

Our business, our people, our future

Inchcape has long prided itself on a pioneering spirit of innovation, transformation and expansion which has been at the core of our success as a trading company.

The business that we are now looks very different from that which was founded in the nineteenth century, but it is our adaptability that will enable us to capitalise on the opportunities we find to enhance and grow our business in the future. While the goods and services that Inchcape provides have changed, our purpose retains the same pioneering spirit, motivating us to bring mobility to the world's communities, for today, for tomorrow and for the better.

Our refreshed strategy has not only redefined our purpose as a business, but it also elevates the necessity to do business responsibly. The Company is embarking upon a journey that will help to support global efforts towards a sustainable and responsible automotive industry and create positive impacts on the societies and environment in which we operate.

This is not a short-term initiative, but a lifetime commitment. We will continue to update our shareholders on our plans and progress regularly while we develop our position as a business known for taking its responsibility to all stakeholders seriously.

Our current CSR approach comprises three pillars: our people; health and safety; and the environment. For 2020, we continue to report in this format.

Key findings saw an uplift in overall employee experience as well as a significant improvement in satisfaction with the frequency and content of communications.

Satisfaction

Our employee experience, satisfaction and perception of Inchcape as a business has improved since the last full survey

+15%

Intent to recommend

Intent to recommend Inchcape as a place to work is very high and increasing – our people are happy to work for Inchcape

+6%

Communications

Significant improvement in satisfaction with communication, both content and frequency, vs. the last survey

+57%

1 Our people

Fundamental to achieving our objectives, whether commercial or strategic, is Inchcape's most important asset: its people. We aim, both at Group and market levels, to ensure that our people's value is recognised and rewarded; that talent is developed through learning and progression; that our people are engaged and communicated with effectively; and that all employees are empowered to achieve their personal goals at each stage of their career with Inchcape.

We are focused on creating a socially conscious culture based on inclusivity and learning.

- We believe that the business is strengthened by embracing diversity in the workplace and this is underpinned by market relevant policies and practices.
- We foster a learning culture to enable people to optimise their performance in role and truly realise their potential.
- We aim to empower our people to collaborate in communities of practice; to share and work together, knowing that their contribution is truly valued.

The approach we take to engaging and developing our employees is designed to proactively defend the business against Key risk L, see page 47.

Communication and engagement

Engaging with our community of colleagues is always important, and a responsibility to which we give continual focus, but during a year of unprecedented challenge for the business and its people, talking to and hearing from our employees was of greater significance than ever.

From the start of the year, with the COVID-19 crisis becoming apparent in Hong Kong, we increased the frequency of top-down communications from the Group CEO, also putting in place a 'cascade' framework to support local leadership communications. Regional, market and business unit communications via video, 'townhall' and face-to-face briefings were increased in regularity to ensure that managers, teams and individuals had the most up to date information and guidance throughout the period.

We adapted our usual Employee Experience Survey (EES) to a shorter pulse-check questionnaire of employees in July and August. The objective was to understand the employee experience in a more focused data set around the topics of Leadership, Communications and Wellbeing. Specifically, we wanted to know how the pandemic and its pressure had impacted people and how the business had performed to mitigate its effects and support the workforce.

Most of our employees were severely affected by lockdowns at some point during the year, leading to prolonged periods of working remotely for office-based workers or with a skeleton staff in our sales and service centres. Recognising an opportunity to build virtual connections between distanced teams and reinforce the notion of a united global business, we invited people to submit pictures or video clips of themselves sending greetings to their colleagues which we compiled in montages as 'Together in Spirit'. This engagement campaign spanned a week with a new montage sent to all colleagues via intranet communications channels on five consecutive days. Over 1,000 people participated, and we ran a similar campaign at the end of the year, again with many hundreds of employees contributing.



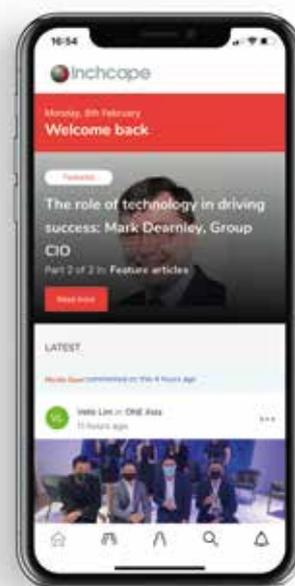
Leadership, talent and organisational design

Our Global Talent Review is conducted over a two-year cycle, alternating a deep dive review with organisational health checks to track progress, cement existing priorities, identify new or changed priorities and to further inform the longer-term Talent and Organisational Design Strategy. This is reviewed by the Board on an annual basis.

Informing this process with accurate data is crucial to the continued development of our long-term people strategy. Our People Dashboard was developed to improve the quality and availability of data, and this is now in use throughout the business, updated on a monthly basis. The dashboard provides insight that helps us to target improvements in diversity, retention of talent and identification of high-potential individuals as part of our succession strategy.

This succession strategy is designed to attract, develop and retain critical talent and to build a diverse bench of 'next-gen' leadership. With a matrix of levers at our disposal, from resourcing practice to facilitated learning and employee networking, we address critical skills and capability development to answer the requirements of our business strategy.

We continue to leverage the learning capabilities of our online development portal, hive, which gives a significant proportion of our employees access to thought leadership, and leading-edge industry and commercial insight relevant to our growth strategy.



2 Health and safety

The health and safety of all those who use our facilities, whether employees or customers, is of the utmost importance to us. We are committed to providing environments that can be trusted as spaces in which to work, that are clean, safe and promote a healthy work-life balance.

Our aim is to eliminate the occurrence of incidents and accidents by continually challenging ourselves, sharing best practices and investing in the systems and structure to support our objectives.

This commitment is underpinned by the creation of a pan-market Group HSE Community of Practice, whose primary function is to embed a deep understanding of the importance of a rigorous and supportive health and safety culture throughout our business.

In year one of our programme of global HSE integration we have made significant progress:

1. Inducted and trained regional and market level HSE team members to the management and rollout of health and safety standards
2. Implemented technology resource in all business units to digitalise safety monitoring and management
3. Approx. 13,000 employees trained on system use, and provided with access to safety processes and practice standards
4. Established regional and market level safety metrics
5. 130 Policies, Procedures, Safety Talk topics & work instructions translated into 17 languages, improving accessibility
6. Rolled out agreed Risk Management programmes for 2020

COVID-19 H&S response

In 2020, we were faced with an unprecedented challenge to the health and safety of our people and our customers as we worked hard to continue operating under very difficult circumstances. As soon as the impact of the pandemic to our business started to become clear, business continuity plans were implemented which included a pandemic plan to manage operations under strict compliance controls. Inchcape's global COVID-19 management control plans created strong disciplines for the protection of both employees and customers in line with local legislation. This, coupled with swift responses to changes in the legislation, targeted reducing the risk of exposure to infection at our sites and minimising a risk of extended business interruptions due to localised outbreaks.



Strict distancing measures and the provision of PPE materials were introduced across all operational sites and remained in place at the end of the year, continuing into 2021. Many support office functions across the global business switched to remote working which is still in place, including for the plc head office, in all cases following local government essential travel and commuting guidelines.

Main activities

How we have progressed in 2020

Group Risk Management programmes (RMP)	<ul style="list-style-type: none"> - Completed a review of risk management compliance - Five core Risk Management programmes rolled out through the year <ul style="list-style-type: none"> - Hoist Management - Consultation - Incident & Investigation - Hazard Reporting - COVID impacted rollout - Site Management Reviews - COVID impacted rollout - A planned audit of site behaviour and practices to be undertaken post lifting of COVID-19 travel restrictions
Providing expert support	<ul style="list-style-type: none"> - Management training in responsibility for HSE underway - Rollout of a diploma in health and safety targeting site operational managers to up-skill in HSE knowledge - Timeframe for completion end: Q2 2021
HSE Data Reporting capability	<ul style="list-style-type: none"> - Improving HSE reporting capability at both local and global levels is critical to internal monitoring of progress to identify and make improvements - Reporting functionality being developed with Power BI tools to provide all areas of the business with HSE reporting functionality
Managing Communities of Practice	<ul style="list-style-type: none"> - We set out to develop an internal 'Diploma in Operational Health & Safety' - Have now identified all Diploma training requirements and developed 60% of the training topics

3 Environment

There is increasing focus on climate-related issues from governments, investors, OEM brand partners and customers. Climate change has been considered by the Board in a broader context when looking at future trends impacting the industry such as electrification of the drivetrain. These trends can present both risks and opportunities for the Group and further information can be found in the Risk Management Report on pages 41-50.

To date consideration of the impacts has been carried out using best estimates, therefore in order to fully understand the impacts, the Board has appointed The Carbon Trust to assist the Group in analysing the transition and physical risks and improving the Group's climate-related disclosures as recommended under the Task Force on Climate-related Financial Disclosures ("TCFD"). The outcome of the assessment will be reported in next year's Annual Report and Accounts.

The Board will consider the broad landscape of climate-related topics, forward looking exploration of business model vulnerabilities and resilience, looking at financial impacts on the Group from climate change and to identify climate-related risks and opportunities and how they are managed.

In addition, the Board has updated its Matters Reserved for the Board to ensure that oversight of climate-related issues is at Board level.

The TCFD journey will cover the following aspects:

- Internal engagement workshops to enable senior management to assess potential climate challenges faced by the Group
- Interviews with key stakeholders to assess current climate-related activity
- Review of business model and strategy from a climate-change perspective
- Review of risks and opportunities not previously considered
- Review of climate-related risk processes and procedures
- Scenario analysis to understand impact on business model
- Disclose in line with the recommendations of the TCFD in the 2021 Annual Report & Accounts

It is anticipated that the outcomes of the TCFD project will assist in determining the appropriate emissions reduction targets for the Group.

Emissions measurement

We continue to monitor our energy and emissions usage and details of scope 1 and 2 emissions are given on page 98 of the Directors' Report. As many of our operations were closed due to the pandemic, this has reduced significantly. However, it is anticipated that business will return to more normal levels in 2021, and with it an increase in energy used.

Initiatives to reduce energy usage are implemented at local level, with businesses focusing on energy efficiency measures such as managing showroom lighting outside of business hours and assessing heating and cooling timers to ensure optimum efficiency.

CDP submission

During 2020, the Group participated in the CDP (formerly the Carbon Disclosure Project). Our overall score of C is in the awareness band indicating the Group has knowledge of impacts on, and of, climate issues. This is the same as the Europe regional average, and same as the Trading, wholesale, distribution, rental & leasing sector average.

The report highlighted the following areas for improvement which will be a focus for 2021:

- Governance
- Reduction initiatives
- Business strategy and financial planning

We will continue to participate in CDP with the ambition to improve our score as our businesses improve awareness around the impacts of climate change. The work being carried out as part of the TCFD project should enable us to improve considerably in all of these areas.