

ALIGNING PERFORMANCE AND REWARD



**COLINE
McCONVILLE**

Chair of the
Remuneration
Committee

DEAR SHAREHOLDER

I am pleased to present the Directors' Report on Remuneration ("DRR") for the year ended 31 December 2018. The first part of this report gives details of the remuneration policy which was approved by shareholders at the 2017 Annual General Meeting ("AGM") and part two of the report gives details of how the policy was implemented during 2018.

Jane Kingston was appointed to the Board and to the Committee on 25 July 2018. Jane brings a wealth of remuneration experience and her biography is given on page 49. After almost five years on the Board and three years as Chair of the Committee, I have decided to retire from Inchcape and will be stepping down from the Board in July 2019. By that time, Jane will have served on the Committee for 12 months and we will have completed a comprehensive handover prior to the policy review in 2020.

2018 PERFORMANCE OUTCOMES AND AWARDS

The Group delivered sales of £9.3bn, operating profit before exceptional items of £385.1m, EPS of 65.0p (adjusted) and ROCE of 28%. The performance resulted in 62.3% of the 2016 performance share plan ("PSP") and the 2016 co-investment plan ("CIP") vesting and a 2018 annual bonus payment of 57.7% for salary for Stefan Bomhard and 66.7% of salary for Richard Howes.

The various elements of remuneration paid to Directors are set out on the following pages, with a summary on page 70. This includes a 4.0% and 2.5% salary increase for Stefan Bomhard and Richard Howes respectively, which took effect from 1 April 2018. The Committee took into account the average salary increase across the Group when determining the 2018 Executive Directors' salaries, along with performance, delivery of the Ignite strategy and external and internal market practices, and concluded these increases to be appropriate. In 2018, the average salary increase across the Group was 2.5%.

The Committee is satisfied that the total remuneration received by Executive Directors in 2018 appropriately reflects the Company's performance over the year and is consistent with the approach taken for other employees. The Committee is also satisfied that the approach to setting the remuneration underpins the effective and proper management of risk by rewarding fairly for sustainable profit growth and long-term returns for shareholders. The Committee did not exercise any discretion on reward outcomes for 2018.

2018 UK CORPORATE GOVERNANCE CODE

The new Corporate Governance Code was published in July 2018. The Committee has considered its obligations under the new Code which is effective from 1 January 2019. Some of the new provisions have already been adopted by the Company such as holding periods for long-term incentive plans and malus and clawback provisions, however there are certain actions the Committee will undertake during 2019 as part of the remuneration policy review:

- A review of the information provided to the Committee in respect of workforce remuneration and related policies;
- A review of the alignment of pay structures with desired Company culture (as well as performance);
- Consideration of a post-employment shareholding policy;
- Review of cash supplements offered to Executive Directors as part of the pension contributions;
- Consideration of the use of discretion to override formulaic outcomes beyond what is already permitted in the policy and relevant plan rules.

The Committee, in particular, notes the views of remuneration governance bodies and investor guidelines on pensions paid to executive directors. At the last policy review in 2017, the Committee reduced the maximum pension contributions from 40% to 30% of salary for the Executive Directors and will review the maximum contribution again as part of the upcoming policy review.

The Committee also updated its terms of reference to align with the new Code. Its terms of reference can be found at www.inchcape.com/governance and details of the remuneration consultants can be found on page 87.

REGULATORY REPORTING REQUIREMENTS

The Companies (Miscellaneous Reporting) Regulations 2018 (the Regulations) were published in June 2018. The Committee has reviewed the revised reporting requirements which are effective from 1 January 2019. The Committee has decided to implement the following reporting requirements early: the disclosure of any use of discretion by the Committee in the Annual Statement, the additional pay scenario of maximum vesting under the long-term incentives plus a 50% share price appreciation to the performance scenario charts and an additional note in the single figure table detailing how much of the Executive Director's vested long-term incentives for that year are attributable to share price appreciation. The Committee also reviewed the feasibility

of disclosing the CEO pay ratio in this report however the Committee concluded that it would be appropriate to disclose in next year's report in line with regulations.

During 2019, the Committee will review relevant processes, procedures and policies to ensure that they are aligned with the new reporting and governance regulations and will report to shareholders on these aspects in next year's DRR.

2019 REMUNERATION

During 2018 and at the beginning of 2019, the Committee reviewed the impact of new accounting standard IFRS 16, which is effective from 1 January 2019, on the performance targets for the 2019 incentives as well as the targets for the outstanding 2017 and 2018 long-term incentive awards. For 2019, the bonus and long-term incentive awards will be set taking into account the new standard to ensure targets and actual performance are measured on a consistent basis. For the outstanding 2017 and 2018 long-term incentive awards, the Committee intends to make adjustments to targets as appropriate and will disclose in the relevant DRR.

The Committee considered salary increases for Stefan Bomhard and Richard Howes and approved an increase of 2.0% each. The salary increases will take effect from 1 April 2019.

2019 REMUNERATION POLICY REVIEW

Jane Kingston will lead the remuneration policy review during 2019 with a view to consulting with shareholders before the end of the year. Along with a comprehensive review of the policy the Committee will also consider how it can engage with the wider workforce on how decisions on executive pay reflect wider pay policies and alignment across the Group.

The Committee values the opportunity to engage with stakeholders as it allows the Company to be transparent around its remuneration decisions. Engagement also allows stakeholders to express their views on the clarity, appropriateness and simplicity of its remuneration policy. The remuneration policy will be put to shareholders for approval at the 2020 Annual General Meeting.

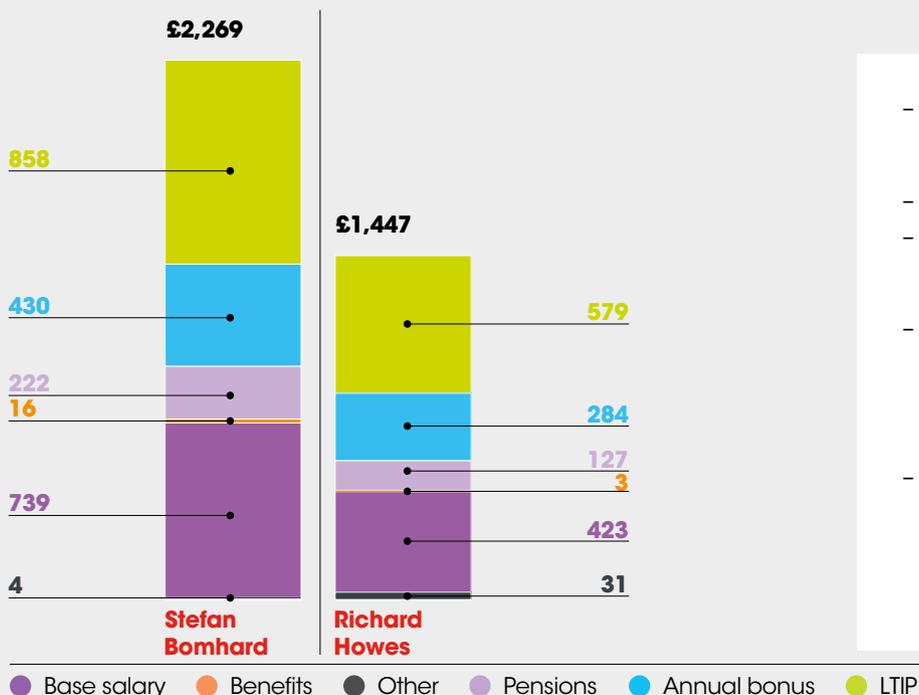
We look forward to engaging with shareholders throughout the year and at the Company's Annual General Meeting in May 2019.



Coline McConville
Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

WHAT EXECUTIVE DIRECTORS EARNED DURING 2018 (£'000)



- 4.0% and 2.5% salary increase in 2018 for CEO and CFO respectively
- 30% pension supplement
- Benefits include medical cover, company car and life assurance
- LTIP - the figures are based on the value of awards using the average share price from 1 October 2018 to 31 December 2018 of 563.5p
- 62.3% of the PSP and CIP awards vested

Details of actual performance achieved are given on pages 79 to 82.

ALIGNMENT OF PERFORMANCE AND REMUNERATION FOR 2018

Annual bonus

To motivate and reward the achievement of the Company's strategic and operational objectives

Long-term incentives

To motivate and reward performance linked to long-term success

DRIVE GROWTH
KPI: Revenue
£9.3bn

DRIVE PERFORMANCE
KPI: Operating Profit
£385.1m

INCREASE EARNINGS AND RETURNS
KPI: EPS **65p** KPI: ROCE **28%**

DELIVER STRATEGY
KPI: annual objectives
Progress of Ignite

LONG-TERM PERFORMANCE
Performance Period
2016 - 2018

REWARD
57.7% of salary - CEO
66.7% of salary - CFO

REWARD
PSP **62.3%** CIP **1.25:1 match**

Further information on annual bonus and long-term incentive plans can be found on pages 80 to 82.

Part 1 —

DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy approved by shareholders at the AGM on 25 May 2017. There are three minor changes/clarifications: confirmation that it is current practice for any dividends accrued over the vesting of PSP and CIP awards to be paid in shares, a statement of the Committee's commitment to consult employees on executive remuneration in the future and additional detail on the term of appointment for the Non-Executive Directors. The performance scenario charts also include an additional scenario of maximum vesting under long-term incentives plus a 50% share price appreciation.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Base salary	To pay a competitive salary which attracts, retains and motivates talent to make decisions which drive the Company's strategy and create value for stakeholders.	Salaries are reviewed annually and any increases typically take effect from 1 April of each year. Adjustments to salary will take account of: <ul style="list-style-type: none"> – Increases awarded across the Group as a whole, and conditions elsewhere in the Group; – Experience and performance of the individual; – Pay levels at organisations of a similar size, complexity and type; and – Changes in responsibilities or scope of the role. 	Increases are not expected to exceed average increase for senior management, unless a change in scope or complexity of role applies.
Annual bonus	To motivate and reward for the achievement of the Company's strategic annual objectives.	Based at least 70% on annual financial performance. Financial measures may include (but are not limited to) revenue and operating profit. Non-financial measures may include strategic measures directly linked to the Company's priorities. Any annual bonus earned above 100% of salary is paid in shares which are automatically invested in the CIP. Bonus payouts are subject to malus and clawback provisions.	150% of salary maximum payable for achieving stretch performance against all measures. 60% of salary payable for target performance. 12% of salary payable for entry level performance.
Performance Share Plan (PSP)	To provide a meaningful reward to senior executives linked to the long-term success of the business. The use of performance shares enables the delivery of median pay for median performance and upper quartile pay for upper quartile performance.	Vesting of the PSP awards is based on performance measures linked to the Group's strategic priorities and may vary year-on-year. For awards granted to the Executive Directors from 2017, vested awards will be subject to an additional two-year holding period. Any dividends paid would accrue over the vesting period and would be paid only on those shares that vest. Dividends can be paid in cash or shares. Current practice is for dividends to be paid as shares. PSP awards granted from 2017 are subject to malus and clawback provisions.	PSP opportunities will be 180% of salary. Award levels are subject to an individual limit of 300% of salary. Threshold level performance will result in 25% vesting of the PSP award.
Co-Investment Plan (CIP)	To encourage executive share ownership and reinforce long-term success. A voluntary investment opportunity in return for a performance-based match. Any annual bonus over 100% of salary will be paid in shares which will be automatically invested in the plan. Further voluntary investments may be made up to the investment limit.	Any bonus over 100% of salary will be paid in shares which will be automatically invested in the plan. Further voluntary investments may be made up to the investment limit. Invested shares can be withdrawn at any time but the entitlement to a match would be lost if the invested shares are withdrawn before the end of the relevant three-year vesting period. Vesting of the CIP awards is based on performance measures linked to the Group's strategic priorities and may vary year-on-year. For awards granted to the Executive Directors from 2017, vested awards will be subject to an additional two-year holding period. Any dividends paid would accrue over the vesting period and would be paid only on those shares that vest. Dividends can be paid in cash or shares. Current practice is for dividends to be paid as shares. CIP awards granted from 2017 are subject to malus and clawback provisions.	Executive Directors may invest up to an overall maximum of 50% of salary. Maximum match of 2:1, threshold of 0.5:1. Maximum matching award is therefore 100% of salary in any year, and threshold matching award is 25% of salary.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS CONTINUED

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Save As You Earn (SAYE)	To encourage share ownership.	UK employees are able to make monthly savings, over a three-year period. At the end of the savings period, the funds are used to purchase shares under option. As this is an all-employee scheme and Executive Directors participate on the same terms as other employees, the acquisition of shares is not subject to the satisfaction of a performance target.	Participation limits are those set by the UK tax authorities from time to time.
Pension	To provide market competitive pension benefits where it is cost-effective and tax-efficient to do so.	The Group's pension scheme, Cash+, is a cash balance retirement scheme which accrues 16% of earnings (capped at £250,000 p.a.) paid as a lump sum at the age of 65. Members are required to contribute 7% of pensionable salary. Executive Directors may also receive a salary supplement in lieu of pension contributions.	Eligibility to join the Cash+ scheme at a minimum level to meet regulatory requirements. Cash supplement up to 30% of base salary for Executive Directors.
Other benefits	To provide market competitive benefits where it is cost-effective and tax-efficient to do so.	Benefits currently include (but are not limited to): - Company cars; - Medical care; and - Life assurance premiums.	It is not anticipated that the costs of benefits provided will materially exceed 5% of salary for existing Executive Directors. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation).

To encourage share ownership and ensure alignment of executive interests with those of shareholders, Executive Directors are required to hold a number of shares equivalent to 200% of base salary. Executive Directors have five years from the date of appointment to reach this shareholding.

NOTES TO THE POLICY

Payments from existing awards

Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the remuneration policy detailed in this report. Such awards include vested but unexercised options.

Selection of performance measures and target setting

The Committee regularly reviews the appropriateness of performance measures used by the Group.

- The annual bonus measures have been selected to incentivise sustainable growth in profits. The matrix structure provides a balanced focus between commercial and cash initiatives. A basket of strategic measures will be selected each year to reinforce the Group's strategic objectives.
- The Committee believes that EPS continues to be the best measure of long-term performance for the Group and is currently therefore the primary long-term incentive measure. It provides strong line of sight for executives who are familiar with the existing basis of EPS performance measurement and is consistent with the Group's long-term strategy focusing on sustainable growth.
- ROCE supports the Group's cash initiatives of

controlling working capital and capital expenditure and, when combined with EPS, provides a balance between growth and returns.

- Performance targets are set to be stretching and achievable, taking into account the Company's strategic priorities and the economic environment in which the Company operates.
- The Committee has considered the use of other performance measures to reinforce the Company's long-term objectives, including relative TSR and cash flow. However, given the diversity of the Group's operations, it would be difficult to set a relevant and robust comparator group for assessing relative TSR performance and there would be some difficulty in cascading many of the other measures appropriately down the organisation.
- Targets are set taking into account a range of reference points including the Ignite strategy and broker forecasts for the Group. The Committee believes that the performance targets set are appropriately stretching, and that the maximum will only be achievable for truly outstanding performance. Please see pages 80 to 83 for further details on the target ranges.
- The Committee retains discretion to adjust the annual bonus outcome up or down to ensure that it is a fair reflection of the Group's underlying performance.

- The Committee also has the discretion to adjust the performance conditions for long-term incentive plans in exceptional circumstances, provided the new conditions are no tougher or easier than the original conditions.
- Any discretion exercised by the Committee in the adjustment of performance conditions will be fully explained to shareholders in the relevant Annual Report on Remuneration. If the discretion is material and upwards, the Committee will consult with major shareholders in advance.

Malus and clawback

These provisions allow the Committee in certain circumstances (such as gross misconduct or a material misstatement of the Group financial statements) the discretion to:

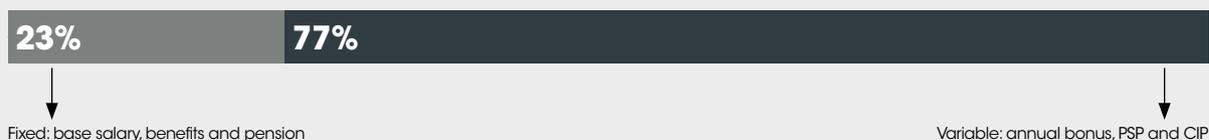
- reduce bonus, PSP and/or CIP;
- cancel entitlement of bonus;
- prevent vesting of the PSP and/or CIP; or
- allow the Company within two years of payment/ vesting of award to claim back up to 100% of the award.

Composition of remuneration arrangements

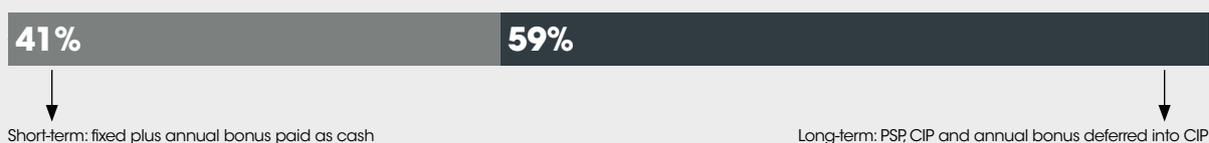
A significant proportion of Executive Directors' pay is variable, long term and remains 'at risk' (i.e. subject to malus and clawback provisions).

Charts are based on maximum payout scenarios for Executive Directors.

Fixed vs. variable (%)



Short-term vs. long-term (%)



REMUNERATION POLICY FOR OTHER EMPLOYEES

Our approach to salary reviews is consistent across the Group with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies (using remuneration surveys, where appropriate) and the Company's ability to pay.

Senior managers (c. 400 individuals) participate in an annual bonus scheme which has similar performance targets to those of the Executive Directors. Below this level, local incentive schemes are in place for management and non-management employees. Opportunities and performance conditions vary by country and organisational level, with business unit-specific metrics incorporated where appropriate. Commission-based arrangements are also operated for certain roles.

Senior managers also receive PSP awards while participation in the CIP is limited to Executive Directors, Group Executive Committee members and the next level of executives (c. 20 individuals). Performance conditions are consistent for all participants while award sizes vary by organisational level. Share ownership guidelines apply to Executive Directors and Group Executive Committee members.

All UK employees are eligible to participate in the SAYE scheme on the same terms.

Pension and benefits arrangements are tailored to local market conditions, and so various arrangements are in place for different populations within the Group.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Objective and link to strategy	Operation and performance metrics	Opportunity
To provide fair remuneration, reflecting the time commitment and responsibilities of the role.	<p>Non-Executive Directors receive a fixed fee and do not participate in any incentive schemes or receive any other benefits, except the Chairman who receives medical cover.</p> <p>Fee levels are reviewed regularly, with any adjustments effective immediately after the review is approved.</p> <p>Additional fees are payable for acting as Senior Independent Director and as Chairman of any of the Board's Committees (excluding the Nomination Committee).</p> <p>The Chairman's fee is determined by the Remuneration Committee and the fees for other Non-Executive Directors are determined by the Executive Directors.</p> <p>Non-Executive Directors may elect to receive up to 20% of their net fees p.a. as Company shares.</p>	<p>Appropriate adjustments may be made to fee levels, taking account of:</p> <ul style="list-style-type: none"> - increases awarded across the Group as a whole and conditions elsewhere in the Group; - fee levels within organisations of a similar size, complexity and type; and - changes in complexity, responsibility or time commitment required for the role.

Fees paid to Non-Executive Directors are within the limits set by shareholders from time to time. This limit, currently at an aggregate of £1,000,000, was last approved by shareholders at the 2015 AGM.

Non-Executive Directors' term of appointment

The Non-Executive Directors are appointed for an initial three-year term which can be terminated by either party on one months' notice (six months for the Chairman).

Name	Date of appointment	Notice period
Jerry Buhlmann	01 March 2017	One month
Rachel Empey	26 May 2016	One month
Jane Kingston	25 July 2018	One month
John Langston	01 August 2013	One month
Coline McConville	01 June 2014	One month
Nigel Northridge	01 July 2009	One month
Nigel Stein	08 October 2015	Six months
Till Vestring	01 September 2011	One month

CONSIDERATION OF CONDITIONS ELSEWHERE IN THE GROUP

Prior to the annual salary review, the Committee receives an update from the Chief Human Resources Officer on the average salary increases across the Group. This is considered by the Committee when determining salary increases for the Executive Directors and the Group Executive Committee.

The Company has a diverse international spread of businesses as well as a wide variety of roles from petrol pump attendants and valeters through to Chief Executives of our individual businesses and therefore pay levels and structures vary to reflect local market conditions. Although the Company has not carried out a formal employee consultation regarding executive remuneration, it does comply with local regulations and practices regarding employee consultation more broadly. The Board is reviewing how it consults with its

employees on its employment policies including all employee and executive remuneration and will report on this in the relevant sections of next year's Annual Report.

CONSIDERATION OF SHAREHOLDER VIEWS

When determining remuneration, the Committee takes into account the guidelines of representative investor bodies and shareholder views.

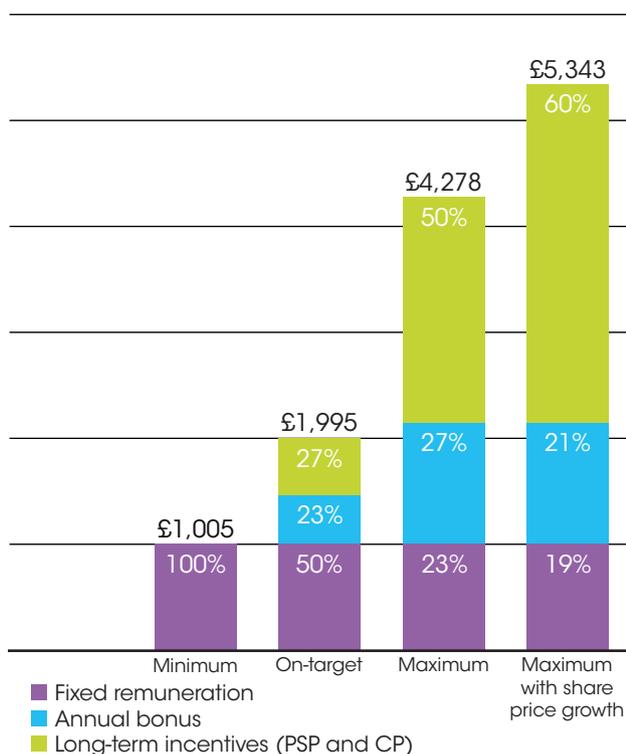
The Committee is always open to feedback from shareholders on remuneration policy and arrangements. We are committed to undertaking shareholder consultation in advance of any proposed changes to remuneration policy, as evidenced by the consultation in 2016/2017 with shareholders representing two-thirds of the Company's issued share capital. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of the executive remuneration remains appropriate.

PERFORMANCE SCENARIOS

The charts below show the remuneration that Executive Directors could expect to obtain based on varying performance scenarios. Illustrations are intended to provide further information to shareholders regarding the pay for performance relationship. However, actual pay delivered will be influenced by actual changes in share price and the vesting periods of awards. The charts have been updated for 2019 salaries and also include an additional scenario consistent with the new remuneration reporting regulations which came into effect for accounting periods starting 1 January 2019. The scenario 'Maximum with share price growth' is based on the same assumptions as used in the 'Maximum' scenario but also assuming the share price increases by 50%.

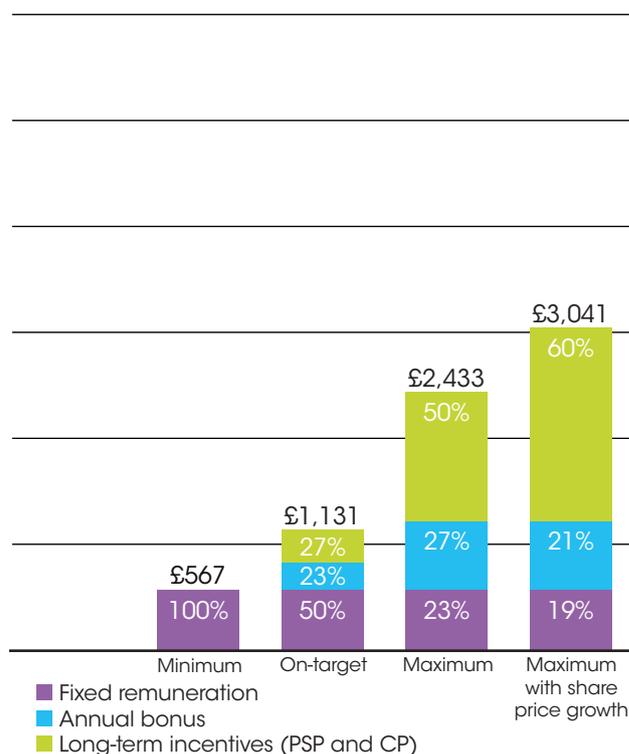
Stefan Bomhard - Group Chief Executive

Total remuneration (£'000s)



Richard Howes - Chief Financial Officer

Total remuneration (£'000s)



Notes on the performance scenarios:

Element	Assumptions																				
Fixed remuneration	Total remuneration comprises base salary, benefits and pensions Base salary – effective from 1 April 2019 Benefits – as provided in the single figure table on page 79, excluding one-off relocation allowance Pension – cash in lieu of pension																				
Variable pay	<table border="1"> <thead> <tr> <th></th> <th>Minimum</th> <th>On-target</th> <th>Maximum</th> <th>Maximum with share price growth</th> </tr> </thead> <tbody> <tr> <td>Annual bonus</td> <td>No payout</td> <td>Target payout (40% of maximum)</td> <td>Maximum payout</td> <td></td> </tr> <tr> <td>CIP</td> <td>No vesting</td> <td>Assumes full voluntary investment Threshold match of 0.5:1</td> <td>Maximum vesting</td> <td>Maximum vesting + 50% share price growth</td> </tr> <tr> <td>PSP</td> <td>No vesting</td> <td>Threshold vesting (25% of maximum)</td> <td>Maximum vesting</td> <td>Maximum vesting + 50% share price growth</td> </tr> </tbody> </table>		Minimum	On-target	Maximum	Maximum with share price growth	Annual bonus	No payout	Target payout (40% of maximum)	Maximum payout		CIP	No vesting	Assumes full voluntary investment Threshold match of 0.5:1	Maximum vesting	Maximum vesting + 50% share price growth	PSP	No vesting	Threshold vesting (25% of maximum)	Maximum vesting	Maximum vesting + 50% share price growth
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APPROACH TO RECRUITMENT REMUNERATION

External appointments

When appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value	
Base salary	The base salaries of new appointees will be determined by reference to the scope of the role, experience of the individual, pay levels at organisations of a similar size, complexity and type, pay and conditions elsewhere in the Group, implications for total remuneration, internal relativities and the candidate's current base salary.	n/a	
Pension	New appointees will be eligible to participate in the Group's pension plan (or receive a cash supplement in lieu) on similar terms to existing Executive Directors.	n/a	
Benefits	New appointees will be eligible to receive normal benefits available to senior management, including (but not limited to) company cars, medical care and life assurance.	n/a	
Annual bonus	The annual bonus described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year.	150% of salary	
PSP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table.	300% of salary	The combined maximum is not intended to exceed 400% of salary
CIP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table.	100% of salary	
Other	The Committee will consider on a case-by-case basis if all or some of the incentives forfeited on leaving a previous employer will be 'bought-out'. If the Committee decides to buy-out forfeited awards, the award will be structured on a comparable basis, taking into account any performance conditions attached, time to vesting and share price at the time of buy-out. The Committee retains the discretion to make use of the relevant Listing Rule to facilitate such a buy-out.	n/a	

Notes to recruitment remuneration policy

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of the Group and its shareholders.

Internal appointments

In cases of internal promotions to the Board, the Committee will determine remuneration in line with the policy for external appointees as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. Incentive opportunities for employees below Board level are typically no higher than for Executive Directors.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Committee will use the policy as set out in the table on page 74. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director or as the Chairman of Audit, Remuneration and CSR Committees as appropriate.

EXIT PAYMENT POLICY, SERVICE CONTRACTS AND CHANGE OF CONTROL

The Company's policy is to limit severance payments on termination to pre-established contractual arrangements.

In addition, the Company retains discretion to settle any other amount reasonably due to the Executive Director, for example, to meet legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice.

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee as well as the rules of any incentive plans. When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants.

The table below summarises how the awards under the annual bonus, PSP and CIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

Component	Circumstance	Treatment	Payment/vesting date (if relevant)
Annual bonus	Resignation.	Bonus will lapse unless the date of leaving is after the year end and not serving notice period. The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved.	Either the end of the performance period or at the Committee's discretion.
	Death, ill-health, redundancy, retirement or any other reason which the Committee may, in its absolute discretion, permit.	The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved. Any bonus payment will be pro-rated for time served during the year.	Either the end of the performance period or at the Committee's discretion.
	Change of control.	The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved. Any bonus payment will be pro-rated for time served during the year.	Either the end of the performance period or at the Committee's discretion.
PSP and CIP	Resignation.	Unvested awards will lapse on date of leaving. Any vested awards can be exercised.	Either the end of the performance period or at the Committee's discretion.
	Death, ill-health, redundancy, retirement (CIP only) or any other reason which the Committee may, in its absolute discretion, permit.	Any unvested awards will be pro-rated for time and performance.	Either the end of the performance period or at the Committee's discretion.
	Change of control.	Any unvested awards will be pro-rated for time and performance.	Either the end of the performance period or at the Committee's discretion.

SERVICE CONTRACTS

The Company's policy is for Executive Directors' service contract notice periods to be no longer than 12 months, except in exceptional circumstances. All current contracts contain notice periods of 12 months.

Name	Date of contract	Notice period	Unexpired term
Stefan Bomhard	1 April 2015	12 months	To retirement age
Richard Howes	11 April 2016	12 months	To retirement age

The Company may terminate an Executive Director's contract by paying a sum equal to base salary and, in certain circumstances, benefits including pension and life assurance, company car and entitlement to holiday pay for the 12-month period. Executive Directors' service contracts are available to view at the Company's registered office.

Part 2 —

ANNUAL REPORT ON REMUNERATION

The following section provides details of how the Company's remuneration policy was implemented during the financial year to 31 December 2018 and how it will be implemented in the financial year to 31 December 2019.

COMMITTEE MEMBERSHIP AND ATTENDANCE AT MEETINGS

		Feb	May	Nov
Coline McConville	Committee Chair	✓	✓	✓
Jerry Buhlmann	Independent Non-Executive Director	✓	✓	✓
Jane Kingston*	Independent Non-Executive Director	–	–	✓
Nigel Northridge	Senior Independent Director	✓	✓	✓
Nigel Stein	Chairman	✓	✓	✓
Till Vestring	Independent Non-Executive Director	✓	✓	✓

*Jane Kingston joined the Committee in July 2018.

The Remuneration Committee consists of five independent Non-Executive Directors and the Chairman, who was independent on appointment. The Committee invites other individuals such as the Group Chief Executive, Chief Human Resources Officer and external consultants to attend its meetings. No Director takes any part in any decision affecting his or her own remuneration. The table below details the decisions the Committee made in 2018 and its focus for 2019.

2018 objectives	Progress made	2019 focus
Bonus scheme	The Committee reviewed the outcome of the 2017 bonus scheme and set targets for the 2018 bonus scheme. Details are given on pages 80 to 81	The Committee will review the bonus structure as part of the remuneration policy review
Long-term incentives	The Committee reviewed the outcome of the 2015 PSP and CIP awards and agreed the grants for 2018. Details are on page 83	The Committee will review the appropriateness of the long-term incentive structure as part of the remuneration policy review, taking into account strategy, culture and stakeholder views
Executive Directors' remuneration	The Committee approved the overall 2018 remuneration for the Executive Directors. Further details are given on pages 79 to 83	The Committee will set targets for performance-related remuneration and consider appropriate salary levels and other benefits
Group Executive Committee remuneration	The Committee reviewed the remuneration for senior executives taking into account pay for employees across the Group	The Committee will set targets for performance-related remuneration and consider salary levels and other benefits
Chairman's fee	The Committee considered the Chairman's fee upon the appointment of Nigel Stein. It agreed that the fee remained appropriate and no changes were made	The Chairman's fee will be reviewed in November 2019
Share plan rule change	The Committee approved amendments to share plan rules on leaver provisions and to incorporate GDPR requirements. These changes did not benefit participants therefore did not require shareholder approval	The Committee will review the share plan rules to ensure they comply with best practice, regulation and governance practices
Committee evaluation	The Committee reviewed the results of the 2017 external evaluation and agreed actions for 2018	An internal evaluation of the Committee's performance in 2018 will take place in early 2019
Remuneration trends update	The external advisors updated the Committee on governance and remuneration trends	The Committee will review and approve the disclosures for the CEO pay ratio, pay scenarios and impact of share price appreciation
Gender pay gap report	The Committee reviewed the gender pay gap results and the initiatives being introduced to close the gap. The report can be found on www.inchcape.co.uk	The Committee will review the impact of the initiatives and the results of the 2019 gender pay analysis
Terms of reference	The terms of reference were updated to reflect the provisions of the new UK Corporate Governance Code	The terms of reference are effective from 1 January 2019

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2018:

Name	Base salary/fees £'000		Taxable benefits (a) £'000		Single-year variable (b) £'000		Multiple-year variable (c) £'000		Pension (d) £'000		Other (e) £'000		Total £'000	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Current Executive Directors														
Stefan Bomhard	739	713	16	19	430	728	858	1,332	222	214	4	0	2,269	3,006
Richard Howes	423	412	3	2	284	421	579	-	127	124	31	391	1,447	1,350
Current Non-Executive Directors (f)														
Nigel Stein	217	60	1	-	-	-	-	-	-	-	-	-	218	60
Jerry Buhlmann	60	50	-	-	-	-	-	-	-	-	-	-	60	50
Rachel Empey	60	60	-	-	-	-	-	-	-	-	-	-	60	60
Jane Kingston*	26	-	-	-	-	-	-	-	-	-	-	-	26	-
John Langston	75	75	-	-	-	-	-	-	-	-	-	-	75	75
Coline McConville	75	75	-	-	-	-	-	-	-	-	-	-	75	75
Nigel Northridge	81	81	-	-	-	-	-	-	-	-	-	-	81	81
Till Vestring	70	70	-	-	-	-	-	-	-	-	-	-	70	70
Previous Non-Executive Directors														
Ken Hanna*	128	320	1	3	-	-	-	-	-	-	-	-	129	323
Total	1,954	1,916	21	24	714	1,149	1,437	1,332	349	338	35	391	4,510	5,150

* Ken Hanna left during the year and Jane Kingston was appointed during the year.

a. Taxable benefits comprise car allowance, medical cover and mileage allowance.

b. Payment for performance during the year under the annual bonus, including amounts paid in shares.

c. The 2018 figures include the 2016 PSP and CIP which will vest in April 2019 based on performance over the three-year period ended 31 December 2018. These figures have been valued using the average share price from 1 October 2018 to 31 December 2018 of 563.5p. Actual performance against targets is given on page 82. For Stefan Bomhard the 2018 value includes a movement of -£213,156 which is due to a reduction in the share price over the vesting period. For Richard Howes, the 2018 value is -£145,782. The 2017 figure for Stefan Bomhard has been revised from last year's report to reflect the share price on the date of vesting (valued using the market price at the date of vesting of 705.0p) and includes dividend equivalent of £91,100. Full details of the awards exercised in 2018 are given on page 84.

d. During the year the Executive Directors received a cash supplement of 30% of base salary in lieu of pension contributions.

e. The 2017 figure for Richard Howes has been revised from last year's report to reflect the share price on vesting of the RH award which was granted to him as a buyout on joining the Company. The share price used is 702.0p and includes dividend equivalent of £23,517. In 2018 he received a one off payment of £28,288 in lieu of a cancelled holiday. The 2018 figure for both Stefan Bomhard and Richard Howes includes the value of the 2018 SAYE and is based on the embedded value at date of grant.

f. The fees of the Chairman, Non-Executive Directors and the Senior Independent Director are given on page 79.

BASE SALARY

Salaries are reviewed annually and typically take effect from 1 April each year. The quantum of total executive remuneration was reviewed against four comparator groups: retailers, distributors, companies of a similar market cap, and companies with similar revenues.

Salaries for 2019 were determined taking into account this benchmarking data, as well as the other factors detailed in the policy table.

The salaries for 2017, 2018 and 2019 are set out below, together with the average increases across the Group.

Name	1 April 2017	1 April 2018	1 April 2019
Stefan Bomhard	£717,500	£746,200	£761,124 – 2.0% increase
Richard Howes	£415,125	£425,503	£434,013 – 2.0% increase
Average increase across Group	2.18%	2.5%	2.43%

CHAIRMAN'S AND NON-EXECUTIVE DIRECTORS' FEES

The Chairman receives a fee of £320,000 p.a. The Senior Independent Director receives a fee of £81,000 p.a. The Non-Executive Directors receive a fee of £60,000 p.a. with an additional £15,000 p.a. for the chair of the Audit and Remuneration Committees and an additional £10,000 p.a. for the chair of the CSR Committee.

The Board agreed a £2,000 increase p.a. with effect from 1 January 2019 for all Non-Executive Directors. The CSR chair also received an increase of £2,000 p.a. for performing this role. The fee for the Chairman, Senior Independent Director and fees for the Audit and Remuneration chair remained the same.

ANNUAL BONUS

The annual bonus is based on annual financial performance measures and non-financial measures. The non-financial measures may include personal objectives linked to the delivery of the Ignite strategy. The measures are selected to incentivise sustainable growth and the financial matrix is designed to provide a balanced focus between commercial and cash initiatives. The non-financial measures are selected each year to reinforce the Group's strategic objectives.

The principles for setting the new framework are such that it:

- Drives the desired behaviours underpinned by our performance drivers
- May be easily cascaded through the organisation to reinforce alignment of our collective goals
- Has clear measures and targets

2018 BONUS

For 2018, 80% of the bonus is based on financial performance via a matrix of revenue and operating profit with the remaining 20% of the bonus based on strategic objectives, therefore linking an individual's bonus outcome to their contribution to the Ignite strategy.

The maximum opportunity was 150% of salary which is payable for achieving stretch performance against all measures.

In line with the Committee's commitment to disclose bonus targets, the table on page 81 illustrates targets, performance and resulting bonus outcomes for the Executive Directors for the 2018 bonuses.

THE STRUCTURE OF THE 2018 BONUS

Up to 80% of total bonus or 120% of salary is earned according to the following matrix:

Revenue

STRETCH	24%	72%	120%
TARGET	16%	48%	96%
THRESHOLD	12%	36%	72%
	THRESHOLD	TARGET	STRETCH

Operating profit



Up to 20% of total bonus or 30% of salary is earned for the achievement of strategic measures linked to the Ignite strategy which are as follows:



Lead in customer experience

Customer service innovation, including progress on the digital customer journey



Become the OEM partner of choice

Improving strategic business partnerships with our OEM brand partners



Deliver full potential on all our revenue streams

Developing business opportunities and improving focus on all our revenue streams



Leverage our global scale

Improvement in business processes

ACTUAL PERFORMANCE AGAINST BONUS TARGETS

Achievement of financial targets (80% of total bonus or 120% of salary)

In 2018, the level of performance for revenue was between target and stretch and for operating profit was between threshold and target on the matrix, which resulted in 36.7% of salary paying out for both the CEO and CFO under this element of the bonus. The table below provides further detail on the revenue and operating profit targets. Actual performance for determining bonus outcomes has been calculated using the same currency rates as used to set the bonus target. This ensures that bonus outcomes are linked to, and reward for, underlying financial performance.

Measure	Targets			Actual performance	Outcome for element of bonus % of salary
	Threshold	Target	Stretch		
Revenue	£8,810.7m	£9,274.4m	£9,738.1m	£9,476.7m	36.7%
Operating profit	£377.6m	£419.5m	£461.4m	£396.1m	

Achievement of strategic targets (20% of total bonus or 30% of salary)

Below we provide as much detail as commercially appropriate on the objectives linked to the strategic part of the 2018 bonus arrangements and the resulting outcomes. For 2018, Stefan Bomhard had three bonus objectives linked to the Ignite strategy and Richard Howes had two bonus objectives linked to the Ignite strategy.

Lead in customer experience



For Stefan Bomhard, this objective was focused on stretching targets linked to the improvement of the Inchcape customer experience, which included the development of a new customer-centric omni-channel (which we have started to successfully pilot in Australia) and improvement of the 360 degree view of the customer journey across the Group (for which the Group developed and rolled out Salesforce CRM, Brightedge SEO and review aggregator reputation.com). The Committee concluded that Stefan Bomhard fully achieved the targets set for the year and as a result received a bonus equating to 15% of base salary for this element.

Deliver full potential on all our revenue streams



For Stefan Bomhard, this objective was focused on maximising our performance against all of our value drivers, with particular focus on improving our Aftersales position. Over the period we reduced the span of performance across the Group, increased capacity in Singapore and leveraged processes in South America. As a result the Group delivered growth in Aftersales gross profit. The Committee concluded that this objective had been partly achieved therefore a bonus equating to 3% of base salary was awarded.

For Richard Howes, this objective was focused on improvement in our F&I activities in key markets. We have continued the rollout of proprietary products, improvements in selling processes and the re-tendering of contracts. The Committee concluded that this objective had been fully achieved, with £15m of incremental profit delivered from this value driver. Therefore 15% of base salary was awarded.

Leverage our global scale



For Richard Howes, this objective was focused on a savings goal in procurement to leverage our scale. During the year the Group set up a global team to drive savings in a number of key categories, which has delivered a cumulative £32m of savings to date. The Committee concluded that this objective had been fully achieved and therefore an award of 15% of base salary was awarded.

OEM Partner of Choice



For Stefan Bomhard, this objective was focused on strengthening our relationships with our OEMs, entering into new partnerships and integrating new businesses into our portfolio. Key achievements included the successful integration of Grupo Rudelman and the award of Distribution contracts for JLR in Kenya and Colombia and for BMW in Lithuania and Guam. The Committee concluded that Stefan had partially met this objective leading to a payout of 3% of base salary.

OVERALL 2018 BONUS OUTCOME

Therefore, as a result, the overall 2018 bonus outcomes are as follows:

	Payment for financial targets (% of salary)	Payout for strategic targets (% of salary)	Total payment	
			% of salary	£
Stefan Bomhard	36.7%	21.0%	57.7%	£430,492
Richard Howes	36.7%	30.0%	66.7%	£283,773

The Committee concluded that the overall bonus outcome was reflective of the Company's financial and operational performance and therefore did not make any discretionary adjustments.

ANNUAL BONUS FOR 2019

The maximum annual bonus opportunity in 2019 will remain unchanged from previous years and will be 150% of salary. For the Executive Directors, 80% of the bonus will be based on the same financial performance matrix as 2018 which is linked to revenue and operating profit, and 20% of the bonus will be based on a basket of specific, measurable objectives that relate to the Ignite strategy.

Given the close link between performance targets, the longer-term strategy, and the advantage this may give competitors, the 2019 targets are not disclosed in this report because of their commercial sensitivity. The Committee intends to publish the financial targets and provide more details of the strategic measures in next year's DRR.

PSP AND CIP AWARDS VESTING IN RESPECT OF THE YEAR

In 2016, Inchcape granted awards under the PSP and CIP schemes which vested dependent on certain performance targets over three years to 31 December 2018.

2016 Normal PSP/CIP

Three-year EPS growth p.a. (75% weighting)	Vesting %	Three-year average ROCE (25% weighting)	Vesting %
Less than 5%	0%	Less than 21%	0%
5%	25%	21%	25%
13%	100%	25%	100%
Between 5% and 13%	Straight line basis	Between 21% and 25%	Straight line basis

2016 Enhanced PSP

Three-year EPS growth p.a.	Vesting %
Less than 13%	0%
18%	100%
Between 13% and 18%	Straight line basis

2016 vesting of PSP/CIP

Over the performance period an EPS growth of 7.6% and three-year average ROCE of 29.2% was achieved, which resulted in the following vesting outcomes:

Award	Performance measure	Wtg.	Vesting outcome (% of element)
Normal PSP	EPS	75%	49.7%
	ROCE	25%	100%
Enhanced PSP	EPS	100%	0%
Total (overall vesting outcome of normal PSP)			62.3%

	Performance measure	Wtg.	Vesting outcome (% of element)
CIP	EPS	75%	49.7%
	ROCE	25%	100%
Total (overall vesting outcome of CIP)			62.3% = 1.25:1 match

Stefan Bomhard and Richard Howes were granted PSP and CIP awards in 2016 and are therefore entitled to the following shares on vesting:

	Interest held	Vesting %	Interest vesting	Vesting date	Assumed market price (p) ¹	Estimated value
Stefan Bomhard						
Normal PSP	143,734	62.3%	89,546	13 April 2019	563.5p	£504,593
Enhanced PSP	15,971	0.0%	0	13 April 2019	563.5p	£0
CIP	100,603	62.3%	62,676	22 April 2019	563.5p	£353,177
Richard Howes						
Normal PSP	106,719	62.3%	66,486	13 April 2019	563.5p	£374,648
Enhanced PSP	11,858	0.0%	0	13 April 2019	563.5p	£0
CIP	58,206	62.3%	36,262	22 April 2019	563.5p	£204,338

1. As the market price on the date of vesting is unknown at the time of reporting, the value is estimated using the average market share price of the last three months of 2018.

PREVIOUSLY GRANTED RECRUITMENT AWARDS VESTING IN RESPECT OF THE YEAR

SB award

Stefan Bomhard received an award of 205,125 nil-cost options when he joined the Group on 1 April 2015. These options were in lieu of forfeited incentives from his previous employer and have an exercise price of 10.0p. Vesting is dependent on continued employment. On 1 April 2018, the final tranche (68,375 options) vested at a share price of 691.0p.

RH award

Richard Howes received an award in lieu of forfeited incentives from his previous employer when he joined the Group on 11 April 2016. This award consists of 124,909 nil-cost options with an exercise price of 10.0p and has the following conditions:

- 51,759 nil-cost options: half of this award vested on each of the first and second anniversaries of the grant date (i.e. 11 April 2017 and 2018). This award is in lieu of forfeited incentives from his previous employer which did not have any performance conditions attached to the awards. On 11 April 2018, the final tranche (25,880 options) vested at a share price of 702.0p. During the year he exercised the final tranche of the award. Further details are given on page 84.
- 73,150 nil-cost options: the option was structured as the PSP with 90% as 'normal' awards and 10% as 'enhanced' awards and 52,404 options vested on 11 April 2018 in accordance with the 2015 PSP performance outcomes which were disclosed last year. This award is in lieu of forfeited incentives from his previous employer which had performance conditions attached to the award.

PSP AND CIP AWARDS MADE DURING THE YEAR

Awards were made to the Executive Directors and other senior executives under the PSP and CIP. The PSP awards were granted as a percentage of salary and both Stefan Bomhard and Richard Howes were granted PSP awards at 180% of salary.

Under the CIP, Stefan Bomhard and Richard Howes invested 50% of salary and received an award of 100% of salary. Performance conditions for awards made in 2018 are as follows:

2018 PSP/CIP

Three-year EPS growth p.a. (60% weighting)	Vesting %	Three-year average ROCE (40% weighting)	Vesting %
Less than 4%	0%	Less than 22%	0%
4%	25%	22%	25%
12%	100%	26%	100%
Between 4% and 12%	Straight line basis	Between 22% and 26%	Straight line basis

Threshold level performance will result in 25% of the 2018 PSP and CIP awards vesting. As referenced on page 69, the Committee is reviewing how these targets may need to be revised to take into account the new accounting standard IFRS16, and the outcome will be disclosed in the relevant DRR.

Awards made during the year are:

	Date of grant	Share price (p) ¹	Number of shares/options awarded	Face value at grant ²	Performance period	Exercise period
Stefan Bomhard						
PSP	10 April 2018	708.0p	189,819	£1,343,919	Jan 2018 – Dec 2020	Apr 2021 – Apr 2022
CIP	10 April 2018	708.0p	102,499	£725,693	Jan 2018 – Dec 2020	Apr 2021 – Oct 2021
SAYE	24 Sept 2018	688.5p	3,249	£22,369	N/A	Nov 2021 – Apr 2022
Richard Howes						
PSP	10 April 2018	708.0p	108,239	£766,332	Jan 2018 – Dec 2020	Apr 2021 – Apr 2022
CIP	10 April 2018	708.0p	58,419	£413,607	Jan 2018 – Dec 2020	Apr 2021 – Oct 2021
SAYE	24 Sept 2018	688.5p	1,624	£11,181	N/A	Nov 2021 – Apr 2022

1. Mid-market share price on date of grant.

2. Face value has been calculated using the share price at date of grant.

LONG-TERM INCENTIVES FOR 2019

In line with policy, Stefan Bomhard and Richard Howes will both be granted PSP to the value of 180% of salary and will be invited to participate in the CIP. As per the 2018 awards, 60% will be based on EPS growth and 40% will be based on three-year average ROCE. The targets will take into account the new IFRS 16 accounting standard and will be disclosed as appropriate at the time of award and in next year's DRR.

PENSION

During 2018 the Executive Directors received a cash supplement of 30% of base salary and were eligible to join the Cash+ pension scheme. Neither Stefan Bomhard nor Richard Howes participated in the pension scheme. For 2019, this arrangement remains unchanged.

EXECUTIVE SHARE OWNERSHIP AND DIRECTORS' INTERESTS (AUDITED)

The table below shows the total number of shares, options and awards held by each Director at 31 December 2018.

	Shares held at 31 December 2018	Share awards held		Options held		Vested but not yet exercised	Guideline met
		Subject to performance conditions	Subject to deferral	Not subject to performance targets	Subject to deferral		
Stefan Bomhard	288,548	795,855	0	68,735	3,249	1,557	Yes
Jerry Buhlmann	15,000	n/a	n/a	n/a	n/a	n/a	n/a
Rachel Empey	6,760	n/a	n/a	n/a	n/a	n/a	n/a
Richard Howes	103,131	484,166	0	0	3,222	0	No
Jane Kingston	-	n/a	n/a	n/a	n/a	n/a	n/a
John Langston	5,463	n/a	n/a	n/a	n/a	n/a	n/a
Coline McConville	4,267	n/a	n/a	n/a	n/a	n/a	n/a
Nigel Northridge	28,391	n/a	n/a	n/a	n/a	n/a	n/a
Nigel Stein	36,834	n/a	n/a	n/a	n/a	n/a	n/a
Till Vestring	42,417	n/a	n/a	n/a	n/a	n/a	n/a

There have been no changes to the number of shares held by the Directors between 31 December 2018 and 27 February 2019.

SHARE OWNERSHIP POLICY

The Executive Directors are required to hold a fixed number of shares equivalent to 200% of base salary. They have five years from the date of appointment to reach this shareholding. Stefan Bomhard and Richard Howes held 214% and 134% of salary respectively as at 31 December 2018, using the share price as at 31 December 2018 of 551.5p.

AWARDS EXERCISED DURING THE YEAR

Richard Howes exercised his RH award on 4 May 2018. He sold enough shares to cover costs and tax and retained the remaining shares.

Plan	Shares exercised	Dividend shares	Share price	Shares sold	Shares retained
RH award	25,879	-	£7.413	12,373	13,506
RH award	25,880	1,654	£7.413	13,165	14,369
RH award	52,404	3,350	£7.413	26,657	29,097

Stefan Bomhard exercised the award granted to him under the 2015 Performance Share Plan and Share Matching Plan on 21 August 2018. He sold enough shares to cover costs and tax and retained the remaining shares.

Plan	Shares exercised	Dividend shares	Share price	Shares sold	Shares retained
PSP	114,412	8,400	£6.99	57,838	64,974
CIP	61,616	4,522	£6.99	31,148	34,990

PERCENTAGE CHANGE IN GROUP CHIEF EXECUTIVE REMUNERATION

The table shows the percentage change in Group Chief Executive remuneration from 2017 to 2018 compared with the average percentage change in remuneration for senior management. For the purposes of this disclosure, remuneration comprises salary, benefits (excluding pension) and annual bonus only.

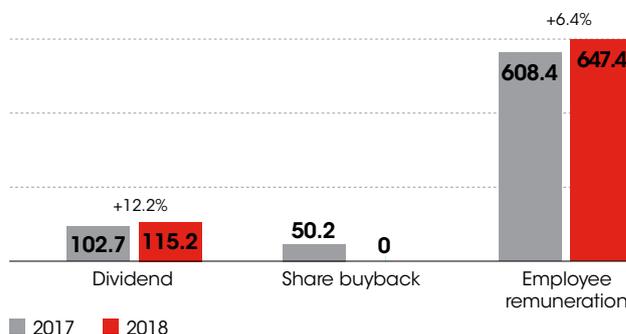
	Change in remuneration from 2017 to 2018	
	Group Chief Executive	Senior management
Salary	3.6%	3.6%
Taxable benefits	-15.8%	0.00%
Single-year variable	-40.9%	-17.1%
Total	-18.8%	-4.1%

Employees representing the most senior executives (c.90) have been selected as this group is large enough to provide a robust comparison, whilst also providing data that is readily available on a matched sample basis. These employees also participate in bonus schemes of a similar nature to Executive Directors and therefore remuneration will be similarly influenced by Company performance.

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends and share buybacks) from 2017 to 2018.

Relative importance of spend on pay (£M)



The Directors are proposing a final dividend for 2018 of 17.9p per share (2017: 18.9p).

DILUTION LIMITS

During the year, options and awards granted under the Group's incentive plans were satisfied on exercise by market purchase shares. Dilution limits are monitored throughout the year by the Committee and the Company complies with the limits set by the Investment Association.

Issued share capital as at 31 December 2018	415m
All schemes - 10% over 10-year rolling period	41m
Remaining headroom for all schemes	28m
Executive schemes - 5% over a 10-year rolling period	20m
Remaining headroom for executive schemes	11m

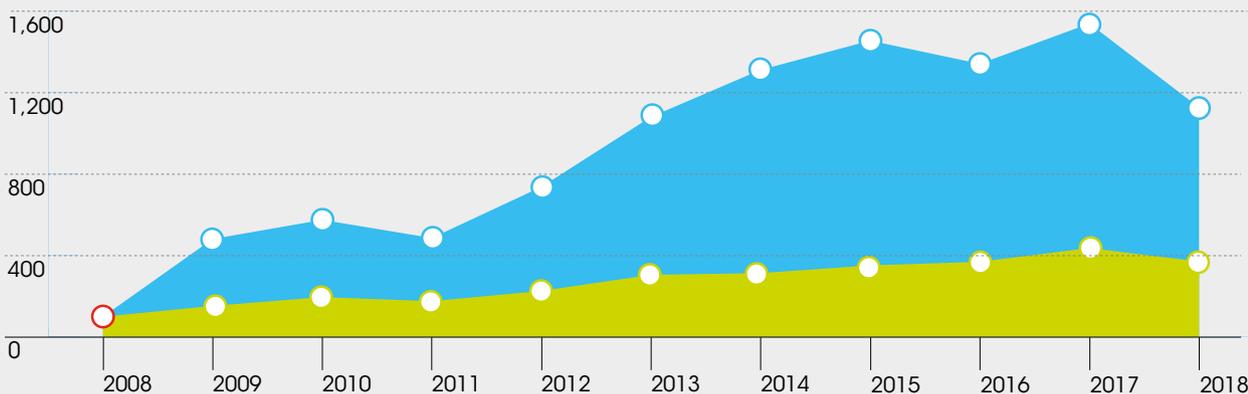
PAY FOR PERFORMANCE

The graph below shows the Total Shareholder Return (TSR) of the Company over the 10-year period to 31 December 2018. The FTSE mid 250 excluding investment trusts has been chosen as the most suitable comparator group as it is the general market index in which the Company appears. The table below details the Group Chief Executive's single figure remuneration and actual variable pay outcomes over the same period.

HISTORICAL TSR PERFORMANCE

Growth in the value of a hypothetical £100 holding over the 10 years to 31 December 2018

Value of £100 invested at 1 January 2009



● Inchcape ● FTSE mid 250 excluding investment trusts

	Group Chief Executive	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CEO single figure of remuneration (£'000)	André Lacroix	1,984	1,984	2,993	2,165	4,400	5,265	294 ¹	n/a	n/a	n/a
	Stefan Bomhard	n/a	n/a	n/a	n/a	n/a	n/a	2,906 ²	1,403	3,006	2,269
Annual bonus outcome (% of maximum)		100%	100%	52%	68%	48%	100%	56.8%	40.3%	67.6%	38.5%
LTI vesting ³ outcome (% of maximum)		0%	0%	100%	100%	66%	68%	n/a ⁴	n/a ⁵	79.6%	62.3%

1. The amount for André Lacroix reflects remuneration received until he left the Group in March 2015.

2. The amount for Stefan Bomhard is pro-rated for time in role and includes relocation allowance and the share award made in lieu of his forfeited awards.

3. LTI includes CIP, 'normal' PSP, 'enhanced' PSP and options prior to 2013.

4. Neither André Lacroix nor Stefan Bomhard received a vested award under the 2013 PSP or CIP. However, for those participants who did receive an award, 65.5% of the 2013 normal PSP vested and there was a 1.31 match for each share invested into the 2013 CIP.

5. Stefan Bomhard did not receive an award under the 2014 PSP or CIP. However, for those participants who did receive an award, 86.5% of the normal PSP vested and there was a 1.73:1 match for each share invested into the CIP.

SHAREHOLDER CONTEXT

The table below shows the advisory vote on the Remuneration Report at the 2018 AGM.

	Total number of votes	% of votes cast
For (including discretionary)	286,366,463	93.63%
Against	19,466,498	6.37%
Total votes cast (excluding votes withheld)	305,832,961	100%
Votes withheld ¹	5,365,570	
Total votes cast (including votes withheld)	311,198,531	

The table below shows the binding vote on the Remuneration Policy at the 2017 AGM

	Total number of votes	% of votes cast
For (including discretionary)	337,335,918	96.79%
Against	11,173,431	3.21%
Total votes cast (excluding votes withheld)	348,509,349	100%
Votes withheld ¹	408,954	
Total votes cast (including votes withheld)	348,918,303	

1. Withheld votes are not included in the final proxy figures as they are not recognised as a vote in law.

EXIT PAYMENTS DURING THE YEAR

None.

PAYMENTS TO PAST DIRECTORS

No payments were made to past Directors in 2018.

OTHER DIRECTORSHIPS

The Executive Directors are generally permitted to take one non-executive directorship as long as it does not lead to conflicts of interest or undue time commitment and is approved in advance by the Nomination Committee.

Stefan Bomhard is a Non-Executive Director of Compass Group PLC, for which he received a fee of £84,500 during 2018.

ADVISORS TO THE COMMITTEE

Mercer|Kepler, a brand of Mercer (and part of the MMC group), acted as the independent remuneration advisor to the Committee during the year. Mercer|Kepler attends Committee meetings and provides advice on remuneration for executives, analysis of the remuneration policy and regular market and best practice updates. Mercer|Kepler reports directly to the Committee Chair and is a signatory and adheres to the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). Mercer|Kepler was appointed by the Committee in 2010 after a comprehensive tendering process carried out by the Committee.

Mercer also supplies unrelated services to the Group in relation to IAS 19. The Committee is satisfied that the advice it receives from Mercer|Kepler is objective and independent and that Mercer|Kepler does not have any connection with the Company that may impair its independence. Mercer|Kepler's fees are charged at an hourly rate in accordance with the terms and conditions set out in the engagement letter. Mercer|Kepler was paid fees of £49,615 for its services during the year, excluding expenses and VAT.

The Directors' Report on Remuneration was approved by the Board and has been signed by Coline McConville on its behalf.



Coline McConville

Chair of the Remuneration Committee