

Directors’ Report on Remuneration



Dear Shareholder

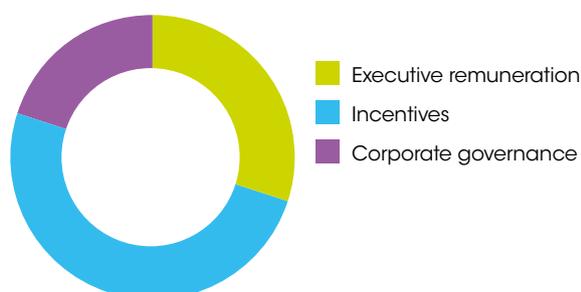
On behalf of the Board, I am pleased to present the Directors’ Report on Remuneration (“DRR”) for the year ended 31 December 2020. During the year, the Remuneration Committee focused on the policy renewal, change of our CEO, together with managing and mitigating the impact of COVID-19.

As discussed throughout the Annual Report and Accounts, COVID-19 impacted the business in all of our markets. Throughout, our primary concern has been to ensure the health, safety and wellbeing of our employees across the world. The Committee, together with the Board, would like to thank all of our colleagues who have demonstrated incredible courage and resilience throughout this extraordinary year.

Membership

	Number of meetings held/attendance	Ad hoc meetings held/attendance
Jane Kingston – Chair	2/2	3/3
Jerry Buhlmann	2/2	3/3
Nigel Stein	2/2	3/3
Till Vestring	2/2	3/3

Allocation of time



2020 Remuneration policy

During the early part of 2020, the Committee focused on finalising our revised 2020 remuneration policy which we set out in last year’s Annual Report. I would like to thank shareholders for their advice and support, and we were pleased that the remuneration policy received a significant vote in favour, at 94.5%, at the Annual General Meeting on 21 May 2020. Our renewed policy ensures we meet important governance standards and addresses both incumbent and new Directors’ pension arrangements.

In this DRR we explain in detail what actions were taken by the Committee during the year as a result of the pandemic and how we propose to implement the policy going forward.

COVID-19’s impact on remuneration

The actions taken in response to the pandemic are given on page 60. The Committee continually monitored remuneration decisions taken across the Group and considered all decisions on executive and senior management pay during 2020 in this context, together with the impact on our other stakeholders including shareholders and the wider societies within which we operate. The Committee was mindful of how remuneration decisions contribute to wider cost saving initiatives aimed at mitigating the impact of the pandemic on our business and our colleagues. As a result, the following actions were taken:

- Salary increases were postponed for some employees in 2020, including the planned 3% increase for Gijsbert de Zoeten, the Chief Financial Officer.
- Given the timing of the lockdowns, the 2019 bonus payment had already been paid and the Committee made the decision not to claw this back. There will be no bonus payments for 2020 for the Executive Directors, Group Executive Team (“GET”) and across most businesses within the Group.
- The revision in the new remuneration policy around the increase in bonus pay-out at target performance (from 40% to 50% of max) was not applied to the 2020 bonus.
- Members of the GET and the Board agreed to take a 20% salary or fee cut, applied for three months for the GET and nine months for Non-Executive Directors. Also, senior managers below the GET agreed to take temporary salary cuts between 10% to 15% depending on grade.
- Duncan Tait, who joined as Group Chief Executive Officer in June, also volunteered a salary reduction of 20% for his first three months of service.

Business performance in 2020

Shareholders will be aware that, in addition to the challenges of COVID-19, the global automotive industry is undergoing a period of significant change and disruption, and against this backdrop we are pleased with the Group's financial performance, reliably delivering results that, whilst below the original goals that we set ourselves for 2020 before the pandemic, exceed mid-year expectations.

The Group delivered revenue of £6.8bn, profit before tax of £129m, EPS of 23.6p (basic adjusted) and ROCE of 12.3%. Furthermore, we are delighted with the significant strategic progress which continues to be made through the implementation of the Group's strategy, and the focus on our Distribution business.

Remuneration outcomes for 2020

2020 Targets

Notwithstanding the severe affect the pandemic has had on our business and the financial implications for employees at all levels, no changes have been made to the targets which were determined pre-COVID-19 for either the annual bonus or the 2018 PSP/CIP awards.

2020 Bonus

As the financial targets for the 2020 bonus were not achieved, this, coupled with the experience of shareholders and other stakeholders, has resulted in the decision to make no payments to Executive Directors, members of the GET and most management participants (notwithstanding that good progress has been made versus strategic goals).

2018 PSP/CIP

Achievement of the 2018 PSP/CIP performance targets was significantly impacted by the detrimental effects of COVID-19, and will vest at an overall rate of 28.5% with only the ROCE target being within range.

2020 PSP/CIP award

Long-term incentive awards are usually granted immediately following the AGM at which a policy is approved by shareholders. Mindful of two newly-appointed executives and the need to provide long-term motivation for the wider PSP population (of approximately 300 employees), the Committee agreed it would be important to continue to grant the 2020 PSP/CIP with the targets which had been determined before the global pandemic and which had already been disclosed in the 2019 DRR. However, the Committee considered the share price to be used to calculate the 2020 awards, to ensure that any awards granted in 2020 would not result in considerably higher numbers of shares, compared to 2019, due to fluctuations in share price as a result of COVID-19. As a result, a 10% reduction was applied to the number of shares granted to the Executive Directors, GET and other senior managers to ensure that the awards reflect shareholder experience and alignment with other stakeholders.

Plans and targets for 2021

As already noted, the Committee considered the implementation of the approved 2020 remuneration policy in light of these challenges and agreed the planned increase in bonus pay-out at target (from 40% to 50% of max) would not be implemented until the 2021 bonus cycle.

2021 Bonus

The matrix style bonus, combining revenue and profit, will continue to apply to executives and senior managers for the 2021 performance year. Performances ranges have been widened compared to those used in 2020, to take account of the uncertain trading conditions in all of our markets. Furthermore, assumptions around the impact of the continuing COVID-19 pandemic on our ability to trade in our geographic markets fundamentally influence these performance ranges, and the Committee will review the pre-defined external market assumptions that underpin the annual bonus plan to ensure they continue to be relevant.

2021 LTIPs

At the time of writing, the Committee intends that the 2021 LTIP targets will continue to be three-year average ROCE, cash conversion and three-year cumulative EPS. However, given the significant and continuing COVID disruption to trading, the Committee was not able to finalise and therefore disclose targets at the time of writing. We hope to be in a position to do so over the coming months and will disclose these targets as soon as we are able.

CEO appointment

Duncan Tait joined as CEO on 1 June 2020 with a base salary of £780,000, a pension contribution of 10% of salary and incentives and benefits consistent with the remuneration policy. He did not receive any amounts in lieu of awards forfeited at his previous employer. We are delighted that Duncan immediately demonstrated his commitment to the Group by purchasing 11,502 shares.

Stefan Bomhard, former CEO, left the Group on 30 June 2020. In line with the remuneration policy, and his leaving status, Stefan Bomhard did not receive a bonus for 2020 and all his outstanding PSP and CIP awards (i.e. those granted in 2018 and 2019) lapsed in full. Stefan did not receive any exit payments. Prior to leaving the Group, Stefan was entitled to receive shares due under the 2017 PSP and CIP award in May and June 2020 respectively. These shares are held in a nominee account for the required two-year post vesting holding period.

Resulting performance outcomes

The Committee is satisfied that the total remuneration received by Executive Directors in 2020 appropriately reflects the Company's performance over the year, is in line with policy and is consistent with the approach taken for other employees. The Committee is also satisfied that the approach to setting remuneration for 2021 underpins the effective and proper management of risk by rewarding fairly for sustainable profit growth and long-term returns for shareholders.

Shareholder consultation

On behalf of the Committee, and together with the Chairman, I had the opportunity to speak with a number of our key shareholders whose advice was reflected in the renewal of the remuneration policy. Their input guided the Committee's decisions around appropriate phased pension payment reductions for the former Executive Directors, post-termination shareholding guidelines and maintaining the co-investment plan as an effective mechanism through which to encourage alignment with shareholders.

As soon as it became apparent that the pandemic was impacting operations globally, the Committee wrote to shareholders to inform them of the immediate remuneration decisions being made so that shareholders had the opportunity to give their feedback.

Committee evaluation

In line with the UK Corporate Governance Code, an external Board evaluation was carried out in 2020. As part of that evaluation, a review of the Committee was undertaken which covered membership, meetings, the performance of the chair, clarity of objectives and terms of reference and quality of external advice. The Committee was satisfied with the performance of the Committee and discussed some minor changes for improvement.

Looking forward

2020 has undoubtedly been the most challenging year for us in living memory. The Executive Directors, our Group Executive Team, along with all of our employees across the world, have worked tirelessly to ensure the business remains strong and stable, and that customers, and each other, have been able to stay safe throughout. The Committee is committed to ensuring the remuneration arrangements continue to support the efforts of the workforce and the objectives of the strategy, whilst aligning pay with strong performance, and the interests of executives and senior management with those of shareholders and good corporate governance.

Having reviewed the year end results, management proposed to reinstate the 2020 pay review planned for April 2020 and which was subsequently deferred. This was applied with effect from January 2021. There will be no back-dating of this award to those who receive it. The Committee decided that the same principle should apply to Gijsbert de Zoeten and members of the GET, but not to Duncan Tait who joined subsequently.

The Committee also approved the global average workforce annual salary review of 3.28% and the average workforce annual salary review for Group employees of 2.5%. Duncan Tait will receive an increase of 2.5% in line with this average. Gijsbert de Zoeten has been awarded an increase of 3.8% which is above this average as the Committee believes this is in recognition of significant additional responsibilities he now has following the departure of the Group Strategy Director, and his performance and contribution to the business to date.

The Committee is mindful of the fact that our two recently-recruited Executives received no long-term incentive awards to compensate them for forfeited awards from their prior employment and now, as a result of the pandemic, have a significantly reduced opportunity to build shareholding via the 2020 long-term incentives. This situation will be kept under review.

During 2020, under Duncan's leadership, the Group renewed its focus on our Responsible Business agenda incorporating ESG initiatives. In 2021, the Committee will be mindful of the need to reflect this strategic thrust in our remuneration framework at an appropriate point in the future.

We hope to have your support at the upcoming AGM.

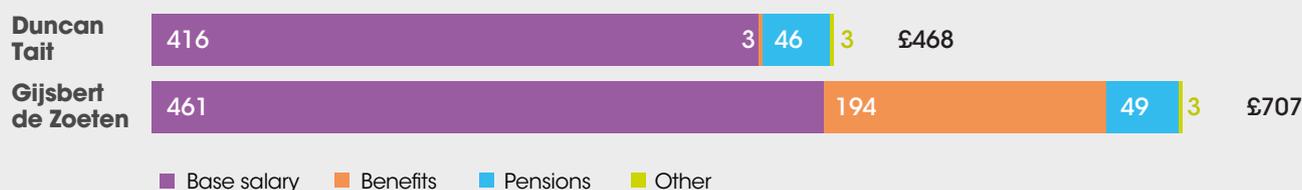


Jane Kingston

Chair of the Remuneration Committee

Executive Directors' remuneration in 2020

What Executive Directors earned during 2020 (£'000)



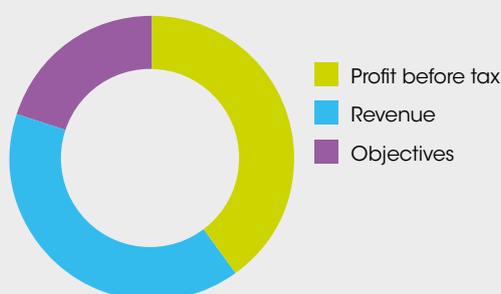
DETAILS OF ACTUAL PERFORMANCE ACHIEVED ARE GIVEN ON PAGES 87 TO 91

How we performed in 2020

Despite the challenges of COVID-19, the Group's performance reliably delivered results that, whilst below the targets set before the pandemic, are in line with revised expectations.

Furthermore, we are delighted with the significant strategic progress which continues to be made through the implementation of the Group's strategy, and the focus on our Distribution business.

Measures used for annual bonus



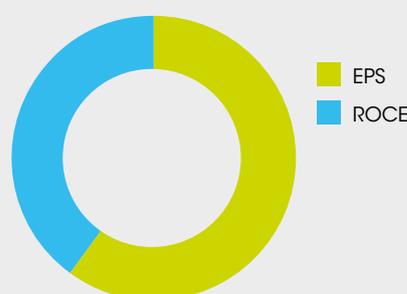
Revenue



Profit before tax



Measures used for long-term incentive plans



EPS (Earnings per share)

23.6p

ROCE (Return on capital employed)

12.3%

FURTHER INFORMATION ON ANNUAL BONUS AND LONG-TERM INCENTIVE PLANS CAN BE FOUND ON PAGES 88 TO 91

* Actual performance for determining bonus outcomes has been calculated using the same currency rates as used to set the bonus targets, and both targets and performance have been determined on an IFRS 16 basis. This approach helps ensure that the bonus is linked to underlying financial performance.

Part 1 — Directors' remuneration policy

This section of the report sets out the policy that was approved by shareholders at the 2020 Annual General Meeting held on 21 May 2020.

Alignment of the remuneration policy

This section outlines how clarity, simplicity, risk, predictability, proportionality and alignment to culture were addressed when reviewing the remuneration policy and its implementation as required under provision 40 of the UK Corporate Governance Code.

- The Committee believes that the disclosure of the design of remuneration arrangements is transparent with clear rationale provided on maintenance and changes to policy. The Committee remains committed to consulting with shareholders on the policy and its implementation
- The Committee believes the performance measures used in the long-term incentive plans, along with those in the bonus, also aid simplicity due to the clear alignment to Inchcape's strategy, and are familiar to all stakeholders
- The Committee has ensured that remuneration arrangements do not encourage and reward excessive risk taking by setting targets to be stretching and achievable, with discretion to adjust formulaic bonus and PSP outcomes and expanding the circumstances in which malus and clawback can be applied
- The link to strategy of the performance measures used and the setting of targets balances predictability and proportionality by ensuring outcomes do not award poor performance in the short and long term. The policy is consistent with Inchcape's culture as well as strategy, therefore driving behaviours which promote the long-term success of Inchcape

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 the 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 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. 75% of salary payable for target performance. 15% 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. 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 are subject to malus and clawback provisions.	Normal 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.

Remuneration policy for Executive Directors continued

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Co-Investment Plan (CIP)	<p>To encourage executive share ownership and reinforce long-term success.</p> <p>A voluntary investment opportunity in return for a performance-based match.</p> <p>Any annual bonus earned 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.</p>	<p>Any bonus earned 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.</p> <p>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.</p> <p>Vesting of the CIP awards is based on performance measures linked to the Group's strategic priorities and may vary year-on-year.</p> <p>For awards granted to the Executive Directors, vested awards will be subject to an additional two-year holding period.</p> <p>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.</p> <p>CIP awards granted are subject to malus and clawback provisions.</p>	<p>Executive Directors may invest up to an overall maximum of 50% of salary. Maximum match of 2:1, threshold of 0.5:1.</p> <p>Maximum matching award is therefore 100% of salary in any year, and threshold matching award is 25% of salary.</p>
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.	<p>Receive a salary supplement in lieu of pension contributions.</p> <p>In addition and in line with other UK-based employees, Executive Directors are also entitled to participate in the Group's pension scheme, Cash+, which 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. In this scheme, members are required to contribute 7% of pensionable salary. The scheme closed on 31 December 2020.</p>	<p>Executive Directors are entitled to a cash supplement of up to 10% of salary.</p> <p>Executive Directors who were appointed prior to 2019 were entitled to a pension contribution of up to 30% of salary.</p>
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.	<p>It is not anticipated that the costs of benefits provided will materially exceed 5% of salary for existing Executive Directors.</p> <p>The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation).</p>
In-post shareholding guidelines	To encourage share ownership and alignment of executive interest with those of shareholders.	Executive Directors are required to accumulate, over a maximum period of five years from date of appointment, a number of shares equivalent to a shareholding worth 200% of base salary.	n/a
Post-exit shareholding guidelines	To reinforce long-term alignment of executive interests with those of shareholders post-termination.	<p>A departing Executive Director is required to maintain a shareholding for two years post-termination, set at the lower of the actual shareholding on exit and the in-post shareholding guideline.</p> <p>Enforcement of this guideline will be facilitated through a holding requirement for Executive Directors applied to share-based incentives awards from 2020 onwards.</p> <p>The application of this requirement will be at the Committee's discretion (which will be applied only in exceptional circumstances).</p>	n/a

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

As part of the remuneration policy review, the Committee reviewed the appropriateness of performance measures used by the Group and determined the following:

- The annual bonus measures have been selected to incentivise sustainable growth in profits. The matrix structure continues to provide a balanced focus between commercial and cash initiatives. A mix of strategic measures will continue to be selected each year to reinforce the Group's strategic objectives.
- The Committee believes that EPS and ROCE continue to be suitable measures of long-term performance for the Group. EPS is consistent with the Group's long-term strategy focusing on sustainable growth while ROCE supports the Group's cash

initiatives of controlling working capital and capital expenditure. When ROCE is used in combination with EPS, it ensures there is a balance between growth and returns. The new cash conversion measure reflects the criticality of cash generation for Inchcape, which is required to support its continued evolution.

- 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. 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 appropriately down the organisation.
- Targets are set taking into account a range of reference points including the strategy and broker forecasts for the Group. The Committee believes that the performance targets set are appropriately stretching, set to reward for outperformance of the market and that the maximum will only be achievable for truly outstanding performance. Please see pages 88 to 91 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 ability to adjust the number of shares vesting under the

PSP to ensure it is a fair reflection of underlying performance during the performance period.

- 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, reputational damage or corporate failure) the discretion to:

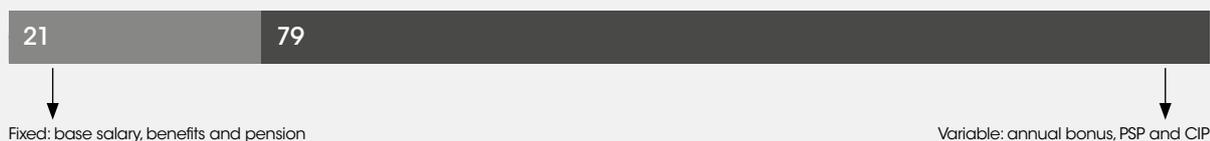
- reduce bonus, PSP and/or CIP;
- cancel entitlement of bonus;
- prevent vesting of the PSP and/or CIP; or
- allow the Company within two years of payment/vesting of award to claim back up to 100% of the award.

Participants are informed about the malus and clawback conditions on their bonus at the start of each year and are required to confirm acceptance of malus and clawback provisions on their PSP and CIP awards upon grant.

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 employees 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 Team members and the next level of executives (c. 20 individuals). Performance conditions are consistent for all participants while award sizes vary by organisational level. In-post share ownership guidelines apply to Executive Directors.

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. The Group has calculated the average equivalent pension contribution across UK employees to be 10% of salary.

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 Chair 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 approved by shareholders. 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 month's notice (six months for the Chairman).

Jerry Buhlmann	01 March 2017	One month
Rachel Empey	26 May 2016	One month
Alex Jensen	29 January 2020	One month
Jane Kingston	25 July 2018	One month
John Langston	01 August 2013	One month
Nigel Stein	08 October 2015	Six months
Till Vestring	01 September 2011	One month

Consideration of conditions elsewhere in the Group

The Committee reviews and approves all remuneration arrangements for the Group Executive Team and the Company Secretary. The Committee also reviews the pay budgets and benefit structures across the general population which are considered when determining remuneration for Executive Directors and the Group Executive Team.

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. This includes the Employee Experience Survey conducted in 2020, more detail of which is provided in the CSR Report on page 72.

The remuneration policy is published in the Annual Report and Accounts and is available to all employees for their review. The Remuneration Committee is available to answer any questions employees may have about the policy or to provide clarification on any remuneration matters. Elements of the policy are cascaded down the organisation such as bonus and long-term incentive plans. The new policy also aligns the pension contribution for newly appointed Executive Directors with the UK employee average which is currently 10% of salary.

Consideration of shareholder views

When determining remuneration, the Committee takes into account the guidelines of representative investor bodies and proxy advisors 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 our recent consultation with shareholders representing 70% of

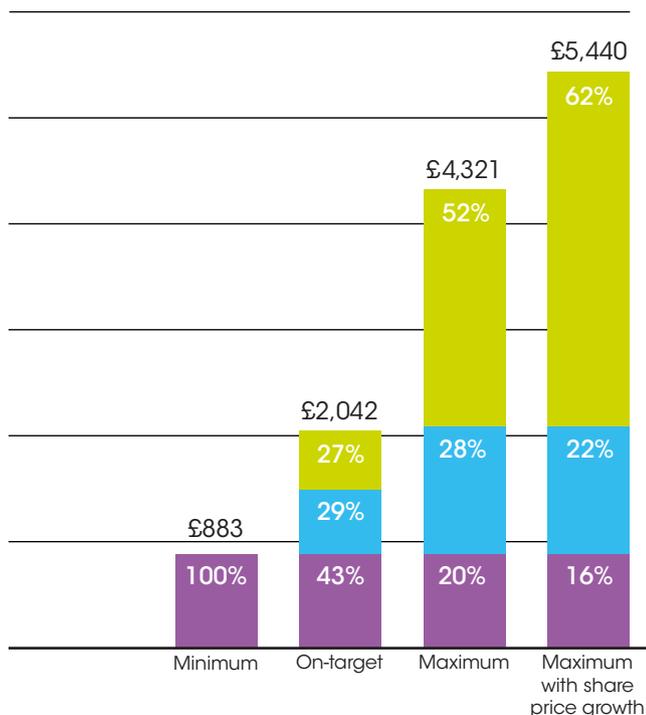
the Company’s issued share capital. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

Performance scenarios

The charts below show the remuneration that Executive Directors could expect to obtain based on varying performance scenarios. These 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 their 2021 salary.

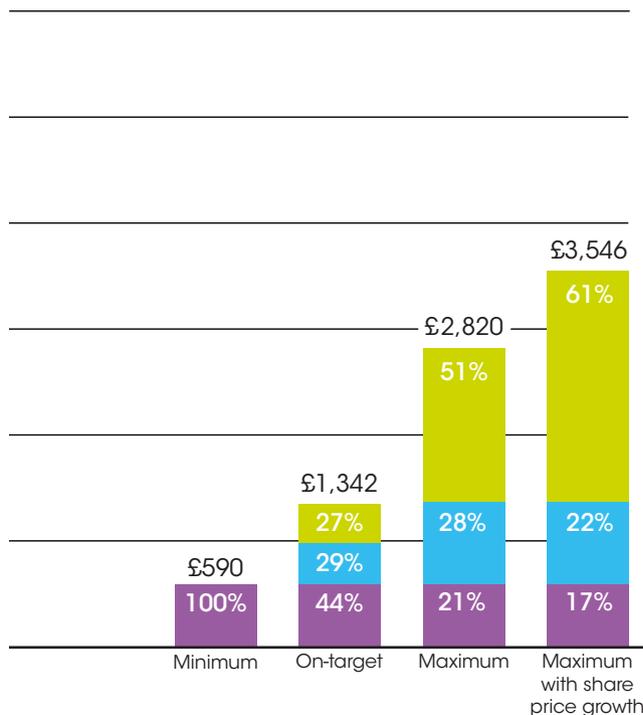
Duncan Tait – Group Chief Executive

Total remuneration (£’000s)



Gijsbert de Zoeten – Chief Financial Officer

Total remuneration (£’000s)



- Fixed remuneration
- Annual bonus
- Long-term incentives (PSP and CIP)

Notes on the performance scenarios:

Element	Assumptions
Fixed remuneration	<ul style="list-style-type: none"> – Total remuneration comprises base salary, benefits and pensions – Base salary – effective from 1 April 2021 – Benefits – as provided in the single figure table on page 87 – Pension – 10% cash in lieu of pension

		Minimum	On-target	Maximum	Maximum with share price growth
Variable pay	Annual bonus	No payout	Target payout (50% 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	

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 and receive a cash supplement on similar terms to Executive Directors appointed after 2019.	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, life assurance and relocation allowance.	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	<p>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'.</p> <p>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.</p> <p>The Committee retains the discretion to make use of the relevant Listing Rule to facilitate such a buy-out.</p>	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 81. 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 Chair of the 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 rules of the relevant plans (subject to any Committee 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 the individual is not serving their 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.	Either the end of the performance period or at the Committee's discretion.
	Change of control.	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.	At the normal release date (save where the Committee has discretion to determine otherwise or the rules provide otherwise).
	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.	At the normal release date (save where the Committee has discretion to determine otherwise or the rules provide otherwise).
	Change of control.	Any unvested awards will be pro-rated for time and performance.	At the time of change of control.

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
Duncan Tait	1 June 2020	12 months	To retirement
Gijsbert de Zoeten	27 August 2019	12 months	To retirement

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 2020 and how it will be implemented in the financial year to 31 December 2021.

The Remuneration Committee consists of three 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 Committee reviews its terms of reference on an annual basis. The terms can be found at www.inchcape.com.

The table below details the decisions the Committee made in 2020 and its focus for 2021.

Focus area	Decisions made in respect of 2020	Priorities for 2021
Bonus scheme	<p>The Committee reviewed the outcome of the 2019 bonus scheme and set targets for the 2020 bonus scheme.</p> <p>The Committee agreed to delay the on-target increase from 40% to 50% of maximum as part of the Group's COVID-19 response. Further details are given on page 88.</p> <p>As the financial performance targets were not achieved no bonus will be paid to the Executive Directors for 2020.</p>	The Committee will review the bonus measures and targets applicable for the 2021 bonus within the framework of the remuneration policy
Long-term incentives	<p>The Committee reviewed the outcome of the 2017 PSP and CIP awards and agreed the grants for 2020. Details are on pages 90 to 91.</p> <p>A third measure was introduced into the PSP and CIP based on cash. The weighting is 40% on each of EPS and ROCE, and 20% on cash. See page 91 for further details.</p> <p>The Committee considered the approach to the grant of the 2020 long-term incentive awards taking into account shareholder expectations as a result of COVID-19. Further details are given on page 91.</p>	The Committee will review the 2018 PSP and CIP outcomes and agree the grants for 2021 within the framework of the remuneration policy
Executive Directors' remuneration	<p>The Committee approved the overall 2020 remuneration for the Executive Directors.</p> <p>As part of the Group COVID-19 response, the Committee approved a 20% salary reduction for Executive Directors from 1 April 2020 to 30 June 2020 with the new CEO taking a salary reduction on his first three months of service from 1 June 2020 to 31 August 2020.</p> <p>The 3% salary increase approved by the Committee for the CFO was postponed from April 2020 to January 2021.</p>	The Committee will set targets for performance-related remuneration and consider appropriate salary levels and other benefits
Group Executive Team remuneration	<p>The Committee reviewed the remuneration for senior executives taking into account pay for employees across the Group.</p> <p>As part of the Group COVID-19 response, the Committee approved a 20% salary reduction for the Group Executive Team from 1 April 2020 to 30 June 2020. Salary increases previously approved by the Committee were postponed to January 2021.</p>	The Committee will set targets for performance-related remuneration and consider salary levels and other benefits
Wider remuneration	<p>The Committee considered the reward landscape for the wider workforce including total bonus outcomes for all senior management, regional financial element and the distribution of performance outcomes for personal objectives.</p> <p>The Committee also reviewed data on the 2020 salary review across the whole organisation. As part of the Group COVID-19 response, approximately 60% of the workforce were unable to work. Further details are given on page 53.</p>	The Committee will continue to review executive remuneration in the context of wider workforce remuneration
Chairman's fee	The Committee reviewed the Chairman's fee in November 2020 and agreed an increase of 2.5% with effect from 1 April 2021.	Review benchmarking criteria to ensure the Chairman fee is in line with the market

Focus area	Decisions made in respect of 2020	Priorities for 2021
Share plans	The Committee approved an update to the share plan rules to include reputational damage and corporate failure as circumstances in which malus and clawback provisions could be applied.	The share plans have been in place for 10 years therefore the updated plan rules will be put to shareholders for approval at the Annual General Meeting in 2021 Full details of the plan rules can be found in the annex to the Notice of Meeting and will be available for inspection at the Company's registered office
UK pension arrangements	Following the Board's decision to close the Cash+ scheme, the Committee reviewed the progress made on the closure of the Cash+ scheme and the establishment of a new DC scheme, the Inchcape Retirement Savings Plan ("IRSP"). Further details on the decisions are given in the S172 case study on page 60.	The IRSP will be operational from 1 January 2021
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 2021 gender pay analysis
CEO pay ratio	The Committee approved the methodology and assumptions made in the calculation of the CEO pay ratio and approved the statement made in last year's DRR. The Committee analysed the results of the 2020 CEO pay ratio and approved the statement made on page 93.	The Committee will continue to monitor the results of the CEO pay ratio calculations
Committee evaluation	An external Board evaluation was carried out in 2020. Please see pages 64 and 76 for further details.	The Committee will focus on wider workforce policies
Executive Director and GET appointments	The Committee approved the remuneration package for: <ul style="list-style-type: none"> - Group Chief Executive Officer - CEO Europe - Chief Human Resources Officer - Chief Information Officer. 	New appointments and changes to the Group Executive Team will be reviewed and approved by the Committee
Governance	The external advisors updated the Committee on governance and remuneration trends. The Committee reviewed and approved the disclosures for the pay scenarios and impact of share price appreciation.	The Committee will continue to monitor investor views on the remuneration landscape The appropriateness of any ESG metrics will be considered by the Committee during 2021

Single total figure of remuneration (audited)

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2020:

Name	Base salary /fees ^(a) £'000		Taxable benefits ^(b) £'000		Single-year variable ^(c) £'000		Multiple-year variable ^(c) £'000		Pension ^(e) £'000		Other ^(f) £'000		Total £'000		Total Fixed ^(a+b+e+f) £'000		Total variable ^(c+d) £'000	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Current Executive Directors																		
Duncan Tait*	416	-	3	-	0	-	0	-	46	-	3	-	468	-	468	-	0	-
Gijsbert de Zoeten	461	169	194	100	0	115	0	-	49	17	3	0	707	401	707	286	0	115
Current Non-Executive Directors																		
Nigel Stein	277	321	2	1	-	-	-	-	-	-	-	-	279	322	279	322	-	-
Jerry Buhlmann	70	73	-	-	-	-	-	-	-	-	-	-	70	73	70	73	-	-
Rachel Empey	55	60	-	-	-	-	-	-	-	-	-	-	55	60	55	60	-	-
Jane Kingston	67	67	-	-	-	-	-	-	-	-	-	-	67	67	67	67	-	-
John Langston	65	77	-	-	-	-	-	-	-	-	-	-	65	77	65	77	-	-
Till Vestring	63	74	-	-	-	-	-	-	-	-	-	-	63	74	63	74	-	-
Alex Jensen*	48	-	-	-	-	-	-	-	-	-	-	-	48	-	48	-	-	-
Former Executive Directors																		
Stefan Bomhard*	343	757	10	18	0	0	0	520	114	227	4	0	471	1,522	471	1,002	0	520
Total	1,865	1,598	209	119	0	115	0	520	209	244	10	0	2,293	2,596	2,293	1,961	0	635

* Stefan Bomhard left on 30 June 2020. Alex Jensen joined on 29 January 2020 and Duncan Tait joined on 1 June 2020.

a. Base salary/fees include the voluntary 20% pay cut taken by the Directors during the year.

b. Taxable benefits comprise car allowance, medical cover and mileage allowance. Gijsbert de Zoeten received a relocation allowance of £173,904 during 2020. As disclosed in last year's report, Gijsbert was eligible for a relocation allowance to facilitate moving his family to the UK. The allowance was payable for a 12 month period only.

c. Payment for performance under the annual bonus, including amounts paid in shares.

d. The 2019 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 491p and 489p for the 2017 PSP and CIP awards respectively) and includes a dividend equivalent of £43,366. The 2019 value includes a movement of -£312,168 which was due to a reduction in share price over the period. Full details of the awards exercised in 2020 are given on page 92.

e. During the year Stefan Bomhard received a cash pension supplement of 30% of base salary prior to 21 May 2020, and 23.3% thereafter until date of leaving. Gijsbert de Zoeten and Duncan Tait received a pension supplement of 10% of salary.

f. The 2020 figure for both Duncan Tait and Gijsbert de Zoeten includes the value of the 2020 SAYE and is based on the embedded value at date of grant. In 2020, Stefan Bomhard received a one-off payment of £4,391.10 in lieu of holiday entitlement at time of leaving.

The fees of the Chairman, Non-Executive Directors and the Senior Independent Director are given on page 88.

Base salary

Salaries are reviewed annually and typically take effect from 1 April each year. The Committee agreed to postpone the 2020 salary increases as part of the Group COVID-19 response. Additionally, Board members agreed to take a 20% salary or fee cut, applied for three months for the Executive Directors and nine months for Non-Executive Directors.

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.

The salaries for 2019, 2020 and 2021 are set out below, together with the average increases across the Group.

Name	1 April 2019	1 April 2020 (or date of appointment, if later)	1 April 2021
Duncan Tait	-	£780,000	£799,500
Gijsbert de Zoeten*	£485,000	£499,550	£518,533
Average increase across Group	2.43%	3.18%	3.28%

* Gijsbert de Zoeten was awarded a salary increase of 3% in April 2020 but implementation was delayed until January 2021. He was awarded a salary increase of 3.8% with effect from 1 April 2021. Further details are on page 76.

Chairman and Non-Executive Directors' fees

The Remuneration Committee agreed an increase of 2.5% p.a. for the Chairman's fee with effect from 1 April 2021. The Chairman's fee will be £334,560 p.a. from that date.

The Board agreed a fee increase of 2.5% p.a. for the Senior Independent Director and Non-Executive Directors with effect from 1 April 2021. The revised fees will be £83,025 for the SID, and £63,500 for the NEDs. The additional fee of £15,000 p.a. for the chair of the Audit and Remuneration Committees, and £12,000 for the chair of the CSR Committee remain the same.

Annual bonus

The annual bonus is based on annual financial measures and strategic objectives. 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 strategic objectives are selected each year to reinforce the Group's strategic priorities and may include personal objectives linked to the delivery of the Ignite strategy.

The principles for setting the 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

2020 bonus

For 2020, 80% of the bonus was based on financial performance via a matrix of revenue and profit before tax 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.

The structure of the 2020 bonus

Up to 80% of total bonus or 120% of salary is earned according to the following matrix of financial measures (% are of salary):

Revenue

Stretch	24%	72%	120%
Target	16%	48%	96%
Threshold	12%	36%	72%
	Threshold	Target	Stretch
	Profit before tax		

Up to 20% of the total bonus, or 30% of salary, is earned for the achievement of strategic objectives linked to the Ignite strategy.

Actual performance against bonus targets

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

In 2020, revenue performance and profit before tax was below threshold. The table below provides further detail on the revenue and profit before tax targets.

Actual performance for determining bonus outcomes has been calculated using the same currency rates as used to set the bonus targets, and both targets and performance have been determined on an IFRS 16 basis. This approach helps ensure that the bonus is linked to underlying financial performance.

Measure	Targets			Actual performance	Outcome for element of bonus % of salary
	Threshold	Target	Stretch		
Revenue	£8,065.0m	£8,489.5m	£8,914.0m	£7,036.4m	
Profit before tax	£273.9m	£304.3m	£334.7m	£135.7m	0%

Adjustments made during the year

The revenue and profit before tax targets for 2020 were adjusted to take into account strategic acquisitions and disposals during the year, to ensure target and performance outcomes were assessed on a like-for-like basis.

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 2020 bonus and the resulting outcomes. As the financial performance targets were not achieved there is no bonus payable for the year ended 31 December 2020, however, the Executive Directors achieved the strategic objectives as detailed below.

Executive Director	Objective	Weighting (%)	Further details on objectives	Weighted outcomes (%)
Duncan Tait	Strategy	10%	<ul style="list-style-type: none"> - Defined the new strategic direction of the Group focusing on two key growth pillars: Distribution Excellence; and Vehicle Lifecycle Services - Successfully maintained strategic progress during COVID-19 pandemic 	n/a
	Digital capability	10%	<ul style="list-style-type: none"> - Successful roll out of omni-channel platform in Argentina, Colombia and Chile with staggered implementation plan agreed for other markets. 	n/a
Gijsbert de Zoeten	Improve management information flow	10%	<ul style="list-style-type: none"> - Improvement in executive information resulting in: <ul style="list-style-type: none"> a) highly effective navigation through COVID-19 crisis; and b) increased quality of information on business performance between regions and central functions including frequency, improvement in forward looking data and market detail. 	n/a
	Finance and IT transformation	10%	<ul style="list-style-type: none"> - A comprehensive transformation plan of the Finance function was created, and the first milestones have been achieved despite the challenges presented by COVID-19. Significant improvement of Finance IT tools globally and initiation of shared services project. - Substantial progress on the Cyber Security action plan. 	n/a

Annual bonus for 2021

The maximum annual bonus opportunity in 2021 will remain unchanged from previous years and will be 150% of salary. For the Executive Directors, 80% of the bonus will be based on a financial performance matrix, linked to revenue and profit before tax, and 20% of the bonus will be based on a basket of specific, measurable objectives that relate to the Group's strategy. For target performance, the payout will be 50% of the maximum bonus opportunity.

The structure of the 2021 bonus
Up to 80% of total bonus or 120% of salary is earned according to the following matrix of financial measures (% are of salary)

Revenue

Stretch	24%	72%	120%
Target	16%	60%	96%
Threshold	12%	36%	72%
	Threshold	Target	Stretch

Profit before tax

Given the close link between performance targets, the longer-term strategy, and the advantage this may give competitors, the 2021 targets for the Executive Directors 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 2018, awards were granted under the PSP and CIP schemes which vested dependent on certain performance targets measured over three years to 31 December 2020. These awards are also subject to an additional post-vest two-year holding period.

2018 PSP/CIP performance targets

Three-year EPS growth p.a. (60% weighting)	Vesting %	Three-year average ROCE* (40% weighting)	Unexpired term
Less than 4%	0%	Less than 16.5%	0%
4%	25%	16.5%	25%
12%	100%	20.5%	100%
Between 4% and 12%	Straight line basis	Between 16.5% and 20.5%	Straight line basis

* Targets have been adjusted for IFRS 16.

Vesting of 2018 PSP/CIP awards

Over the 2018-2020 performance period an EPS growth of -63% and three-year average ROCE of 19% were achieved, which resulted in the following vesting outcomes:

Award	Performance measure	Wtg.	Vesting outcome (% of element)
PSP	EPS	60%	0%
	ROCE	40%	71.3%
	Total (overall vesting outcome of PSP)		28.5%
CIP	EPS	60%	0%
	ROCE	40%	71.3%
	Total (overall vesting outcome of CIP)		28.5% = 0.57:1 match

Due to their relatively recent appointments, neither of the Executive Directors were participants in the 2018 PSP/CIP award cycle. The awards granted in 2018 to Stefan Bomhard and Richard Howes (former Directors) lapsed on their cessation of employment with the Group.

PSP and CIP awards granted during the year

During 2020, PSP and CIP awards were granted to Duncan Tait and Gijsbert de Zoeten. PSP awards were granted at 180% and 230% of salary respectively and under the CIP, Duncan Tait and Gijsbert de Zoeten invested 50% of salary and were granted a matching award of 100% of salary. As disclosed in last year's report, it was agreed that Gijsbert's PSP awards would be enhanced to 230% of salary for 2020 only (versus a regular award of 180%), reflecting that no PSP award was granted to him in 2019.

Due to the share price decline, a 10% reduction was applied to the actual number of shares granted to ensure that the awards reflected the shareholder experience and alignment with other stakeholders.

The performance targets for the 2020 PSP/CIP grants are as follows:

2020 PSP/CIP

Three-year cumulative EPS (40% weighting)	Vesting %	Three-year average ROCE (40% weighting)	Unexpired term
Less than 169p	0%	Less than 16.5%	0%
169p	25%	16.5%	25%
191p	100%	20.5%	100%
Between 169p and 191p	Straight line basis	Between 16.5% and 20.5%	Straight line basis

Cash conversion (20% vesting)	Vesting %
Less than 55%	0%
55%	25%
70%	100%
Between 55% and 70%	Straight line basis

Threshold level performance will result in 25% of the 2020 PSP and CIP awards vesting.

	Date of grant	Share price (p) ¹	Number of shares/options awarded	Face value at grant ²	Performance period	Exercise period
Duncan Tait						
PSP	2 June 2020	514.5p	251,342	£1,293,155	Jan 2020 – Dec 2022	Jun 2023 – Jun 2024
CIP	26 June 2020	488.8p	139,682	£682,766	Jan 2020 – Dec 2022	Jun 2023 – Dec 2023
Gijsbert de Zoeten						
PSP	2 June 2020	514.5p	199,695	£1,027,431	Jan 2020 – Dec 2022	Jun 2023 – Jun 2024
CIP	26 June 2020	488.8p	86,841	£424,479	Jan 2020 – Dec 2022	Jun 2023 – Dec 2023

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 2021

Given the current uncertainty in our core markets as a result of recent local and national lockdowns, the Committee has delayed setting the targets for the 2021 awards. The current intention is to make the awards in May and the specific targets applying to the awards will be disclosed to shareholders in an RNS at the time of grant.

Pension

During 2020, the outgoing CEO, Stefan Bomhard, received a cash supplement of 30% of base salary to 21 May 2020. He then received a cash supplement of 23.3% of salary until he left the Group on 30 June 2020. Duncan Tait and Gijsbert de Zoeten receive a pension contribution of 10% of salary which is aligned to the UK employee average.

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 2020.

	Shares held at 31 December 2020	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		
Duncan Tait	55,055	391,024	0	0	4,774	0	No
Gijsbert de Zoeten	68,156	286,536	0	0	4,774	0	No
Nigel Stein	66,834	n/a	n/a	n/a	n/a	n/a	n/a
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
Jane Kingston	3,500	n/a	n/a	n/a	n/a	n/a	n/a
John Langston	8,303	n/a	n/a	n/a	n/a	n/a	n/a
Till Vestring*	46,547	n/a	n/a	n/a	n/a	n/a	n/a
Alex Jensen	0	n/a	n/a	n/a	n/a	n/a	n/a
Stefan Bomhard**	485,507	n/a	n/a	n/a	0	40,252	n/a

* Till Vestring's shares were mis-stated last year, shares held at 31 December 2019 were 44,308.

** Shares and awards held by Stefan Bomhard on his date of leaving 30 June 2020.

There have been no changes to the number of shares held by the Directors between 31 December 2020 and 24 February 2021.

Share ownership policies

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.

Duncan Tait and Gijsbert de Zoeten held 49% and 97% of salary respectively as at 31 December 2020, using the share price as at 31 December 2020 of 643.5p.

Awards exercised during 2020

Stefan Bomhard exercised the award granted to him under the 2017 Performance Share Plan on 27 May 2020. He sold sufficient shares to cover costs and tax and retained the remaining shares.

Plan	Shares exercised	Dividend shares	Share price	Shares sold	Shares retained
PSP	60,393	5,491	499.9p	31,028	34,856

Percentage change in Board remuneration

The table shows the percentage change in Board remuneration from 2019 to 2020 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.

	Salary	Benefits	Annual Bonus
Duncan Tait	n/a	n/a	n/a
Gijsbert de Zoeten	3% ^{1,2}	0% ³	- 100% ⁴
Nigel Stein	2% ^{1,2}	0%	n/a
Jerry Buhlmann	0% ²	n/a	n/a
Rachel Empey	0% ²	n/a	n/a
Jane Kingston	0% ²	n/a	n/a
John Langston	0% ²	n/a	n/a
Till Vestring	0% ²	n/a	n/a
Alex Jensen	0% ²	n/a	n/a
Average pay based on senior management	3.16% ^{1,2}	0%	- 82.91% ⁵

1. Change in salaries and fees are shown as difference between position at April 2019 against April 2020 when scheduled annual reviews take place.

2. As noted on page 87, the implementation of April 2020 salary increases was deferred to January 2021. Additionally, the Board and the majority of the management took voluntary reductions to their fees/salaries.

3. Gijsbert de Zoeten's relocation allowance provided on appointment for a defined period ceased in 2020.

4. Gijsbert de Zoeten received a prorated bonus for time spent in service in FY2019 and nil bonus for FY2020.

5. In line with performance outcomes for FY2020, limited bonus payments were made for this year.

As Inchcape plc has no direct employees, employees representing the most senior executives 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.

CEO pay ratio

The CEO pay ratio is based on comparing the CEO's pay to that of Inchcape's UK-based employee population, a large proportion of whom are in customer-facing roles in retail outlets with remuneration which is commission-driven. The Committee anticipates that the ratios are likely to be volatile over time, largely driven by the CEO's incentive outcomes which are dependent on Group-wide results whereas employee pay variability will be primarily driven by UK market conditions.

The ratio has declined year-on-year due to the reduction in the reportable remuneration for the role of Chief Executive Officer in 2020; the figure reflects the part-year earnings for Stefan Bomhard and Duncan Tait, neither of whom received any variable pay for 2020.

As a substantial proportion of the CEO's total remuneration opportunity is derived from variable pay, the Committee expects the ratio is likely to increase over time as full-year earnings are reported for the CEO and performance merits pay-outs under the bonus and PSP/CIP.

Financial year	Calculation methodology	P25 (Lower quartile)	P50 (median)	P75 (Upper quartile)
2020	C	40:1	28:1	19:1
2019	C	67:1	48:1	32:1

Consistent with 2019, calculation methodology C was used. Full-time equivalent remuneration was calculated for all UK employees using the single total figure valuation methodology with two amendments: using 2019 bonus outcomes as a proxy for 2020 bonus outcomes and excluding SAYE grants. The employees at the 25th, 50th and 75th percentile (P25, P50, P75) were identified. The total remuneration for 2020 of the three employees identified was then updated after the year-end to include any annual bonus and SAYE values (if applicable). This method was chosen as it is in line as much as possible with methodology A which is the government's preferred approach whilst taking account of operational constraints. The Committee is satisfied that the selected employees are representative.

The table below sets out the remuneration details for the individuals identified:

Year	Salary	CEO	P25	P50	P75
2020	Basic salary (£'000)	£759	£23	£32	£34
	Total remuneration ¹ (£'000)	£939	£24	£33	£49
2019	Basic salary (£'000)	£757	£15	£28	£28
	Total remuneration ¹ (£'000)	£1,639	£24	£34	£52

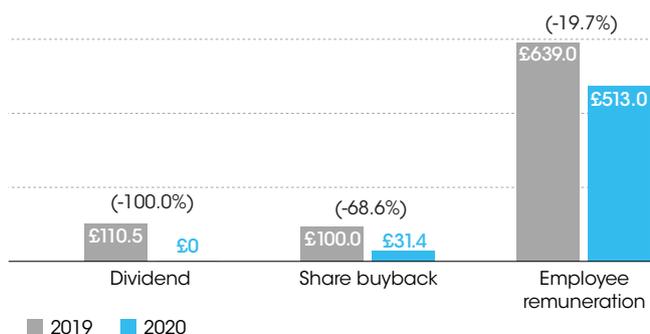
1. Reflects part-year earnings for Stefan Bomhard and Duncan Tait.

The Committee is satisfied that the overall picture presented by the 2020 pay ratios is consistent with the reward policies for Inchcape's UK employees. The Committee takes into account these ratios when making decisions around the Executive Director pay packages, and Inchcape takes seriously the need to ensure competitive pay packages across the organisation.

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 2019 to 2020.

Relative importance of spend on pay (£M)



The Directors are proposing a final dividend for 2020 of 6.9p per share. (Due to the effects of COVID-19, the Directors decided to preserve cash and rescinded the recommendation for the payment of a final dividend for the year ended 31 December 2019.)

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 2020	393m
All schemes – 10% over 10-year rolling period	39m
Remaining headroom for all schemes	20m
Executive schemes – 5% over a 10-year rolling period	20m
Remaining headroom for executive schemes	6m

Pay for performance

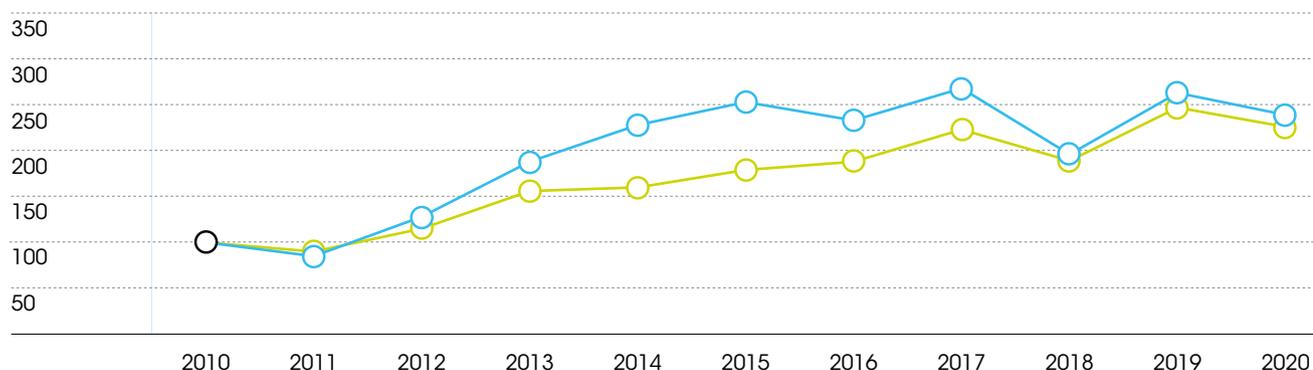
The graph below shows the Total Shareholder Return (TSR) of the Company over the 10-year period to 31 December 2020.

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 2020.

Value of £100 invested at 31 December 2010



○ Inchcape ○ FTSE mid 250 excluding investment trusts

	Group Chief Executive	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CEO single figure of remuneration (£'000)	André Lacroix	2,993	2,165	4,400	5,265	294 ¹	n/a	n/a	n/a	n/a	n/a
	Stefan Bomhard	n/a	n/a	n/a	n/a	2,906	1,403	3,006	2,430	1,522	471 ²
	Duncan Tait	n/a	n/a	n/a	n/a	b/a	n/a	n/a	n/a	n/a	468
Annual bonus outcome (% of maximum)		52%	68%	48%	100%	56.8%	40.3%	67.6%	38.5%	n/a ⁶	0%
LTI vesting ³ outcome (% of maximum)		100%	100%	66%	68%	n/a ⁴	n/a ⁵	79.6%	58%	40%	n/a ⁷

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

2. The amount for Stefan Bomhard reflects remuneration received until he left the Group in June 2020.

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.

6. Stefan Bomhard did not receive a bonus in 2019.

7. Neither Stefan Bomhard nor Duncan Tait received a vested award under the 2018 PSP or CIP. However, for those participants who did receive an award, 28.5% of the 2018 PSP vested and there was a 0.57:1 match for each share invested into the 2018 CIP.

Shareholder context

The table below shows the advisory vote on the Remuneration Report at the 2020 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	277,213,236	84.10%
Against	52,429,638	15.90%
Total votes cast (excluding votes withheld)	329,642,874	100%
Votes withheld ¹	17,159,945	
(Total votes cast including votes withheld)	346,802,819	

The Committee recognises the vote on the Remuneration Report at the 2020 AGM was lower than in previous years and has considered the reasons why shareholders voted against the Remuneration Report.

Reasons for voting against include the level of disclosure in the Report. This year, the Committee has reviewed all its disclosures in detail to ensure they meet the standards required by shareholders. The Committee will continue to keep an open dialogue with shareholders to help ensure support for remuneration decisions is strong.

The table below shows the binding vote on the remuneration policy at the 2020 AGM:

	Total of votes	% of votes cast
For (including discretionary)	323,620,872	94.50%
Against	18,822,513	5.50%
Total votes cast (excluding votes withheld)	342,443,385	100%
Votes withheld ¹	4,359,434	
(Total votes cast including votes withheld)	346,802,819	

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

No exit payments were made to Directors during the year.

Stefan Bomhard left the Group on 30 June 2020 after serving five months of his 12 month notice period. He received no further payments upon leaving, he did not receive a bonus for 2020 and all his outstanding PSP and CIP awards (i.e. those granted in 2018 and 2019) lapsed in full.

Payments to past Directors

No payments were made to past Directors in 2020.

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 and the Board.

Gijsbert de Zoeten is a member of the supervisory board of Technical University Delft, for which he received a fee of €17,000 during 2020.

Duncan Tait currently serves as a non-executive director on the board of Agilisys Ltd for which he received a fee of £25,000 during 2020.

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 until 31 December 2020. Mercer|Kepler was appointed by the Committee in 2010 after a comprehensive tendering process carried out by the Committee. Mercer|Kepler was paid fees of £76,804 for its services during the year, excluding expenses and VAT. Mercer also supplied unrelated services to the Group in relation to IAS 19. Following the lead advisor moving to Ellason LLP, Ellason LLP was appointed as the independent remuneration advisor to the Committee effective 1 January 2021.

Mercer and Ellason are both signatories to the Remuneration Consultant Group's Code of Conduct which sets out guidelines to ensure that any advice is independent and free of undue influence (which can be found at www.remunerationconsultantsgroup.com). None of the individual Directors have a personal connection with Mercer or Ellason. The Committee is satisfied that the advice it receives is objective and independent and confirms that neither Mercer|Kepler nor Ellason have any connection with the Company that may impair their independence. The Committee's advisors attend Committee meetings as required and provide advice on remuneration for executives, analysis of the remuneration policy and regular market and best practice updates. The advisors report directly to the Committee Chair. Fees are charged at an hourly rate in accordance with the terms and conditions set out in the relevant engagement letter.

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



Jane Kingston

Chair of the Remuneration Committee