credit, financial education, and resources can have substantial effects on the stability and success of an individual or business.

- ▶ CarMax continues its partnership with LIFT, an organization dedicated to helping low-income parents chart their own path toward economic mobility. Through monthly coaching sessions and direct cash transfers, parents build financial skills and social connections so their entire family can thrive.

04 ENTREPRENEURSHIP

Creating opportunities for generational wealth-building serves as a critical lever for economic empowerment.

- ▶ Camelback Ventures: A nonprofit dedicated to increasing access to opportunity for female entrepreneurs and entrepreneurs of color by investing in their ventures and supporting their leadership while advocating for fairness in their funding.
- ▶ Lighthouse Labs: A Richmond based, founder-friendly accelerator that invests in, and provides guidance to, new entrepreneurs largely from underinvested communities - including black, female, disabled, queer, and otherwise underrepresented founders.



Ensuring Responsible Governance & Ethics

Strong corporate governance serves as the bedrock of our long-term success.

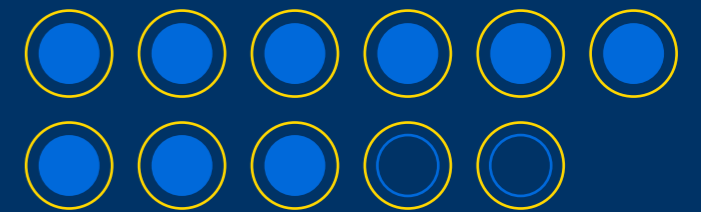
Corporate Governance

CarMax's corporate governance, risk management, and ESG oversight at the Board and executive level enhance and protect long-term value for shareholders and stakeholders more broadly. Strong corporate governance – encompassing the practices, processes, and policies on which we rely to guide our decision-making and management of the Company – serves as the bedrock of our organization and the basis for our long-term success. We view effective corporate governance as key to overall business success and to strong ESG and CSR programs, as it provides the necessary framework and accountability to ensure progress and sound execution on environmental and social priorities.

BOARD OF DIRECTORS

Our Board of Directors and its four committees have adopted governance standards and practices that seek to properly balance stakeholder interests, while providing a framework to guide optimal decision-making and enhance our long-term, sustainable value. Our governance framework and practices, which are rooted in our commitment to operating with integrity, are memorialized within our [Corporate Bylaws](#), [Corporate Governance Guidelines](#), and [Code of Business Conduct](#).

Following the announced resignation of one of our Directors in June 2022, our Board consists of eleven members, nine of whom are independent. Directors serve one-year terms and must receive a majority vote at our annual shareholders' meeting to be elected to the Board.



9 of 11

board members are independent

- ▶ Directors serve one-year terms
- ▶ Five out of our nine independent Directors have joined the Board since 2017

Five out of our nine nominated independent Directors have joined the Board since 2017, demonstrating our commitment to strategic and ongoing Board refreshment. As historically we have split the roles of CEO and Chair of the Board, our lead independent Director ensures responsible oversight of our Board activities. Our leadership structure is reviewed periodically by the Board to ensure it remains effective and appropriate for our organization.

Our eleven Directors are a group of active and engaged leaders that strive to support CarMax in maximizing its impact and overall value creation. The unique backgrounds and skillsets of CarMax's Directors are thoughtfully aligned to both the operational strategy of the Company, as well as the values and mission of the organization. Our Directors regularly call on expertise spanning across strategic areas such as finance, innovation, retail, technology, human capital management, among others, to aid management in navigating complex business challenges and opportunities. With this deep level of expertise and commitment from the Board, our management team is empowered to lead CarMax to continued success.

Aligned with our approach to associate diversity, we believe a Board comprised of Directors with diverse viewpoints, experiences, and backgrounds is fundamental to the organization's ability to problem-solve, identify and capitalize on new business opportunities, and ultimately expand the Company's competitive advantage.

Our Directors' backgrounds collectively encompass a wide range of skills and experiences that equip the Board with varied perspectives and diversity of thought in order to lead CarMax with integrity and sound judgement. Our Board is comprised of leaders from a diverse set of industries and experiences including:



Retail



Automotive



Technology



Finance



Omni-channel



Healthcare



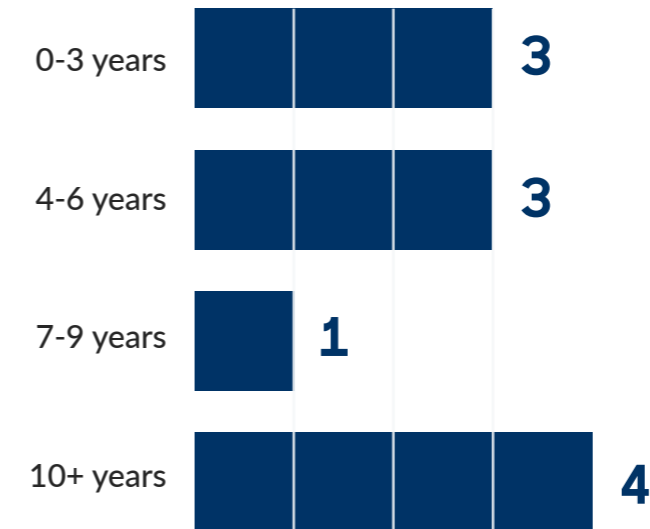
Distribution



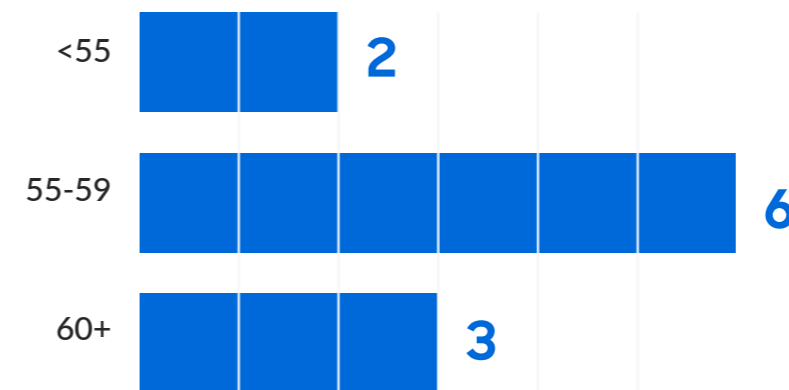
Food Services

BOARD-BY-THE-NUMBERS

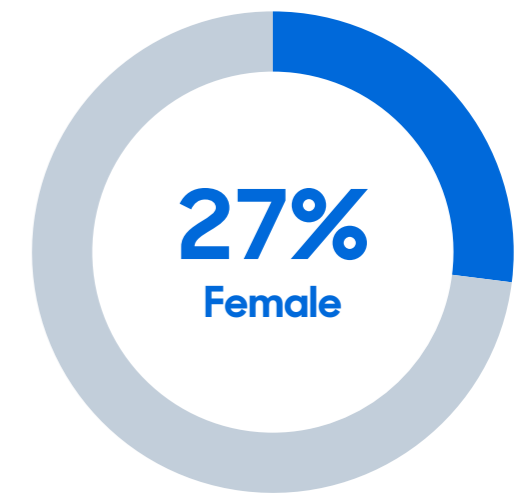
Director Tenure



Age Distribution



Diversity



18%
Racial/Ethnic
Diversity

COMMITTEES

Our Board's four standing committees have been organized to effectively address and oversee the most critical needs of the organization, including our commitment to ESG excellence. Each committee is composed solely of independent Directors.

Audit Committee

Responsible for oversight related to the integrity of financial statements; legal and regulatory compliance; qualifications, performance, and independence of our external auditors; and the performance of CarMax's internal audit function.

Compensation and Personnel Committee

Responsible for oversight related to executive compensation philosophy, programs, and related risks; salaries, incentives, and other benefits for our CEO and other executive officers; incentive compensation plans and all equity-based plans; management succession planning; and our strategy, policies and practices related to human capital management

Nominating and Governance Committee

Responsible for oversight related to Board organization; membership and CarMax's Corporate Governance Guidelines; and corporate and social responsibility, environmental, and sustainability matters. This committee maintains principal oversight for CarMax's ESG strategy.

Technology and Innovation Committee

Responsible for oversight and support of technology and innovation-related matters including, CarMax's omni-channel, digital and e-commerce initiatives; cybersecurity and data privacy-related oversight; data analytics and machine learning initiatives; and intellectual property matters.

Shareholder Outreach and Engagement

We believe that strong corporate governance includes regular engagement with our shareholders to ensure we are acutely aware of, and thoroughly understand, their perspectives on a broad range of topics. Our senior management team, including our CEO, Chief Financial Officer (“CFO”), and members of our investor relations team maintain regular contact with a broad base of investors, including through quarterly earnings calls, individual meetings, and other channels for communication, to understand their concerns.

In FY22, we led a proactive supplemental shareholder outreach program and held meetings with shareholders representing a significant percentage of our investor base. These meetings covered topics important to our shareholders, including: environmental, social, and governance matters; our unique CarMax culture; Board refreshment, qualifications and diversity; and cybersecurity, among other topics. This shareholder outreach program was led by a cross-functional team comprised of individuals from senior management, investor relations, ESG, and legal functions. Members of our Board were also involved, as appropriate. We believe regular engagement and feedback from shareholders provides a critical external reference to help measure our success and recalibrate our approach, as needed.

In the past several years, multiple enhancements to our policies and practices have been informed by shareholder feedback. For example:

- ▶ Our Board of Directors established a Technology and Innovation Committee in 2021;
- ▶ We incorporated diversity training goals into our Annual Incentive Bonus Program for fiscal year 2022;
- ▶ We announced our commitment to achieving net zero GHG emissions by 2050 and a 50% reduction in GHG emissions by 2025, compared with a 2018 baseline;
- ▶ We are disclosing EEO-1 data in this report (see [Appendix](#)); and
- ▶ We committed to provide enhanced transparency regarding our corporate contributions for candidates for public office, as well as our membership in certain trade associations.





Ethics

FAIR AND RESPONSIBLE BUSINESS PRACTICES

CarMax was founded on the fundamental principle of integrity, which continues to be reflected in the way we serve our customers, treat each other, and deliver our products. Our culture of integrity is a distinct competitive advantage and allows us to attract and maintain a high-performing workforce.

Our purpose is to drive integrity by being honest and transparent in every interaction. We expect each associate to make sound ethical decisions, and we hold ourselves collectively accountable to follow through on these expectations.

We focus on listening to our customers and providing them with a simple, intuitive, and seamless car-buying and selling experience through our customer-friendly business practices. Examples include:

- ▶ Transparent pricing with no haggling or upselling;
- ▶ 30-day return policy, warranties on all cars;
- ▶ Seamless appraisal offers;
- ▶ Fair lending policies and access to credit;
- ▶ Transparency on the vehicle's history at sale via AutoCheck; and
- ▶ National Highway Traffic Safety Administration (NHTSA) recall look-up for every sale.

What emerges from these efforts is a unique and personalized car-buying and selling experience, supported by a culture that empowers and inspires associates to strive for ethical excellence every day.

CODE OF BUSINESS CONDUCT

We are dedicated to protecting our culture of integrity, one of our most valuable corporate assets, by supporting the success of our compliance and ethics program. Our [Code of Business Conduct](#) is the cornerstone of our compliance and ethics program and applies to all CarMax associates and Board members.

Upon hire and annually thereafter, each associate is required to successfully complete Code of Business Conduct training and certify compliance. We are pleased to consistently report a 97% completion rate. We also provide additional compliance trainings and continuous learning opportunities regularly throughout the year.

For more information on our Code of Business Conduct and related policies, please see the [Governance Documents](#) section of our website.

Enterprise Risk Management

As part of our approach to risk management, relevant risk factors are considered an integral component of our decision-making processes related to overall business strategy. Our risk governance framework is designed to:

- ▶ Uncover, categorize, and evaluate risks across the enterprise;
- ▶ Identify critical risks;
- ▶ Allocate responsibilities for overseeing those risks to the Board and its committees; and
- ▶ Evaluate the Company's risk management process.

Processes to ensure effective management of enterprise-level risks are deeply embedded into our organization and have the direct attention and oversight of both management and the Board. Our internal Risk Committee is comprised of senior leaders from all facets of business operations and is led by our CFO. This Risk Committee meets on a quarterly basis to review and rank our risks, while our CFO meets with the Audit Committee of the Board on an annual basis to discuss the procedures for identifying and mitigating significant risk. The risks identified by the internal Risk Committee are presented to our Board semiannually.

Additionally, our Board has its own enterprise risk management function that reviews enterprise-wide risks in the aggregate in order to allocate oversight appropriately among the various committees and where necessary, the entire Board. To drive continuity and alignment, a formal tracking mechanism has

been implemented to ensure risks identified by both management and the Board are reviewed on a quarterly basis and addressed appropriately.

LEGAL AND REGULATORY COMPLIANCE

Our Compliance and Ethics ("C&E") program is led by our Chief Compliance Officer who reports directly to the Audit Committee of the Board. As part of our focus on continuous improvement, the C&E and CarMax Auto Finance Compliance teams recently merged. The merged team provides a holistic view and approach for regulatory compliance risk management across the enterprise, resulting in a more efficient and effective program. Additionally, we leverage over 40 business leaders across the organization to serve as Compliance Administrators and support compliance initiatives, further embed compliance within our business, and help drive and sustain compliance Company-wide. Our Compliance Administrators are an integral part of ensuring that CarMax is constantly meeting the highest level of compliance and following sound risk management processes across every part of our business.

We drive our compliance through our commitment to lawful conduct and recognize that any violation of the law could compromise our culture of, and reputation for, integrity. Therefore, we expect our Board, management, associates, and business partners to operate in accordance with all applicable laws and regulations, and we monitor our own efforts in several ways:



- ▶ Our annual Company-wide **Risk Assessment**, wherein our Compliance Administrators work alongside our Compliance team to critically evaluate strengths, successes, challenges, and opportunities with respect to compliance with the legal requirements applicable to the business. The results of the assessment ultimately drive our compliance efforts over the course of the following year.
- ▶ Our **Store Compliance Review** program, which supports store-level compliance in all geographies. We evaluate execution across our store base, as well as appropriately and collaboratively address, resolve, and monitor store-specific issues to help ensure ongoing store compliance.
- ▶ Our **Non-Store Compliance Review** program, which evaluates compliance risk beyond the store-level and serves as a "deep dive" into particular areas of regulatory risk. Similar to our Store Compliance Review program, we work

collaboratively with business leaders to detect, address, and resolve identified issues to help ensure ongoing compliance.

- ▶ Our **CarMax Auto Finance Compliance Management System ("CMS")**, which is designed to prevent, detect, and correct practices that violate statutes, regulations, laws, or Company policy, and mitigate consumer harm in connection with offering and servicing consumer financial products and services.
- ▶ Our **Automation and Analytics** program, which leverages data to enhance compliance risk coverage and increase efficiency. These practices allow for centralization, systematized detection, and, at times, notification of transactions with potential compliance risk. We leverage automation and analytical capabilities to support various compliance initiatives, including our Store, Non-Store, and CMS Compliance Review programs.

Cybersecurity & Data Privacy

As an auto retailer and financial institution, CarMax collects a significant amount of sensitive information. Ensuring responsible data security and consumer privacy practices is critical to protecting that information and providing our associates and customers with an exceptional experience. Our comprehensive, risk-based approach to safeguarding information reflects our commitment to protecting CarMax systems and the sensitive information of those who put their trust in us.

OUR APPROACH

CarMax's data security and consumer privacy efforts are led by our Chief Information Security Officer, who reports to our Chief Information & Technology Officer. These efforts are overseen by several parties within the organization, including our Information Security Steering Committee comprised of a cross-functional group of senior leaders, as well as our Board of Directors and the Technology and Innovation Committee of the Board. Our mission is to maintain the confidentiality and integrity of all data and personal information stored in our systems and networks through sound data collection and usage protocols. We work relentlessly to responsibly collect and protect sensitive data through a comprehensive program guided by procedural requirements and policies informed by recognized industry cybersecurity frameworks in addition to well-trained and experienced cybersecurity and privacy professionals.

Our data security and consumer privacy efforts are built upon a system of secure and well-maintained technology controls, including encryption technology that ensures proper safeguarding of the personal information we store. Our systems ensure that each associate has access to the minimum amount of sensitive information required

to perform their specific duties, and that each employee is well-equipped and trained to prevent unauthorized use or disclosure. We believe CarMax's approach to managing data is another reason we continue to maintain our position as the clear industry leader. Our ability to responsibly utilize the data we collect helps us understand who our customers are and how we can best serve them. This responsible use of data is core to the ongoing success of our omni-channel strategy.

IDENTIFYING VULNERABILITIES AND ADDRESSING OUR RISKS

We believe possible threats to our customers' and associates' data are threats to our business and our ability to create value for our stakeholders. As a result, proactively identifying and addressing data security vulnerabilities is a top priority. To effectively identify vulnerabilities and remediate risks that could impact our business operations and the integrity of the information we store, we utilize technologies and processes that align with leading industry standards for enumerating and remediating our environment. In addition to our internal event monitoring capabilities, we utilize several third-party security services that collectively provide a real-time view of our security threat posture.

In the event of a data or privacy breach, CarMax will provide appropriate notifications to customers, associates, and all applicable state and federal regulatory agencies to comply with notification requirements. We track privacy opportunities on a continual basis to ensure appropriate remediation efforts, as well as evaluate the effectiveness of our systems and procedures in real time. We also provide credit protection services to affected customers, as appropriate.





Although the risks of cybersecurity breaches are dynamic and may increase due to growing reliance on digital operations, to our knowledge, CarMax has not experienced any cybersecurity breaches that have resulted in material expenses or the material compromise of our customers' or employees' sensitive information in the last four fiscal years. Given the potential impact and ever-changing nature of cybersecurity threats, our management team briefs either the full Board or its Technology and Innovation Committee on a quarterly basis on CarMax's security posture and the latest and most relevant issues related to technology and cybersecurity risk.

FOCUSING OUR EFFORTS

We conduct continuous testing and measurement of our security posture both internally and with outside vendors, as well as exercises based on current threat intelligence and likely adversary attack scenarios to test and continuously improve our incident response capabilities. Our security management framework is based on leading practices from industry standard guidelines, including the ISO 27001 Standard for Information Security Management and the National Institute of Standards and Technology (NIST) Cyber Security Framework. Additionally, we closely monitor data security trends to inform and augment our security practices. For example, we have observed an increase in business email compromise and other forms of phishing

attacks across all industries in recent years, including finance and retail. In response, we added industry-leading technology to detect and block advanced email threats and attacks, adjusted our associate security awareness training to place greater emphasis on phishing education, and enhanced the frequency of communication with associates on the importance of protecting confidential information. We will continue to monitor industry trends, including the unprecedented rise in ransomware and extortion, to drive even more impactful investment, prioritization, and risk mitigation practices for our customers, associates, and business.

ASSOCIATE EDUCATION AND AWARENESS

We expect our associates to treat others with respect, and that extends to the use, handling, classification, and protection of customer information. We recognize that the success of our safeguarding efforts depends largely on having well-trained associates with proper monitoring and alert capabilities.

To this end, we have policies that inform our customers about our use and protection of their information, including [General Privacy Policy](#) and [Financial Privacy Policy](#) and internal policies for our associates to understand the importance of safeguarding customer information and the acceptable use of electronic systems and devices.

Additionally, CarMax invests in annual cybersecurity awareness training for all associates, as well as specialized training and skills development for our dedicated cybersecurity professionals. Upon hire, every associate receives training on our Safeguarding Customer Information Policy to ensure our new hires are equipped to responsibly handle and protect the information we collect. Additionally, our annual Culture of Integrity training program includes specialized topics on data security and consumer privacy.

We also utilize written communications, bulletins, posters, intranet articles, and other forms of communication to maintain associate awareness and have begun offering interactive, adaptive refresher courses to enhance our training program. We have also developed specialized training for key areas of the business to ensure the right individuals receive appropriate security awareness training. All training-related progress feeds into our HR system automatically, where a running inventory is kept of which associates have been trained, where, and in what areas. Further, as we continue to work in a hybrid environment, we provide associates with tailored resources and training opportunities to ensure those associates working remotely continue meeting our high standards for security and privacy.

Political Contributions and Lobbying

POLITICAL CONTRIBUTIONS

We make limited contributions to candidates for public office where these contributions are permitted by law. We do not operate a Political Action Committee (“PAC”), nor do we make contributions to candidates for federal office or in states where corporate contributions are prohibited. Our contributions are made in recognition of the candidate’s public service and participation in the democratic process. When deciding to contribute, we consider the candidate’s:

- ▶ Policy views on issues important to CarMax;
- ▶ Leadership position within their jurisdiction;
- ▶ Character and moral integrity; and
- ▶ Commitment to diversity and inclusion.

In FY22, CarMax made contributions to the following candidates:

- ▶ **McAuliffe for Governor (Virginia):**
\$1,000
- ▶ **Energized for Change PAC (Delegate Eileen Filler-Corn, Virginia):**
\$1,000
- ▶ **Deeds for Senate (Virginia):**
\$500
- ▶ **Carr for Delegate (Virginia):**
\$250

TRADE ASSOCIATIONS

We also are members of several trade associations who use a portion of our dues to engage in lobbying. While we recognize that a trade association’s viewpoints do not agree with ours on every issue, we evaluate our trade association memberships annually to ensure that they promote the long-term interests of the Company, including our commitment to diversity, equity, inclusion, and environmental responsibility.

In FY22, we paid \$25,000 or more to the following trade associations

- ▶ **Retail Industry Leaders Association**
57% attributable to lobbying
- ▶ **United States Chamber of Commerce**
25% attributable to lobbying
- ▶ **American Financial Services Association**
40% attributable to lobbying



Conclusion

We are especially proud of the progress we have made over the last year and the ambitious goals we've set out to achieve in the future.

All of us at CarMax are pleased to report how we advanced our sustainability and community initiatives in this year's Responsibility Report. We are especially proud of the progress we have made over the last year and the ambitious goals we've set out to achieve in the future. We are confident that by continuing to uphold our core values, CarMax is well-positioned to create sustainable value for its associates, customers, communities, and shareholders well into the future.

We recognize that being a truly sustainable, diverse, and equitable Company requires continued focus and effort, and we look forward to sharing our progress in the years to come. As always, we welcome feedback, comments, or questions from our stakeholders regarding the contents within this report, and on any of our broader CSR efforts. We value this input and recognize that it is fundamental to our continued success.

Appendix

2021 EMPLOYER INFORMATION REPORT EEO-1

Job Categories	Hispanic or Latino		Non-Hispanic or Latino												Overall Totals
			Male						Female						
	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	
Exec/Sr. Officials & Mgrs	2	1	71	3	0	16	0	0	28	2	1	2	0	1	127
First/Mid Officials & Mgrs	67	12	507	73	1	35	3	22	137	32	0	8	0	17	914
Professionals	113	48	1245	192	5	210	2	69	633	108	2	72	2	33	2734
Technicians	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Workers	902	377	2170	1119	11	267	17	230	733	772	9	58	17	168	6850
Administrative Support	743	787	1540	764	23	157	23	155	1439	1365	14	139	21	235	7405
Craft Workers	3105	422	4604	1812	46	527	35	432	695	360	6	39	11	81	12175
Operatives	143	0	242	214	4	12	2	22	5	17	0	0	0	0	661
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5075	1647	10379	4177	90	1224	82	930	3670	2656	32	318	51	535	30866
<i>Previous Year Total</i>	<i>4219</i>	<i>1149</i>	<i>9550</i>	<i>3513</i>	<i>74</i>	<i>989</i>	<i>71</i>	<i>813</i>	<i>3026</i>	<i>1979</i>	<i>29</i>	<i>224</i>	<i>28</i>	<i>411</i>	<i>26075</i>

Appendix

SASB Content Indices

Code	Description	Link
CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Environmental Data - At a glance
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	Cybersecurity & Data Privacy
CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Identifying Vulnerabilities and Addressing Our Risks
CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Compensation and Benefits
CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Diversity and Inclusion
CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	About CarMax
CG-MR-000.B	Total area of: (1) retail space and (2) distribution centers	7.9 million sq. ft.

Appendix

GRI Content Indices

Code	Description	Link
102-18	Governance structure	Corporate Governance 2022 Proxy Statement (pages 18-19)
102-19	Delegating authority	Our Approach to ESG 2022 Proxy Statement (pages 15-17)
102-20	Executive-level responsibility for economic, environmental, and social topics	Our Approach to ESG 2022 Proxy Statement (pages 15-17)
102-21	Consulting stakeholders on economic, environmental, and social topics	Key Topic Identification Shareholder Outreach and Engagement 2022 Proxy Statement (pages 15, 24)
102-22	Composition of the highest governance body and its committees	Corporate Governance 2022 Proxy Statement (pages 7-13, 17-20)
102-23	Chair of the highest governance body	Board of Directors 2022 Proxy Statement (page 18)
102-24	Nominating and selecting the highest governance body	Board of Directors 2022 Proxy Statement (pages 20-21)
102-25	Conflicts of interest	2022 Proxy Statement (pages 23-24)
102-26	Role of highest governance body in setting purpose, values, and strategy	About CarMax Our Approach to ESG 2022 Proxy Statement (pages 15-17)
102-27	Collective knowledge of highest governance body	Leadership and Oversight Board of Directors 2022 Proxy Statement (pages 7-13)
102-28	Evaluating the highest governance body's performance	2022 Proxy Statement (page 21)
102-29	Identifying and managing economic, environmental, and social impacts	Our Approach to ESG Shareholder Outreach and Engagement 2022 Proxy Statement (pages 15-17)

Appendix

GRI Content Indices (cont.)

Code	Description	Link
102-30	Effectiveness of risk management processes	Enterprise Risk Management 2022 Proxy Statement (pages 22-23)
102-31	Review of economic, environmental, and social topics	Key Topic Identification Shareholder Outreach and Engagement 2022 Proxy Statement (page 15)
102-32	Highest governance body's role in sustainability reporting	About this Report 2022 Proxy Statement (page 17)
102-33	Communicating critical concerns	Our Approach to ESG 2022 Proxy Statement (page 15)
102-35	Remuneration policies	2022 Proxy Statement (pages 29-42, 65-66)
102-36	Process for determining remuneration	2022 Proxy Statement (pages 29-33)
102-37	Stakeholders' involvement in remuneration	Shareholder Outreach and Engagement 2022 Proxy Statement (pages 29-33)
102-38	Annual total compensation ratio	2022 Proxy Statement (page 64)

*Certain materials throughout this responsibility report and the above table reference GRI 2016 Standards including 102-18 - Governance Structure, 102-19 - Delegating Authority, 102-20 - Executive-level responsibility for economic, environmental, and social topics, 102-21 - Consulting stakeholders on economic, environmental, and social topics, 102-22 - Composition of the highest governance body and its committees, 102-23 - Chair of the highest governance body, 102-24 - Nominating and selecting the highest governance body, 102-25 - Conflicts of Interest, 102-26 - Role of highest governance body in setting purpose, values, and strategy, 102-27 - Collective knowledge of highest governance body, 102-28 - Evaluating the highest governance body's performance, 102-29 - Identifying and managing economic, environmental, and social impacts, 102-30 - Effectiveness of risk management processes, 102-31 - Review of economic, environmental, and social topics, 102-32 - Highest governance body's role in sustainability reporting, 102-33 - Communicating critical concerns, 102-35 - Remuneration policies, 102-36 - Process for determining remuneration, 102-37 - Stakeholders' involvement in remuneration, and 102-38 - Annual total compensation ratio.

Appendix

Note on Forward Looking Statements

This report contains certain forward-looking statements based on our management's current assumptions and expectations, including statements regarding our goals, commitments, programs, and other business plans, initiatives, and objectives. These statements are typically accompanied by words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "outlook," "plan," "predict," "should," "will," and other similar expressions, whether in the negative or affirmative. All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended. Such statements are based upon management's current knowledge and assumptions about future events and involve risks and uncertainties

that could cause actual results to differ materially from anticipated results. Such risks, uncertainties, and factors include the assumptions, risks, uncertainties, and factors identified in this report and the risk factors discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 28, 2022 filed with the U.S. Securities and Exchange Commission (SEC). You should consider the forward-looking statements in this report in conjunction with our Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. We undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events, or otherwise.