A governance culture

Nigel Stein
Chairman

Dear Shareholder

I am pleased to present the Corporate Governance Report for the year ended 31 December 2020. The next few sections explain how the Board and its Committees have discharged their duties throughout the year and I hope you find it informative.

COVID-19 began impacting the Group at the beginning of 2020, forcing the closure of businesses in several markets. The Board met regularly during March, April and May to assess the quickly evolving situation. The immediate focus was on the health and safety of our employees and customers and to protect the strength of the balance sheet. Further information on the Board's decisions as a response to COVID-19 are given on page 53.

The management teams adapted quickly, creating a global COVID-19 taskforce, holding weekly business review calls, and implementing stock management key controls and a set of safe-operating practices for all markets which remained open. Regular meetings with OEM brand partners were held to ensure optimal vehicle allocation to support both their businesses and our own during this challenging time. Employee wellbeing programmes were put in place and more frequent communication processes were implemented to ensure that our employees remained updated at all times.

The Board also needed to change the way it carried out meetings which were all held virtually from March onwards. More meetings were held to monitor the situation and agendas were considered carefully to ensure that there was sufficient time to deal with all the issues as they arose. The Board members have given their time generously during the year and I would like to thank them for their support.

Both the Board and the CSR Committee regularly monitored the number of COVID-19 cases impacting our employees, all of which we believe were contracted outside the workplace, which sadly resulted in five deaths during 2020. Our sincere condolences go to their families and the Group has offered every support to assist them at this very difficult time.

Board changes

Duncan Tait joined the Group as Chief Executive Officer in June 2020 and I am confident that he has the necessary skills and experience to lead the Group into the future. Please see Duncan's review on pages 4 to 6. As mentioned last year, Alex Jensen joined the Board as a Non-Executive Director in January 2020 and was appointed as the Chair of the CSR Committee with effect from 1 January 2021 and I am sure her experience at bp plc will add insight to the Committee's discussion.

Till Vestring completed nine years on the Board during 2020 and had planned to stand down at the AGM in May however, Till has agreed to extend his tenure until we have successfully appointed and inducted a new Non-Executive Director onto the Board. See page 56 for statement of code compliance.

It is also with regret that Rachel Empey will leave the Board in April 2021 due to other commitments. I would like to thank Rachel for her strong contribution and the sound advice she has provided since she joined in May 2016 and I wish her all the best for the future.

Climate change

As an automotive distributor and retailer, climate change will impact the business in the future and is considered within the broader discussions on strategy, risks and opportunities. As noted in my letter on pages 2 and 3, the Board reviews the major disruptive trends affecting the global automotive industry which includes those emerging as a result of climate change. Climate-related issues are considered under some of our principal risks and our best estimates are made on the impacts to the business; further details can be found on pages 42 to 49.

The Financial Reporting Council published a climate thematic in November 2020 noting that UK businesses needed to improve reporting in this area and with the introduction of mandatory reporting in line with the Task Force on Climate-related Financial Disclosures ("TCFD"), the Board has appointed The Carbon Trust to assist the Group in improving its disclosures in line with the recommendations as set out in the TCFD, during 2021.

Brexit

The Group's exposure to Brexit is principally in our UK Retail business where we are retailer for major German brands and also where we manufacture in the UK for export to EU countries. Engagement with our OEM brand partners is key to working closely with them to mitigate disruption. In the medium term, contingency plans have been implemented and the Board will monitor developments and take further action as required throughout 2021. Further details are given in the Risk Report on page 50.

Looking forward
2020 was a challenging year, and I would like to once again thank our people for their resilience throughout such difficult times. The Board and I look forward to our continuing recovery and success in 2021 and beyond as we move forward with our strategy for growth.

I thank you for your support during 2020 and look forward to the coming year.

NM Stein

Nigel Stein
Chairman

COVID-19

The Board had to make several difficult decisions to support the business as the pandemic took hold around the world. The Board had regard for the interests of the Group's stakeholders during the decision-making process and weighed up the adverse impacts of some of those decisions with the continued success of the business during such unprecedented times. At the beginning of the pandemic the focus was on liquidity and short-term cost savings and as the year progressed the Board's focus was on preparing the business for returning to structural profitability and for further potential disruption.

The Board announced a £150m share buyback in February 2020, £30m of which was completed by March. As soon as it became apparent that businesses would be forced to close the Board made the decision to cancel the buyback to preserve cash in the short term. A final dividend had also been proposed which would have been payable in June 2020. The Board closely monitored the rapidly evolving situation but it soon become clear that the closures would last longer than anyone had hoped. The Board decided to withdraw the dividend in April 2020 to further preserve cash. Further details can be found on page 60.

As markets shut under government lockdowns approx. 60% of the workforce were placed on furlough and a further 40% were working remotely. In order to support employees who were unable to work during this time, the Group utilised government sponsored furlough schemes in the UK, Australia and Singapore. Where government support was not available or was provided at a low-level, salaries of furloughed staff were topped up to an average of 50% of salary, which was necessary in a number of markets to prevent redundancy situations. The situation was monitored on a market-by-market basis to ensure the solutions were fair, competitive and affordable against a continually evolving landscape. In addition, the following cost-saving measures were introduced:

- a 20% reduction in salary for senior executives;
- a 20% reduction in fees for Board members;
- a salary freeze for some employees.

In April, the Board decided to apply for temporary borrowing under the UK Covid Credit Financing Facility programme as the duration of the global lockdowns was still uncertain at that time. Of the funding secured by the Group £100m was drawn down in May, but as the financial impacts became clearer the Group was able to repay the funding in July.

The regional management teams engaged with our OEM brand partners to materially cut production orders and negotiate extended payment terms. These actions together with supplier related credit extensions secured with the Group's financial partners further strengthened the Group's position. The successful outcomes were driven by the constructive partnership approach the management teams and our OEM partners have taken during this time.

Despite the actions above, the continued COVID crisis impacted the business significantly during the first half of 2020 and the outlook was uncertain. In planning for the future of the Group, the Board approved a cost restructuring programme to ensure the Group was able to remain agile in the medium and longer term. Reflecting how material employee costs are on the business, and the expected lower demand in 2021, the Board made the difficult decision to approve redundancies of circa 10% of employees across the Group. In addition, the reduction of the Retail footprint was accelerated to reduce overheads further. The restructuring programme was significant and the Board considered detailed plans orchestrated by the regions and Group Executive Team when making its decisions. Key to achieving the desired outcomes was continuing the strong relationships built up with local unions and consultation groups, and with our OEM partners who have remained fully supportive throughout the process. Overall the cost restructuring programme is expected to deliver a cost benefit of £90m of which 50% will be retained when revenue recovers.

Board of Directors

The Board is collectively responsible for agreeing, developing, and continually reviewing the strategy to ensure that it delivers long-term sustainable success. The Board is also responsible for ensuring that the appropriate people are employed to deliver the strategic objectives and that they have adequate financial resources in order to do so. Underpinning this, the Board must ensure that there is the right development and training in place to support the strategy, along with the necessary controls, processes and procedures to drive a strong ethical culture to facilitate the delivery of the strategic goals.

Nigel Stein

Duncan Tait

Gijsbert de Zoeten

Jerry Buhlmann

Rachel Empey

Jane Kingston

John Langston

Till Vestring

Alex Jensen

FULL BIOGRAPHIES, INCLUDING PAST EMPLOYMENT HISTORY, CAN BE FOUND ON WWW.INCHCAPE.COM

Nigel Stein
Chairman

Appointed
October 2015

Skills and experience
Nigel was Chief Executive of GKN plc until his retirement in December 2017. He has a wide range of international, general management and finance experience gained in various roles at GKN plc and also has experience in the automotive and manufacturing sectors.

Nigel is a chartered accountant.

Committee membership
Chair of the Nomination Committee and member of the Remuneration and CSR Committees.

Duncan Tait
Chief Executive Officer

Appointed
July 2020

Skills and experience
Duncan was on the Board of Fijitsu Ltd, a global technology services company with responsibility for EMEIA & Americas, a business with $10bn turnover and 35,000 people. He has significant international experience, holding senior roles at Unisys, Hewlett Packard and Compaq in a technology focused career of over 30 years.

Other appointments
Duncan is also non-executive director at Agilisys.

Gijsbert de Zoeten
Chief Financial Officer

Appointed
August 2019

Skills and experience
Gijsbert was CFO at LeasePlan Corporation NV, the international fleet management and mobility services company.

Previously, Gijsbert has held a range of senior financial and operational roles at Unilever plc over 27 years, including his six-year position as the CFO of Unilever Europe.

Other appointments
Gijsbert is also a member of the supervisory board of Technical University Delft.

Jerry Buhlmann
Non-Executive Director

Appointed
March 2017

Skills and experience
Jerry has over 30 years' experience in the media and advertising industries. He was CEO of Dentsu Aegis Network from 2013 until 2018. Prior to its acquisition by Dentsu Inc, Jerry was the CEO of Aegis Group PLC.

Jerry is also Non-Executive Chairman of Croud, a director of Tulchan Limited and Senior Advisor for OC&C's TMT Practice.

Committee membership
Audit, Remuneration, CSR and Nomination Committees.

Rachel Empey
Non-Executive Director

Appointed
May 2016

Skills and experience
Rachel was appointed Chief Financial Officer of Fresenius SE & Co. KGaA, a top healthcare company listed on the DAX index, in August 2017.

Previously Rachel was Chief Financial and Strategy Officer of Telefónica Deutschland Holding AG.

Rachel is a chartered accountant.

Committee membership
Audit and Nomination Committees.

Jane Kingston
Non-Executive Director

Appointed
July 2018

Skills and experience
Jane served as Group Human Resources Director for Compass Group PLC from 2006 until her retirement in 2016. Jane also held senior positions at Enodis PLC, Blue Circle PLC (now Lafarge SA) and Coats Viyella PLC. Jane has significant remuneration experience and is Remuneration Committee Chair of Spirax-Sarco Engineering plc.

Committee membership
Chair of Remuneration Committee and member of Nomination Committee.

John Langston
Non-Executive Director

Appointed
August 2013

Skills and experience
John has corporate finance, accounting and international experience acquired in senior financial roles in the engineering sector. He is an experienced Non-Executive Director who has a strong governance background and was the Audit Committee Chair of Rexam PLC until its sale to Ball Group in 2016.

John is a chartered accountant.

Committee membership
Chair of Audit Committee and member of Nomination Committee.

Till Vestring
Non-Executive Director

Appointed
September 2011

Skills and experience
Till is an Advisory Partner with Bain & Co, based in Singapore. He has extensive experience advising multinationals on growth strategy across Asia and leading Asian companies on strategy, M&A and organisation.

Till is also a Non-Executive Director of Keppel Corporation.

Committee membership
Chair of CSR Committee and member of Remuneration and Nomination Committees.

Alex Jensen
Non-Executive Director

Appointed
January 2020

Skills and experience
Alex is currently CEO Mobility and Convenience, Europe and Southern Africa at bp plc. She leads the region's fleet, retail and convenience food business across 14 countries.

Alex joined bp plc in 1991 and held roles based in the UK and China. She graduated from Oxford University with a degree in Chinese, holds a Masters from Stanford and is on the Board of the charity Mind.

Committee membership
Nomination and CSR Committees.

Compliance with the 2018 UK Corporate Governance Code

The 2020 report has been structured in accordance with the 2018 UK Corporate Governance Code and details how we have applied the principles accordingly:

Statement of Code compliance

The Company complied with the provisions of the 2018 UK Corporate Governance Code throughout the year.

Under Code provision 5, the Company has appointed the CSR Committee chair as the designated non-executive director with responsibility for engagement with the workforce. Unfortunately, some of the planned engagement was not able to be carried out in 2020 due to travel restrictions however a programme of engagement has been planned for 2021. Further details are on page 73.

Under Code provision 10, the criteria for independence is set out. Till Vestring has been on the Board for over nine years which is considered a circumstance which could impair independence. However the Board is satisfied that Till continues to have independent character and judgement despite the length of time served.

THE CODE CAN BE FOUND ON THE FRC'S WEBSITE WWW.FRC.ORG.UK

THE INFORMATION REQUIRED UNDER DTR 7 IS GIVEN ON PAGES 52 TO 100 AND FORMS PART OF THIS REPORT

Purpose and strategy

On joining in June 2020, Duncan Tait reviewed the strategic direction as the Group embarks on the next phase of its journey. Working with Duncan and the Group Executive Team, the Board sought to establish a clear articulation of what drives Inchcape and reflects our stakeholder commitments. The Group's purpose 'Bringing mobility to the world's communities – for today, for tomorrow and for the better', encompasses who we are, what shapes our decisions and the future direction of the business.

The strategy is designed to create long-term sustainable success for all our stakeholders by delivering financial returns to shareholders, a robust route to market for our OEM brand partners, fulfilling careers for our people, trusted vehicles sales and aftersales for our customers and contribute to wider society by offering valued employment opportunities, an established distribution network and an ethical business. The process of implementation planning and developing commercial objectives under the refreshed strategy will continue during 2021.

The Group's purpose, strategy and business model are set out on pages 8 to 16 of the Strategic Report. The principal risks and uncertainties which could impact the delivery of the Group's strategy and therefore the long-term success are given on pages 41 to 50.

System of risk management and internal control

The Group has a solid controls platform from which to manage the business in an effective and efficient way, with a control environment which can help identify and address emerging risks as they arise. Further details of the refreshed InControls framework is given on page 69 The Board believes it addresses the requirements of the current UK Corporate Governance Code through the maintenance and continuous improvement of the Group's risk management framework. This includes:

- established planning, budgeting and forecasting cycles, including the approval of the Strategic Plan by the Board;
- Board consideration of the principal risks relating to that Strategic Plan;
- reviews by the Group Executive Team of the Group's principal risks and agreement as to their management (incorporating risks identified by the Board);
- reviews by the Audit Committee of the management of principal risks;
- an annual effectiveness review by the Audit Committee of the Group's system of risk management and internal control;
- ownership of the risk management programme by the Group Executive, facilitated by the Chief Financial Officer;
- dedicated resource: a Group Head of Internal Audit and Group Risk Manager to lead and continuously improve risk management;
- a network of risk champions across the Group's regions and markets;
- a Group risk management policy, along with other Group-wide policies and procedures to address selected key risks;
- definition of the level of risk the Company is willing to take ('risk appetite') through the use of structured risk rating scales and qualitative statements;

- a six-monthly risk assessment, action planning and reporting cycle;
- a standardised, mandatory control framework (InControl) to address key areas of operational risk;
- periodic self-certifications of compliance with Group policies;
- reviews of operating companies' risk mitigation actions by the Group Risk Manager and other Group functions;
- periodic reports to senior management of the status of individual risks and their mitigation;
- an Internal Audit function, which is independent of business unit management and whose audit plans are informed by the Group's principal risks.The Board carries out a robust assessment of principal and emerging risks, which include those that would threaten the business model, future performance, solvency and liquidity, and is responsible for reviewing and agreeing the Group's principal risks and for considering its risk appetite in relation to those risks. Each risk is considered in the context of the strategy with a focus on:
  - The description of the risk;
  - The current risk footprint showing gross risk, net risk and the target position;
  - Background information that underpins the risk;
  - Key mitigation actions; and
  - The risk appetite statement for each of the risks.

The risk management and internal controls processes are designed to manage rather than eliminate the risk of failure to achieve business objectives. In establishing and reviewing the system of internal control, the Directors have regard to the nature and extent of the relevant risks, the likelihood of loss being incurred and the costs of control. The system can only provide a reasonable but not absolute assurance against any material mis-statement or loss and cannot eliminate business risk.

The Board has determined that there were no significant failings or weaknesses identified during the review of the risk management and internal control processes during the year and further confirms that these systems were in place during 2020 and up to the date of this report. The Directors are satisfied that the Group's risk management and internal control systems accord with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Further information is given in the Audit Committee Report on pages 65 to 71 and the Risk Report on pages 41 to 50.

Culture

In order to operate effectively, it is important that the appropriate culture is embedded throughout the business and this is approached in several ways:

- The Code of Conduct outlines the behaviours expected of employees. All new employees receive training on the Code of Conduct within the first month of joining the business.
- The whistleblowing line enables employees to report anything that they feel is inappropriate and the Audit Committee reviews reports made to the line at each meeting.
- Remuneration policies and practices are designed to promote the right behaviour. The work of the Remuneration Committee looks at all elements of the remuneration structure to ensure that this ethos is being carried out across the Group and focus is given to appropriate target setting and performance achievement. Further information can be found on pages 74 to 95.
- Setting an appropriate AOP and monitoring performance against targets throughout the year to ensure that undue pressure is not being placed on employees to behave in inappropriate ways to achieve results.
- Employee survey carried out regularly to understand the thoughts and views of employees.
- Delegated authorities at Group and local level sets out the responsibilities of management in decision making.
- Policies, practices and controls designed to drive the right behaviours.

Concerns on Board operations

If a Director has a concern about the running of the Company which cannot be resolved, it would be recorded in the Board minutes. No such concerns arose in 2020.

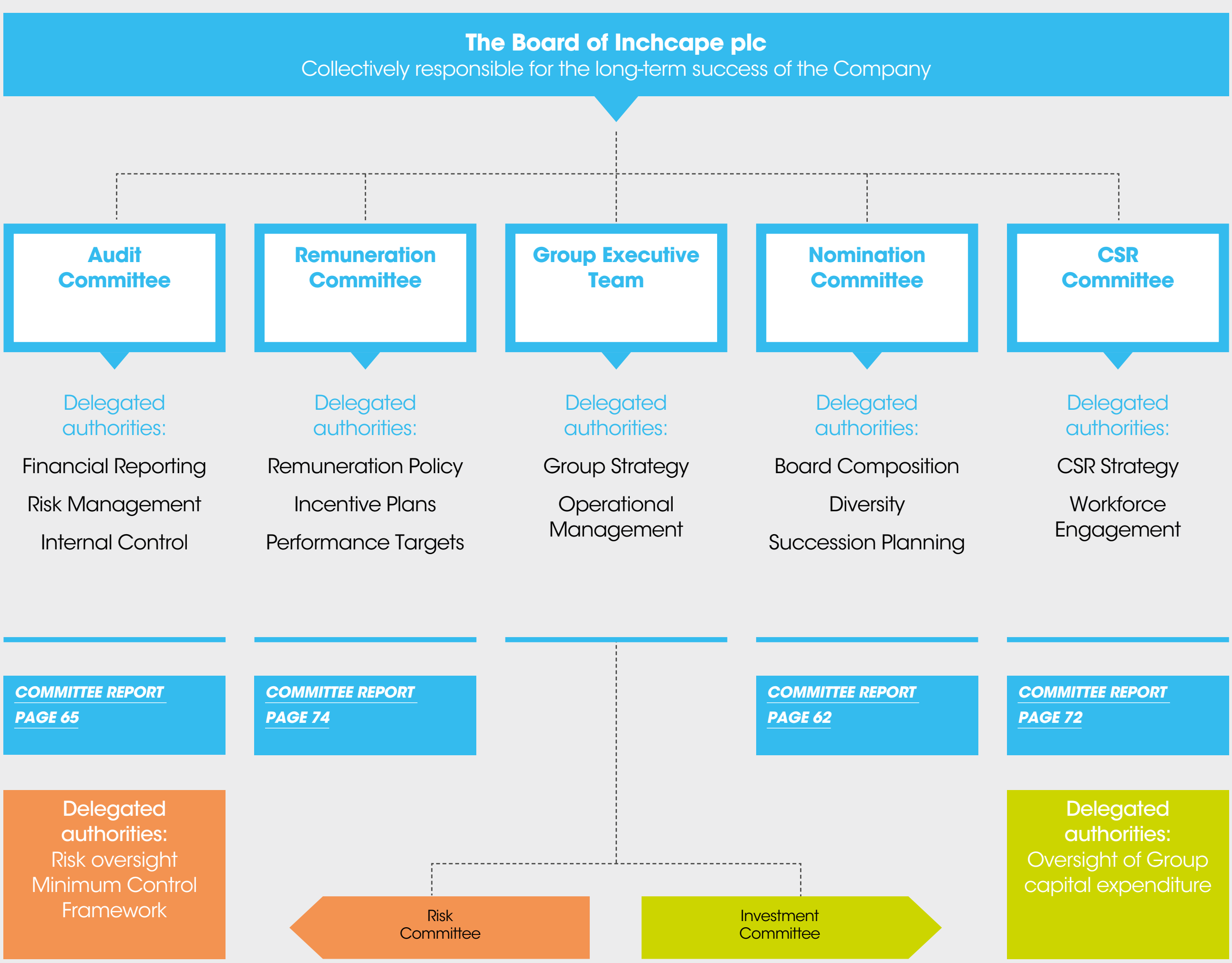
Meetings held during 2020

The table below shows the Board and Committee meetings held during the year. The Board held an additional four ad hoc meetings during 2020. Further details on ad hoc Committee meetings held are given in the committee reports.

	Board	Audit Committee	Remuneration Committee	Nomination Committee	CSR Committee
	Scheduled/Attended	Scheduled/Attended	Scheduled/Attended	Scheduled/Attended	Scheduled/Attended
Stefan Bomhard*	3/3				1/1
Jerry Buhlmann	7/7	4/4	2/2	2/2	2/2
Gijsbert de Zoeten	7/7				
Rachel Empey	7/7	4/4		2/1	
Alex Jensen	7/7			2/2	1/1
Jane Kingston	7/7		2/2	2/2	
John Langston	7/7	4/4		2/2	
Nigel Stein	7/7		2/2	2/2	2/2
Duncan Tait*	4/4				1/1
Till Vestring	7/7		2/2	2/2	2/2

* Duncan Tait joined the Group on 1 June 2020 and Stefan Bomhard left the Group on 30 June 2020.

Governance structure



The Chairman ensures that there is a culture of openness and transparency on the Board to facilitate constructive debate on all matters considered during the year. The Directors provide feedback on how the Board operates, its culture and effectiveness during the evaluation process. The formal schedule of Matters Reserved for the Board can be found at www.inchcape.com/governance.

Objective in 2020	What we achieved	Focus for 2021
Response to COVID-19	The Board held several ad hoc meetings to monitor the impact of COVID-19 on the Group's businesses. The Board spent time assessing: – Health & safety of employees and customers – OEM brand partners and supply issues – CCFF and government support programmes – Dividend and share buyback – Financial scenarios and liquidity – Cost restructuring programme	The Board will continue to monitor the impact of the pandemic throughout 2021
Strategy	Regional updates were given throughout the year covering the UK, Europe, Australasia, the Americas and Africa Expanded representation of Daimler in the Americas, secured distribution rights for MINI in Chile and MINI and BMW Motorrad in Peru, agreed a distribution JV with JLR in Poland Successful disposal of a number of UK dealerships as part of the Retail optimisation programme	Approval of refreshed strategy Global industry and market trends Disruptive and future trends Impact of climate change on business model and value chain
Risk	The Board undertook a review of its risks this year and identified two new emerging risks: change programmes and margin pressure The Board also considered the impact of climate change and Brexit. Further details are given in the Risk Management Report on pages 41 to 50	Annual review of principal risks and mitigating actions Annual review of risk appetite Review of climate-related risks and opportunities
Financial reporting and business performance	The Board held a number of ad hoc meetings to consider the impact of COVID-19 on the Group's trading performance and to assess whether the Group had sufficient financial resources to navigate the disruption The Board spent additional time assessing whether the Group would be able to report its financial results within the usual timescales given the continued disruption and the challenges presented by remote working	Approval of annual operating plan Review of delegated authorities policy and capital expenditure processes
Leadership	The Board reviewed the Organisational Health Check for 2020 to assess the global talent review, performance and potential, succession planning, diversity and leadership development The Board successfully appointed a new Chief Executive Officer, Non-Executive Director and approved the appointment of four new members of the Group Executive Team during 2020	Review of action plans to drive performance, transform diversity, realise potential and retain critical talent
Governance and culture	An external Board evaluation was carried out in 2020. Further details can be found on page 64 The Board received a governance update from external advisors during the year which focused on developments in the Corporate Governance landscape including sustainability and climate-related matters, listing regime update, diversity and audit reform The Board carried out a review of the Group's Environment, Health & Safety programmes during the year with additional focus on the measures in place to protect employees and customers during the pandemic. Further information can be found on page 36	Compliance with the recommendations of the Task Force on Climate-related Financial Disclosures

Section 172 case studies

Cancellation of dividend

The Board closely monitored the rapidly evolving COVID-19 situation in its markets with the safety of our employees and customers of paramount importance during this time. Swift action was taken to protect the balance sheet in such uncertain times including immediate cancellation of the buyback, reducing costs, 20% salary/fee reduction for senior management and the Board, temporary salary increase freeze, utilising government support, reducing stock and extending credit terms.

It was in this context of cash preservation in the short term that the Board made the decision to withdraw the recommendation to pay the final dividend for the year ended 31 December 2019. The Board had regard to the impact this would have on shareholders, many of whom rely on income from company dividends. However it was felt that it was the correct decision during such unprecedented times. The Board also had regard for some shareholders' views on paying a bonus to employees whilst cancelling a dividend. The bonus had already been paid to employees by this time and the Remuneration Committee did not feel it would be appropriate to operate clawback, with the high likelihood that employees would not receive a bonus for 2020, and the Board's intention was to resume the payment of dividends as soon as possible ensuring the impact to shareholders was short term. Details of the proposed dividend for the year ended 31 December 2020 are given on page 96.

Change in pension scheme

The Board was required to consider and make a decision on the current UK pension scheme. As part of the decision making process the Board compared the pension arrangements of its competitors, OEM brand partners and other UK listed companies. The Company undertook a comprehensive consultation process and due to COVID-19, additional steps were taken to ensure all affected employees could fully engage in the process. The consultation process included the following measures:

- Consultation with pension trustees
- A consultation email inbox was set up, through which employees provided feedback
- An informal group of employee representatives, the Employee Feedback Group ("EFG") was assembled to give affected employees another way in which they could engage in the consultation process
- A detailed briefing session was held for the members of the EFG to address their questions on the proposed changes
- A series of 10 online information sessions during the consultation period which were open to all affected employees

A total of 68 points were raised for consideration by the Company and approx. 150 employees joined the online briefing sessions. All questions raised were addressed at a mid-consultation update. This engagement ensured that the Board understood the views of the UK pension members and other relevant stakeholders when making its decision. The Board concluded that the new arrangement would be a benefit to the Company by reducing volatility and costs and would be simpler to understand and give increased flexibility to employees. After considering all the factors, the Board decided to close the previous pension scheme with effect from 31 December 2020 and the new scheme was introduced with effect from 1 January 2021. Ensuring that employees are able to save sufficiently towards their income in retirement and that the new pension offering was fair were key factors in the Board's decision making.

Climate change and TCFD

The impact of climate change on the Group is considered in general terms as it is intrinsically linked to various risks and opportunities impacting the automotive industry and therefore the Group's business model and value chain and to date our best estimates have been used to judge those impacts. Further information is given in the Risk Management Report on page 43 and in the Financial Statements on pages 125 and 146. During the year investors have begun asking companies how they are considering climate change and this interest, along with guidance from the proxy advisors and the publication of the Financial Reporting Council's climate-related thematic issued in November 2020, the Board will consider the risks and opportunities in further detail. The Board agreed that the impacts of climate change will affect all of the Group's stakeholders in the longer term therefore it is imperative that the Board fully understands the impact of climate change to the Group. The Board's decisions include:

- Ensuring the Group's strategy fully encompasses the risks and opportunities presented by climate change
- Update the Matters Reserved for the Board to ensure oversight of climate-related matters is considered at Board level
- Appoint The Carbon Trust to assist the Company with its disclosures under the recommendation set out under the Task Force on Climate-related Financial Disclosures.

Roles of the Board

Nigel Stein
Chairman

As Chairman, Nigel Stein sets the Board's strategic agenda which covers routine items, strategic priorities and ad hoc matters as they arise. Most Board meetings in 2020 were held via video conference, and at the beginning of the year many were called on short notice. A key priority has been ensuring the meetings are focused on the decisions which need to be taken, that each Board member has opportunity to express their views, that the supporting papers contain the detail required for effective decision making and that the Directors are aware of their responsibilities. Time is set aside for the Chairman and Board members to communicate outside of the Boardroom.

Nigel Stein was considered independent upon appointment.

Jerry Buhlmann
Senior Independent Director

As Senior Independent Director ("SID"), Jerry Buhlmann acts as a sounding board for the Chairman, to serve as an intermediary to other members of the Board and is available to shareholders if they do not want to speak to the Chairman or the Group Chief Executive Officer. Jerry leads the annual Non-Executive Director only meeting during which they appraise the performance of the Chairman.

During the year, Jerry and Nigel worked together to ensure a seamless transition of CEO and to support Duncan in his new role.

Duncan Tait
Group Chief Executive Officer

Duncan Tait, as Group Chief Executive Officer, is responsible for developing the Group's strategy, running the day-to-day operations, reporting to the Board on performance, implementation of strategy and any significant developments, leading the Group Executive Team including managing risk and internal control and engaging with shareholders.

Non-Executive Directors

The Non-Executive Directors are appointed to offer a wide range of skills and experience which enable them to advise, support and constructively challenge management, and to provide strategic guidance and independent judgement on the Board's discussions. Explanatory notes on their contribution to the business are given in the Notice of Meeting for the 2020 Annual General Meeting ("AGM") to accompany the resolution to re-appoint each Director. All Non-Executive Directors are considered independent in accordance with the UK Corporate Governance Code. None of the Directors or their connected persons have, or have had, a material relationship with the Company and its subsidiaries. Non-Executive Directors receive a fee only and do not participate in share award schemes or the pension scheme. There are no cross directorships. The Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office and at the AGM.

Till Vestring joined the Board in September 2011 and has been a member of the Board for just over nine years. Due to the challenges of recruiting Non-Executive Directors during the pandemic, Till has agreed to remain with the Board to assist with the recruitment and induction of two new Non-Executive Directors during 2021. His experience on the Board and knowledge of the Asia region have been of invaluable assistance to both Duncan Tait and Alex Jensen who joined during 2020 and will support the new Directors when they join the Board.

The Non-Executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities and Board dates are agreed two years in advance to ensure that Directors are able to plan accordingly and for other commitments to be taken into account. Non-Executive Directors are informed of the time commitment expected from them upon appointment and this is reviewed annually to ensure that the time expected is still relevant in light of the Company's strategic agenda. The Board's policy on multi-board appointments requires Directors to obtain prior approval from the Nomination Committee and the Board before taking on another directorship.

Executive Directors

The Board understands that the Executive Directors can gain valuable business experience as a Non-Executive Director of another company. The Board's policy is to limit non-executive directorships within a FTSE 100 company to one appointment only. The policy requires Directors to obtain prior approval from the Nomination Committee and the Board before taking on another directorship.

The Group Company Secretary supports the Board by providing advice, including access to independent advice, and ensuring that the Board has the appropriate policies, information, time and resources in order to function effectively.

Nomination Committee report

Nigel Stein
Chair of Nomination Committee

Dear Shareholder

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2020.

During the first few months of 2020, the Committee's focus was on the recruitment of a new Group Chief Executive and I am delighted that Duncan Tait joined the business on 1 June.

Committee members and attendance at meetings

	Scheduled / attended	Ad hoc meetings
Nigel Stein – Chair	2/2	4/4
Jerry Buhlmann	2/2	4/4
Rachel Empey*	2/1	4/4
Alex Jensen	2/2	4/4
Jane Kingston	2/2	4/4
John Langston	2/2	4/4
Till Vestring	2/2	4/4

* Rachel Empey was unable to attend the meeting in November due to a prior commitment.

Allocation of time spent

As noted last year, Alex Jensen joined as a Non-Executive Director in January 2020 and was appointed as Chair of the CSR Committee in January 2021. Her experience as a senior executive at bp plc adds insight and knowledge to the Committee's discussions as the Group continues its ESG journey.

Duncan and Alex both faced the additional challenge of having remote inductions due to lockdown restrictions, with face to face meetings and site visits severely restricted. During 2020, Duncan was able to visit the Group's operations in the UK, Belgium and Greece, making sure that all government guidelines relating to COVID-19 and travel were adhered to.

When appointing new Directors, the Committee considers the longer-term strategy and the skills needed to help deliver this successfully. In addition, the Committee considers breadth of perspective on the Board which is achieved by appointing Directors from a diverse range of backgrounds, with knowledge and skills relevant to the Group's strategic direction in the longer term. The appointment of a CEO is crucial for an organisation and the Board spent time considering what skill set would be appropriate for the business during times of unprecedented changes in the automotive industry and, as noted in previous Annual Reports, with digital expertise as a key priority. We believe that Duncan's digital experience with Fujitsu will be invaluable in the delivering the future strategy of Inchcape. When recruiting for a pivotal role such as CEO, it is also important that personal attributes are taken into consideration and the Board believes that Duncan possesses traits which strongly support our values and will allow him to make a positive contribution to the business.

As noted on page 61, Till Vestring completed nine years' service in 2020. The Committee felt that it is important to maintain continuity in what has been a year of significant change and Till has kindly agreed to stay on the Board to assist with the recruitment and induction of new Non-Executive Directors during the year. The Committee is satisfied that despite having over nine years on the Board, Till remains independent as he meets the remaining independence criteria as set out in the UK Corporate Governance Code and continues to demonstrate independent character, judgement and objectivity.

In February 2021, it was announced that Rachel Empey has also decided to step down from the Board and will leave in April 2021. The focus for the Committee in early 2021 will be the appointment of two new Non-Executive Directors to fill the vacancies which will be left by Till and Rachel, and to assist in the process two recruitment consultants have been appointed. Having two consultancy firms will assist the Committee in ensuring that a diverse candidate pool can be considered.

Succession planning below Board level, with a focus on developing a diverse executive pipeline, is also considered by the Board on an annual basis. Diversity will be a key area of focus for 2021 with a Women in Leadership programme being launched in early 2021 and a review of all aspects of recruitment being undertaken to analyse how we attract and recruit diverse candidates. The Committee will review the outcomes of these initiatives during the year.

Nigel Stein
Chairman

Our 2020 objectives	What we achieved	Priorities for 2021
Board appointments and succession planning	Appointment of Duncan Tait as Group Chief Executive Officer Appointment of Alex Jensen as Non-Executive Director	Appointment of two Non-Executive Directors
Board composition	Review of skills, experience and diversity in the context of the requirements of the Ignite strategy, taking into account length of service	Strategy refresh and likely skills gap in the next five years
Governance	Review of policy on multiple board appointments, time commitments and assessment of Non-Executive Director independence	Monitor other commitments of Board members to avoid overboarding and lack of time
Committee evaluation	An external evaluation carried out in 2020. See page 64 for further details	Review of people metrics to be considered by the Committee and reported to the Board

Skills, experience and diversity

The review of skills, experience and diversity is carried out by the Committee annually by way of an assessment completed by the Board members. Of the skills, knowledge and experience considered necessary for the Board members, digital remains key as this is a rapidly evolving area for the automotive industry and as such is a key consideration for succession planning. The Board has been strengthened in this area by the appointment of Duncan Tait and Alex Jensen and the digital capabilities below Board level have been enhanced with the appointment of a new Chief Information Officer to the Group Executive Team.

The experience of the Board members covers a wide range of sectors and industries and in addition we also have several Board members from outside the traditional UK plc background and this diversity of thought adds to our decision making. However, we recognise that this is a constantly evolving environment and ensuring that we have the right mix of individuals to support and challenge management, to avoid group think and to make the right decisions to facilitate the long-term success of the Group remains paramount. This assessment assists with the search for suitable candidates and forms part of the recruitment process.

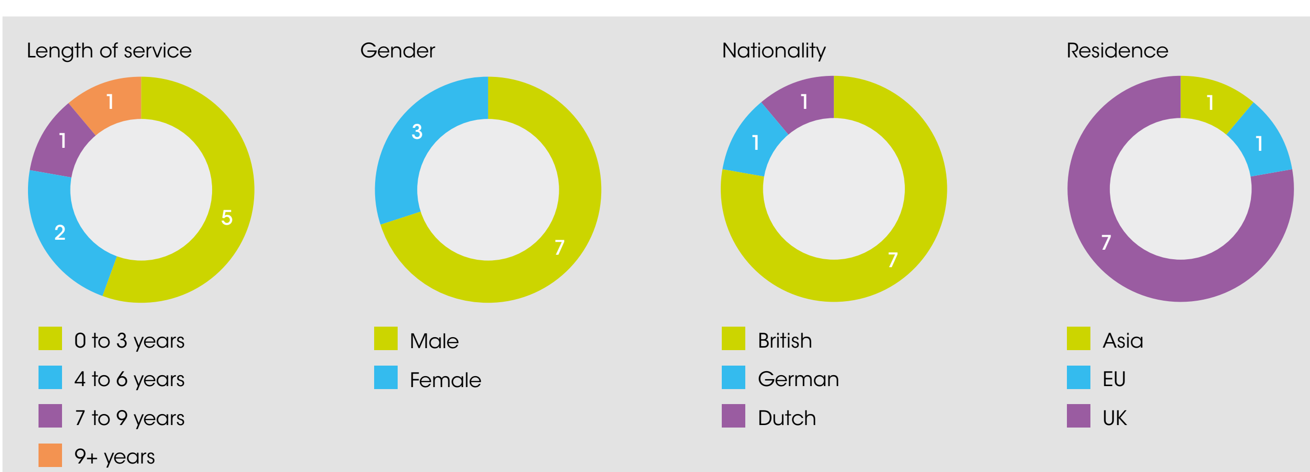
Succession planning

The Committee's continual succession assessment looks at length of service in addition to the review of skills in the context of the Group's strategy over the longer term to ensure that vacancies are filled as they arise. There are cases when a Director's resignation is unplanned and therefore a list of potential candidates is kept up to date for these circumstances. A search is currently underway for a Non-Executive based in the Asia region and for an additional Non-Executive Director with strong financial experience to replace Rachel Empey. Till Vestring, who is resident in Singapore, is assisting with the succession plan for the role which has been invaluable due to current travel restrictions. The appointment of two further recruitment consultants will provide the Board with a diverse candidate pool to assist in meeting the recommendations set out in the Parker Review.

Appointment process

Despite the challenges posed by the global lockdown, the recruitment process for a new CEO ran smoothly. The Lygon Group were appointed to assist in the recruitment and after an appropriate job specification was agreed, a long-list of candidates was considered. From this, the short-list was agreed consisting of internal candidates identified during the succession planning process, and external candidates identified by the recruitment consultant. Potential candidates met with the Chairman, the outgoing CEO, and other Board members after which the Committee made its recommendation to the Board for approval. During the recruitment process a comprehensive assessment was carried out to evaluate each candidate's capability, strengths, potential and personal attributes needed to drive the business.

The Lygon Group is a signatory to the Voluntary Code of Conduct for Executive Search Firms and does not have any other connection to the Company or any individual Director.



DIVERSITY POLICY STATEMENT

The Committee recognises the benefits of having a diverse Board and sees this as an essential element in delivering the Group's strategic objectives. We value diversity of skills and industry experience as well as background, race, age, gender, educational and professional background as we believe this adds fresh perspectives which enrich our decision making and the aim of the policy is to reflect this ethos.

The Board's policy on diversity is a verbally agreed principles-based policy. It is clearly understood by our recruitment consultants and is taken into account when considering succession planning and external hires. The Board considers all aspects of diversity to be relevant and all Board appointments are made on merit and in the context of the skills and experience needed for the Board to be effective, however its minimum target is to achieve the recommendations set out in the Hampton-Alexander and Parker Reviews. With the appointment of Alex Jensen in January 2020, the Board has 33.33% female representation therefore has reached its minimum diversity requirement.

The Board philosophy on diversity is also reflected throughout Inchcape where we employ a diverse workforce across 34 countries. We value the unique contribution that each person brings to Inchcape and we aim to employ people who reflect the diverse nature of society, regardless of age, sex, disability, sexual orientation, race, colour, religion, ethnic origin and political belief.

The Committee's terms of reference can be found at www.inchcape.com.

Group Executive Team and its direct reports:

	Male	Female
Group Executive Team	8	1
Direct reports	37	19

Diversity throughout the organisation, including on the Group Executive Team, will be a key area of focus for the newly formed Responsible Business group. Further details are on page 72.

Board evaluation

In line with the Code, an external Board evaluation was carried out in 2020 by Lisa Thomas of Independent Board Evaluation ("IBE"). IBE has no other connection to the Company or any individual Director and this disclosure has been approved by IBE. The Chairman spent time agreeing a detailed brief with Lisa prior to the commencement of the review.

The process of review consisted of one to one interviews with the members of the Board and several non-Board contributors ("NBCs") including members of the Group Executive Team, the external auditor and remuneration consultants. Board and Committee meetings were also observed with supporting materials provided to support the evaluation. The findings covered feedback from the Board and NBCs, benchmarking data, and IBE's recommendations of Board effectiveness. Feedback was also given to each Committee chair on the performance of each of the Committees.

Jerry Buhlmann, the Senior Independent Director, received feedback on the performance of the Chairman. Board members gave positive feedback on the Chairman, particularly his approach to mentoring new members and steering the Board through its agenda during a time of crisis.

The feedback confirmed that the culture on the Board is inclusive, engaged and supportive, but challenging when necessary. The review showed that the Board works well together and there are already strong relationships between new Board members. The Board has engaged well with senior management and spent time understanding the issues presented by COVID-19.

The feedback highlighted the following:

Strengths	Areas to progress
Board focus	Board composition
Risk management	Strategy
Relationship with senior management	CSR Committee
Decision making	Nomination Committee
Board meetings	Data metrics
Audit and Remuneration Committees	

Areas of focus for 2021

IBE made a number of recommendations, which the Board discussed at a meeting with Lisa present. It was agreed that the main areas of focus for 2021 would be as follows:

Board

- Ensure sufficient focus on refreshed strategy and oversight of purpose
- Oversight of climate-related reporting and the broader ESG agenda

CSR Committee

- Determine scope and remit beyond current terms of reference
- Interplay with the refreshed strategy, and how it can enhance the main Board agenda on ESG
- Workforce engagement
- Climate change reporting

Nomination Committee

- Board composition – planning for the departure of two long-standing Board members and on-boarding their replacements
- Diversity at Board level and throughout the organisation
- Identify appropriate people metrics and KPIs
- Review of culture alignment with refreshed strategy and purpose

Please see the Committee Reports for further details on each Committee's evaluation.

Update from 2019 internal evaluation actions

The actions arising from the internal evaluation in 2019 were:

Further management engagement – the travel restrictions as a result of COVID-19 meant the Board was unable to meet senior executives in person however regular dialogue took place throughout the year, with the new Group Executive Team members invited to present at Board meetings in 2020.

Diversity – the newly formed Responsible Business group will focus on diversity and how this is reviewed and monitored at Board level remains an action for 2021.

Wider reward landscape – the Remuneration Committee received reports during the year on the reward landscape throughout the organisation.

Stakeholder engagement – the Board will continue to assess stakeholder engagement during 2021.

Audit Committee report

John Langston
Chair of the Audit Committee

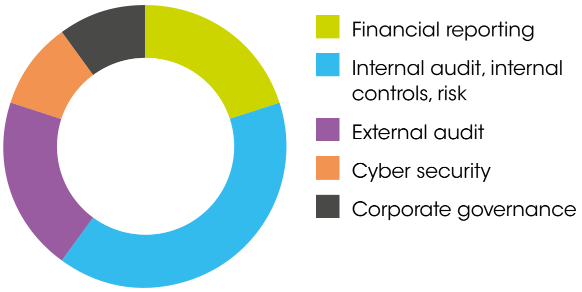
Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 December 2020.

Committee members and attendance at meetings

	Scheduled / attended	Ad hoc meetings
John Langston – Chair	4/4	1/1
Jerry Buhlmann	4/4	1/1
Rachel Empey	4/4	1/1

Allocation of time spent



The aim of the report is to provide an overview of how the Committee has discharged its responsibilities during the year, and to highlight the significant issues considered by the Committee. The Committee considers also whether the Annual Report and Accounts, when taken as a whole, is considered fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy. Further details can be found on pages 4 to 50.

The viability statement is given on page 50. The Committee considered the length of time used to assess the Company's viability and is of the view that three years remains appropriate given the nature of the business.

COVID-19

As mentioned throughout the 2020 Annual Report, the COVID-19 pandemic brought unprecedented uncertainty. During these times, it is of paramount importance to ensure that the processes and procedures in place are working effectively as disruptions such as these can derail usual management and governance processes. The Committee has focused on the control environment and cyber security to ensure that the right procedures are in place to protect the business and its assets.

Additional focus was also placed on the accounting judgements and disclosures relating to the impact of COVID-19 on the Group's businesses. This included government support, tax deferral initiatives, liquidity and the impact on financial covenants, the cost-restructuring programme and impairment of site and intangible assets. The Committee also spent time monitoring the financial reporting timetable to ensure that the appropriate resources and robust processes were in place in light of the additional challenges from working remotely and to ensure the deadlines were achievable.

Internal controls

The Group had planned to introduce a new control framework during the year, and I am pleased to report that this was achieved successfully despite the challenges of 2020. The feedback from the businesses has been overwhelmingly positive and is a testament to the strong governance culture within the Group. Further information on the new InControl Standards is given on page 69.

In April, the Internal Controls team issued COVID-19 key control guidance to ensure continued compliance with key controls and processes especially where these relate to areas of heightened fraud risk or the health and wellbeing of employees.

Cyber security

COVID-19 also impacted security risks faced by the business as IT activity moved to remote working. The Committee reviewed the additional security measures put in place as part of the COVID response including cyber security training for all finance teams, communications to employees on examples of criminal cyber activity, enhanced monitoring of malware and other alerts on the business and a review of data held by third parties. During the year, the Group experienced a cyber attack which interrupted operations briefly but was not material and did not result in the loss of any customer data. The Group's principal risks have been updated to reflect the increased exposure in this area. See page 43 for further details.

Financial Reporting Council ("FRC") letter

In 2020, we received a letter from the Conduct Committee of the FRC following a review of the cash flow and liquidity disclosures in last year's Annual Report and Accounts. The FRC stated it would be incorporating some of our cash flow disclosures, as examples of better disclosures, in their thematic review of cash flow and liquidity disclosures which was published in November 2020.

J. Langston.

John Langston
Chair of the Audit Committee

Our 2020 objectives	Decisions made in respect of 2020	Priorities for 2021
Annual Report and Accounts including financial statements and accounting judgements	The Committee considered all key audit issues, accounting treatment and judgements in relation to the financial statements. This includes challenging management on the assumptions used and the judgements that have been applied, with assurances given from both external and internal sources. The Committee carried out an assessment of whether the Annual Report and Accounts were fair, balanced and understandable. See page 68 for further details. The timetable for interim reporting was monitored closely to ensure that it was achievable in light of the challenges presented by remote working for the management teams and the external auditor. Key disclosures include the viability statement on page 50, going concern, which can be found on page 100, and goodwill, which can be found on page 145.	Review of key assumptions used by management on key accounting standards
Deloitte independence and objectivity	The Committee considered the report from the auditor in relation to the financial statements and the 2019 Annual Report and Accounts as a whole and assessed the auditor's approach to, and findings in relation to, the audit to assess independence and objectivity.	Continuous assessment of audit quality and effectiveness
Deloitte 2020 audit plan	The Committee discussed the audit plan and agreed materiality, scope and fees.	Review of the effectiveness of the external audit
Internal Audit Report	The Committee reviewed and monitored: – progress against the 2020 plan throughout the year; – the status of open audit issues; – any internal control failings; and – the appropriateness of mitigation actions put in place by management. The Committee approved the re-prioritised IA plan which was updated to reflect business risks arising from COVID-19. The Committee also reconfirmed the Internal Audit Strategy and the Internal Audit Charter and approved the 2020 Internal Audit Plan. The Committee reviewed the COVID-19 key controls guidance issued during the year designed to ensure continued compliance with controls and processes especially in areas with a heightened risk of fraud.	Monitor progress against 2021 plan, resolving open issues and improvement plans in relation to identified internal control gaps
Risk Management Report	The Committee consider the risk management environment, major whistleblowing reports and any mitigating plans implemented by management throughout the year. Progress against plans is monitored closely and management are challenged appropriately on areas where a satisfactory outcome is not evident. Further details can be found on pages 41 to 50.	Review of the Enterprise Risk Management system Review of climate-related risks
Non-Audit Services Policy and review of non-audit services	The Committee reviewed the non-audit services supplied by the external auditor to ensure that they are in line with the Group's Non-Audit Services Policy and best practice guidelines. Further details can be found on page 71.	Review of non-audit services supplied Application of the Non-Audit Services Policy
Tax update and litigation update	The Committee reviewed the Group's tax costs, tax risks, efficiency and effectiveness of tax policies along with updates on tax audits. It also reviewed any significant litigation issues.	Monitor the tax strategies within markets and at Group level Monitor the level, frequency and type of litigation within the Group
Cyber security	The Committee reviewed the increased security processes and measures put in place as part of the COVID response plan, the short-term strategy focusing on core security hygiene items and areas of current exposure and risk. The Committee also considered the principal cyber risks and mitigating actions. See page 43 for further details.	A review of the Group's cyber security risks, mitigation plans, and incidents will be carried out annually
Committee evaluation	A external evaluation was carried out in 2020. See page 68 for further details.	An internal review will be carried out in 2021

Significant issues considered by the Committee during the year

Impairment – see notes 11, 12 and 13 on pages 145-152
Impairment reviews are carried out annually in respect of goodwill and indefinite life assets, and if there is an indicator of impairment, reviews are carried out on a more frequent basis. In addition, other intangible assets, property, plant and equipment and right-of-use assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. This is a judgemental process which requires estimating future cash flows based on future business prospects, determining long-term growth rates and discount rates. It is the Committee's view that management's approach to impairment is robust, based on reliable supporting data supplied by external sources, and with appropriate challenge from the external auditor.

The Committee focused on the following aspects of the impairment:

- The Committee debated the cash flow projections used to calculate the value in use, considering whether these reflect a reasonable expectation of future performance;
- The Committee considered how management had determined the discount rates and long-term growth rates;
- The Committee discussed the impact of climate change, including electrification on impairment and the impact of electric vehicles on aftersales;
- The Committee reviewed the approach to scenario analysis in light of the uncertainty arising from COVID-19 and the range of possible outcomes and the appropriateness of basing this on market recovery rather than improved business performance;
- The Committee assessed the reliability of data provided by external advisors and independent specialists used in key assumptions; and
- The Committee also discussed the appropriateness of the disclosures to be made in the Annual Report to satisfy itself that they provided users of the financial statements with sufficient information to understand the judgements made by the Group.

After considering all available information and reviewing the findings and supporting evidence from Deloitte LLP, the Committee concluded that management's impairment reviews of non-financial assets were appropriate and that an impairment charge of £222.5m relating to goodwill, indefinite life assets, property, plant and equipment and right-of-use assets should be recognised for the financial year ending 31 December 2020. The Committee and management continue to closely monitor the impact of COVID-19 on the business during 2021 and the implications for cash flow forecasts.

Acquisitions – see note 29 on page 172-173
Part of the Group's strategy is to invest to accelerate growth and the acquisition of Autolider, a distributor of Mercedes-Benz passenger and commercial vehicles in Uruguay and Ecuador in late 2019, and the acquisition of Mercedes-Benz car and private van distribution operations in Colombia in March 2020, typify this approach. Accounting for acquisitions requires judgement to be exercised in assessing the fair value of assets and liabilities acquired including the identification of intangible assets and the allocation of acquired businesses to cash generating units. Overall, it is the Committee's view that the Group's approach to acquisition accounting is appropriate.

The Committee focused on the following aspects of acquisition accounting:

- The Committee considered whether the calculation of the fair value of assets and liabilities and the adjustments made were appropriate;
- The Committee debated the assessment of the identification of distribution agreements as an indefinite life asset;
- The Committee discussed the robustness of the information provided by the external advisors to support the approach taken by management and the proportion of the purchase price that was allocated to the value of distribution agreements acquired; and
- The Committee reviewed the allocation of the business to a cash generating unit representing the totality of the Group's Daimler business operations.

The Committee concluded that it was satisfied with management's valuations of these assets and liabilities including the degree to which such valuations are supported by professional advice from external advisors and that the acquisitions had been accounted for appropriately.

Inventory and receivable provisioning – see notes 16 and 18 on pages 154-155 and 156
The Committee considered that the impact of the COVID-19 pandemic on the markets in which we operate and the implications for the business of deteriorating credit and increased inventory levels, may result in increased probability of customer default and a need to reduce selling prices to stimulate demand. In response to this, the Committee reviewed management's approach to inventory and receivable provisioning in 2020.

The Committee's review focused on:

– Consideration of the net realisable value of inventory and the assumptions used to establish the estimated selling price and the expected impact of COVID-19 closures resulting in obsolescence and slow-moving stock;
– Assessment of the pandemic's impact on lifetime credit losses including a review of historic credit loss experience and the adjustments made to those historic loss rates in arriving at expected credit losses; and
– The appropriate disclosure of the provisions / losses incurred as a direct consequence of COVID-19.

After considering all available information and reviewing the findings and supporting evidence from Deloitte LLP the Committee concluded that the application of the accounting principles was appropriate throughout 2020 and the provisions recognised for inventory of £54.4m and for trade receivables of £10.4m are appropriate.

Exceptional items – see note 2 on page 132-133
Exceptional items and alternative performance measures have been an area of focus and challenge by regulators, which has been heightened in response to the way that companies have reported on the impact of COVID-19.

The Committee's overall assessment is that the Group's Exceptional Items Policy adheres to the key principles as set out in guidance issued by the Financial Reporting Council and the European Securities and Markets Authority during 2020.

In line with the acquisition strategy, the Committee debated whether the business development costs incurred in identifying, exploring and researching opportunities to participate in industry consolidation should be treated as exceptional, given that such costs are recurring in nature due to the Group's M&A activity. The Committee concluded that the reporting of such costs as exceptional should only occur where they are material and relate to acquisitions that have completed as at the reporting date.

The Audit Committee consists of three independent Non-Executive Directors. John Langston and Rachel Empey are qualified chartered accountants and are considered to have recent and relevant financial experience. In addition, the Committee as a whole has competence in the sector in which the Company operates.

The Committee met four times during the year to coincide with the financial calendar and held an additional meeting to review key developments.

Only members of the Committee are entitled to attend Committee meetings. However, the Chairman, Group Chief Executive Officer, Chief Financial Officer, Group Financial Controller and Group Head of Internal Audit attend the Committee meetings along with the external auditor. Other senior executives, such as the Group Tax Director and Group General Counsel, attend during the year to present to the Committee.

The Committee regularly meets with the auditor without the presence of management to discuss any areas of concern they might have. John Langston also meets with the Chief Financial Officer and Head of Internal Audit at one-to-one meetings which enable him to fully understand the key issues ahead of Committee meetings.

The Committee reviews its terms of reference annually. The terms can be found on www.inchcape.com.

Committee evaluation
An external evaluation was carried out in 2020 noting the Committee is functioning well with good processes in place to give appropriate oversight by the Committee. Committee members believe there is good input from all and challenge is forthright when needed. The Group Head of Internal Audit has brought renewed focus to Internal Audit and Risk and will be supporting further strengthening of the control environment in 2021. To date the balance of the agenda between Audit and Risk has been appropriate, but it is anticipated that more time will be spent on the Risk agenda in 2021 to consider risks in light of the refreshed strategy. A further meeting in January will be scheduled to allow further consideration of the accounting judgements and estimates prior to approval of the year end financial statements.

Financial reporting
The role of the Committee in relation to financial reporting is to review with both management and the external auditor the appropriateness of the half year and annual financial statements, taking into account:

– The quality and acceptability of accounting policies and practices;
– Material areas in which significant judgements have been applied or where significant issues have been discussed with the external auditor;
– The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements including the Code;
– Any correspondence from regulators in relation to the Group's financial reporting; and
– Reviewing assumptions and providing assurance to support the long-term viability statement.

Fair, balanced and understandable
The Board is responsible for presenting a fair, balanced and understandable assessment of the Group's position and prospects in the Annual Report and Accounts, the interim

financial statements and the trading updates. The Board considers the weight given to published information to ensure that it is of equal weight and there are no omissions. The Board also ensures that narrative reporting is consistent with the financial statements.

The Audit Committee also carries out its own assessment of the financial statements, and the Annual Report as a whole, and is satisfied that it provides the necessary information for shareholders. The Committee considered whether the information given in the financial statements is a true reflection of the narrative reporting throughout the Annual Report and Accounts, whether the key performance indicators give a true indication of the health of the business and if the issues considered of significant risk by both the external auditor and the Committee are aligned.

The processes and procedures in place to satisfy the Board of the integrity of the financial and narrative statements include a robust disclosure verification process, monthly financial performance updates, and meetings with the internal and external audit functions without the presence of management.

A statement of the Directors' responsibilities is set out on pages 99 to 100. The going concern statement is set out on page 100 and the strategy and business model are set out on pages 2 to 24.

Risk management

The Audit Committee has delegated responsibility for ensuring that:

- There is an appropriate mechanism in place to identify the risks the Group faces;
- Management teams have the correct focus on those risks and the action plans in place to mitigate or respond to those risks;
- A compliance programme is in place in all markets that meets or exceeds external benchmarks and is appropriate in terms of legal requirements, content, sector, cost and resources;
- Internal controls are appropriate, well designed and operating consistently across the Group to manage risk effectively; and
- The Group's whistleblowing programme is appropriately managed to reduce the risk of fraud or respond quickly and decisively in the event the Group falls victim to fraud.

Internal control

The Internal Control framework encompasses all controls including those relating to financial reporting processes, preparation of consolidated Group accounts, operational and compliance controls and risk management processes.

InControl Standards

InControl Standards ("ICS") is the newly implemented internal control replacing the Group's Minimum Control Framework ("MCF"). The key theme being the enhanced simplification and standardisation of our control framework in line with a risk-based approach covering financial, operational and IT processes. The ICS were approved by the Committee and rolled out across the Group in 2020. ICS has been designed to enable management to establish, assess and enhance strong and consistent risk and control governance. The framework is regularly reviewed and updated in line with emerging Group risks, in response to emerging internal audit issues and also following any investigation activity.

The standards form part of the broader control environment consisting of:

- Culture and behaviours
- Code of Conduct
- Group, regional and local policies and procedures, including legal and regulatory compliance
- Delegation of authorities
- Risk management process
- Roles and responsibilities

The ICS has been designed to mitigate the most significant risks across the Group providing robust governance and a sound controls framework to ensure:

- Reliability of financial reporting
- Effectiveness and efficiency of operations
- Compliance with applicable laws and regulations

They are also there to help protect us from:

- Fraud and misappropriation of cash and assets
- Material error in the financial statements

The central and regional Internal Controls teams support the business by providing the framework, tools and training and ongoing support to embed the ICS across the business which in turn enables management to monitor the effectiveness of controls in the business and to implement actions plans where improvement is required. The Internal Control function is separate from the Internal Audit function and works with management teams to design controls that are proportionate to the level of risk, supported by systems and easy to follow.

The Audit Committee receives regular reports from the Group Head of Internal Audit covering Internal Audit, Internal Controls and Risk Management. The reports provide an update on the Internal Audit activities including an overall opinion on the control environment for the period; the Internal Control environment, with particular focus on the status of compliance with the Group's InControl Standards for both Business Controls, IT general controls and the Risk Management programme including the risk process, assessment and mitigating activities. The reports are available to all Board members to allow them to keep informed, and other Board members are also able to attend any Committee meetings should they wish. However, the Audit Committee also provides an update on the control and risk environment to the full Board following each Committee meeting.

Whistleblowing

Speak Up!, the Group's externally hosted whistleblowing line, is a compliance and ethics reporting solution which allows both hotline and web reporting capabilities in multiple languages, integrated with case management software to support efficient and effective investigation, remediation and reporting. The Group Head of Internal Audit reports to the Committee at each meeting on fraud and whistleblowing claims that have been received since the last Audit Committee meeting, and significant currently open issues. The new and open cases which are reported to the Committee are those of sufficient significance to warrant attention, however a list of all reports is also provided to the Committee along with a breakdown by market, report type and source.

The Audit Committee chair reports to the Board on any significant issues following each meeting. All Directors have full access to the whistleblowing reports and other Audit Committee papers.

Internal Audit

The aim of the Internal Audit function is to provide independent and objective risk-based assurance for the Group by bringing a systematic and disciplined approach to evaluate the effectiveness of risk management, governance and control. An annual programme of audit activity is approved by the Audit Committee; this is flexed if required throughout the year in accordance with the risk profile of the organisation and any subsequent amendments are discussed in detail and agreed by the Committee.

The function carries out audits across a selection of Group businesses, functions and programmes which include the management of risks and controls over financial, operational, IT and other compliance areas such as GDPR and anti-bribery and corruption.

The Internal Audit function, led by the Group Head of Internal Audit, consists of appropriately qualified and experienced employees with an in-depth understanding of the business culture, systems, and processes. The Group Head of Internal Audit reports to the Audit Committee and has direct access to, and has regular meetings with, the Audit Committee Chair, prepares formal reports for Audit Committee meetings on the activities and key findings of the function and reports on progress against mitigation plans. The purpose, authority and responsibility of Internal Audit are defined in the Internal Audit Charter, which the Committee reviews annually.

Due to the impact of the COVID-19 pandemic, the Internal Audit function re-prioritised their plan during the year with additional focus on ensuring that key controls to mitigate the heightened fraud and operational risk in a COVID-19 environment were in place. The COVID-19 Key Control reviews assessed a selection of markets with particular focus on treasury, payroll, master data management, segregation of duties, IT security and key control account reconciliations.

During the year the Internal Audit function carried out 64 audits which included reviews of the key business and IT controls in the UK, Europe, Asia, Australia and across Central and South America. The team also carried out a number of risk based reviews across the Group including Data Privacy, Business Continuity and Anti Money Laundering. In addition to undertaking a full programme of audit activities, the function also provided a number of advisory engagements (where risk and control systems and processes have recently been introduced) and participated in investigation activities where appropriate.

Internal Audit effectiveness review

The Internal Audit function continually assesses its effectiveness by measuring performance against key performance indicators, results of feedback from satisfaction surveys following each audit, self-evaluation of compliance against the Internal Audit Charter and Global Internal Audit methodology and regular monitoring of its plans, performance and outputs by the Audit Committee.

In addition, the Company Secretary facilitated an independent review of the effectiveness of Internal Audit and reported the findings to the Audit Committee in February 2021. The review consisted of an online questionnaire completed by the members of the Audit Committee, the Group Chief Executive, the Group Finance Director, the Group Financial Controller, the external audit lead partner, and the regional CFO for Australasia, UK, Emerging Markets and Europe. The aim of the independent review is to enable Internal Audit to develop an action plan to address any areas where improvement is required.

The review is split into five areas covering independence, skills and experience, assurance and business improvement, improvement of the IA function, communication and performance.

The review concluded that the IA function is objective and independent and has evolved to become more aligned with the key issues of concern for the Audit Committee. The team responded quickly to the COVID crisis demonstrating their ability to deal with key business issues well. Progress on the control agenda has been exemplary during a challenging year however the focus for 2021 should be on the evolution towards a more risk-based approach.

External audit

Following an audit tender process during 2017, Deloitte LLP was appointed as the Group's auditor. Deloitte assumed responsibilities from PwC in May 2018 following shareholder support for the appointment at the Annual General Meeting. Anna Marks is the lead audit partner and has been in position since the appointment of Deloitte LLP.

The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

Auditor effectiveness, independence and objectivity

Ensuring that the external auditor provides a high quality audit is a key activity of the Audit Committee as a high quality audit provides stakeholders with assurance that the financial statements give a true and fair view. The Committee carries out its assessment on an ongoing basis by considering its interactions with the auditor, its observations of the auditor and the relationship between the Audit Committee, the auditor and management.

The Committee encourages a culture of open communication and debate and the Committee believes that it is able to ask questions on key issues and to challenge when it feels more information is needed. The Committee also looks at how management responds to requests from the auditor and carefully reviews the auditor's findings and recommendations.

When the auditor supports management's approach, the Committee considers the evidence supplied by the auditor to support its decision to ensure that the auditor is not compromised and remains objective.

The auditor also meets with the Committee without the presence of management on a regular basis, usually following each meeting. This gives the auditor an opportunity to confirm its view that management are addressing any issues raised appropriately or to raise any concerns they may have.

External evidence of the quality of the audit is also vital in assisting the Committee in its review of the effectiveness of the audit.

When evaluating the quality of the external audit the Committee considers:

- **Mindset and culture** – the ethical and professional principles adhered to by the auditor; whether the auditor has any personal or commercial interests in the Group; and how they have demonstrated high standards of independence, integrity, objectivity and challenge throughout the year.
- **Skills, character and knowledge** – the auditing skills of the audit team; level of knowledge of the automotive distribution and retail industry possessed by the audit team; the auditor's understanding of its obligations to users of the financial statements; and ability to challenge where appropriate whilst maintaining strong relationships.
- **Quality control** – the processes the auditor has in place to identify and address risks to the audit.
- **Feedback from business** – the Committee received feedback from management on the quality of the auditor's delivery, communication and interaction with the various finance teams across the Group.

The above attributes support the auditor in making reliable and objective judgements and the Committee continually seeks to assure itself that they are in place.

The auditors' report to the Committee sets out the audit plan, materiality, scoping, the risk assessment process, significant risks, other areas of focus, the purpose of the report and responsibility statement. The Committee reviews at each stage of the audit to ensure that it is satisfied that the audit plan is appropriate, if the auditor is meeting its obligations, and to agree any changes to the audit if they arise.

Deloitte continually monitor their independence and ensure that appropriate safeguards are in place including but not limited to the rotation of senior partners and staff and the involvement of other partners and staff to carry out reviews of the work performed and to otherwise advise if necessary.

After considering all of the above elements, the conclusion of the Committee is that the auditor carried out their audit effectively and that the auditor is independent and objective.

Non-audit services

Implementing a Non-Audit Services Policy (the "Policy") is also key to ensuring the independence of the external auditor. The Policy for non-audit services sets out the permitted and non-permitted non-audit services as well as the approval levels required by the Audit Committee and is designed to ensure that the external auditor's objectivity is not compromised by earning a disproportionate level of fees for non-audit services or by performing work that, by its nature, may compromise the auditor's independence. However, using advisors who have an understanding of the Group's business can be a benefit and the Committee will consider non-audit services supplied on an ongoing basis. The Policy was updated in line with the revised version of the Ethical Standard for auditors issued by the Financial Reporting Council in December 2019.

The Group's Policy on non-audit services to be provided by the Group's auditor defines two types of non-audit services that may be performed:

- Regulatory services, which are services undertaken as auditor or reporting accountant which are outside the scope of the statutory audit but which are consistent with the role of statutory auditor; and
- Permitted non-audit services, which are services that the auditor may be permitted to undertake subject to the appropriate level of approval.

The aggregate fees incurred for permitted non-audit services relative to the audit fee should not exceed 70% of the average audit fee over the previous three years, with such cap applicable to both Group and UK audit fees.

The provision of permitted non-audit services will only be approved by the Audit Committee if:

- Engagement of the auditor to provide the services does not impair the independence or objectivity of the external auditor;
- The skills and experience of the external auditor make it the most suitable supplier of the non-audit service;
- The auditor does not have a conflict of interest due to a relationship with another entity; and
- The aggregate fees incurred for permitted non-audit services relative to the audit fee do not exceed 70% of the average audit fee over the previous three years.

Permitted non-audit services above a certain level are approved on a case-by-case basis by the Audit Committee.

In 2020, the fees for permitted non-audit services largely relate to dealer benchmarking services provided by Deloitte in Australia and the Group remains within the Audit Committee approved ratio of audit to non-audit fees.

The following non-audit fees incurred with Deloitte were:

	2020 £'000	2019 £'000
Regulatory services	**25**	11
Permitted non-audit services	**349**	281

The ratio for audit/non-audit work for the year ended 31 December 2020 is 0.01:1. Full details are shown in note 3d of the notes to the financial statements.

Audit fees paid to the auditor

Fees paid for services provided by Deloitte (three year average) were:

	2020 £'000	2019 £'000
Audit fees	**3,365**	3,149

CSR Committee report

Till Vestring
Chair of the CSR Committee

Dear Shareholder

I am pleased to present the report of the CSR Committee for the year ended 31 December 2020.

During the year, the Committee's focus has been on the health and safety of our employees and the businesses around the world have worked incredibly hard to keep each other, and our customers, safe throughout the global crisis.

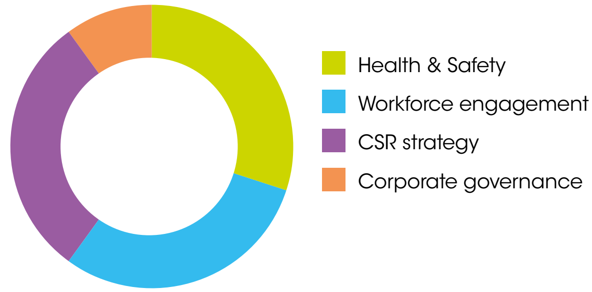
	Scheduled / attended
Till Vestring – chair	2/2
Jerry Buhlmann	2/2
Alex Jensen*	1/1
Duncan Tait*	1/1
Nigel Stein	2/2

* Alex Jensen joined the Committee in November 2020. Duncan Tait joined the Group in June 2020.

As I have been on the Board for over nine years I am pleased to announce that I will hand over the role of Chair of the CSR Committee and designated non-executive director ("DNED") to Alex Jensen with effect from 1 January 2021. It has been a pleasure to be involved in Inchcape's emerging CSR journey and I am delighted that I will stay on as a member of the Committee until I step down from the Board to support Alex as the CSR journey moves forward.

We had planned to hold an employee townhall in Singapore in early 2020 but that was put on hold as COVID-19 spread. We had hoped the pandemic would be over quickly but following the initial global lockdown, the markets experienced local closures for the remainder of the year. As a result it was decided to postpone the DNED townhall event until 2021. Alex joined Duncan at the first virtual employee townhall event held in February 2021 and the outcomes from the workforce engagement programme will be disclosed in the 2021 CSR Committee Report. At the current time, these events will be held virtually however the Committee will keep the situation under review with a view to holding physical events when possible.

Allocation of time spent

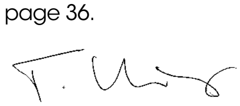


In order to obtain the views of the workforce in such a challenging year, management carried out a pulse survey covering specific areas due to the pandemic: impacts on the individual and their wellbeing; communication; leadership and management; and ways of working. Detailed action plans are generated on a market by market basis. These are created and owned by management with HR support and facilitation. Global and regional outcomes, themes and trends are considered by the Group Executive Team in a session led by the Chief Human Resources Officer with each market CEO presenting their action plan. Actions are closely monitored, with short Pulse Survey questions aligned to areas of focus measuring progress/improvement. The results from the survey are discussed by the Committee and any issues arising are communicated to the Board as a whole following each update. Further details can be found on pages 34 and 35.

During the year Duncan also rolled out a new Responsible Business ("RB") working group to move the CSR strategy to its next stage with a fully holistic approach that includes our benefit to society, and to all groups of stakeholders, which is woven into our business strategy. The RB group is made up of over 22 colleagues from around the world covering all areas of the business. This remit of the RB strategy will be developed alongside the Group strategy to ensure close alignment of vision and purpose. Further information can be found on pages 8 and 9.

The Committee reviewed the global health and safety programme during the year, monitoring progress against action plans which included a single HSE system and an HSE reporting tool to track compliance implemented globally. These tools will give the Committee further transparency into the health and safety culture within the organisation with reports against KPIs being provided at each meeting.

In addition, the Committee monitored the COVID-19 HSE response, including monthly and year to date cases within the Group, health and safety processes in all businesses and the risk assessment and flexible work assessments created for home working risk assessments. Further information can be found on page 36.



Till Vesting
Chair of the CSR Committee

Evaluation
The external evaluation of the Committee carried out during the year highlighted the need for the remit of the CSR Committee to evolve to align with the refreshed Group strategy. During 2021, the Committee will focus on defining its role so that it supports the Group's strategic agenda and working with the other committees to report into the Board to enable full oversight of all aspects of environmental, social and governance matters. To date it has focused on elements of the social agenda, and we anticipate that this will broaden out during the course of 2021.

Environment
The Group continued to monitor its GHG emissions during the year and details of the energy used are given on page 98. The impact of climate change will be a key focus for the Committee and the Board with its commitment to reporting in line with the recommendations under the Task Force on Climate-related Financial Disclosures ("TCFD"). To date the best estimates have been used to judge the impact of climate change however the analysis to be carried out under TCFD will improve those estimates and allow fuller disclosure next year. The Committee will monitor progress throughout 2021.

COVID-19
The pandemic presented opportunities for management to re-focus how they communicate more proactively with employees with greater focus on regular cadence with senior leaders being more visible and a leadership communications platform launched in the second half of 2020. The Committee also spent time reviewing the many community projects throughout the year, as the regions provided support by providing resource and expertise to hospitals, charities and people in need throughout the year such as in the Americas where they provided vehicles to transport key workers to and from work at local hospitals and produced videos to explain social distancing and hygiene measures in place and donations of personal protective equipment; in Northern Europe the donation of demo vehicles for Red Cross use and the delivery of food and supplies to isolated and vulnerable people; and in Brunei where the team carried out a public awareness campaign early in the pandemic.

Workforce engagement mechanism – role of the DNED
The Board agreed that the CSR Chair would also take the role of the designated non-executive director with responsibility for obtaining the views of the workforce. This is primarily done through reviewing the outcomes of the employee survey which are discussed with management in detail, with attention given to those areas with lower scores or indicating areas for improvement. Following each meeting, the DNED updates the Board on the findings and any action plans. During 2021, the DNED will attend the quarterly townhalls and the Committee will focus on building the engagement plan during the year.

Our 2020 objectives	What we achieved	Priorities for 2021
CSR strategy	Establishment of Responsible Business working group to develop approach alongside the refreshed strategy to ensure alignment of vision and purpose	Develop communication strategy to ensure effective stakeholder engagement Set Responsible Business vision and build action plan Measure and report impact and success
Modern Slavery Statement	Review training rolled out to procurement teams to enable them to recognise key risks to the Company, and action needed to manage the risks	Carry out analysis to identify high risks suppliers and agree due diligence processes to mitigate risks associated with those suppliers
Employee Experience Survey	Pulse survey completed in 2020 on the impact of COVID-19 on employees, focusing on key areas: – Impact on individual and their wellbeing – Communication – Leadership and management – Ways of working	DNED to join quarterly virtual townhall to run a Director-only session for employees
Committee evaluation	An external evaluation carried out in 2020, noting that the feedback on the CSR Committee focused on determining the scope and remit of the Committee	An internal evaluation will be carried out in 2021

Directors' Report on Remuneration

Jane Kingston
Chair of the Remuneration Committee

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 (not withstanding 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.

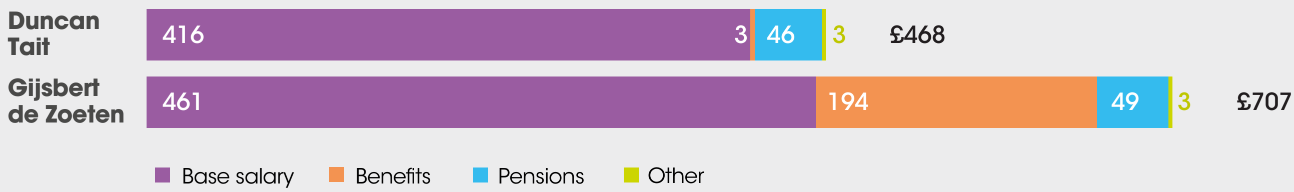
We hope to have your support at the upcoming AGM.

Jane Kingston

Jane Kingston
Chair of the Remuneration Committee

Executive Directors' remuneration in 2020

What Executive Directors earned during 2020 (£'000)



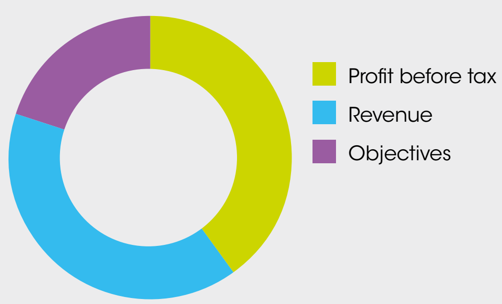
DETAILS OF ACTUAL PERFORMANCE ACHIEVED ARE GIVEN ON PAGES 87 TO 91

How we performed in 2020

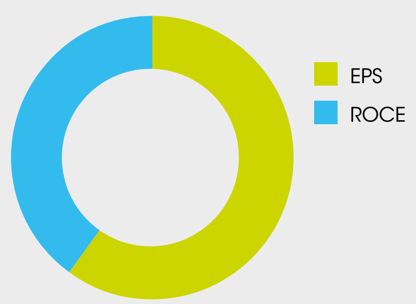
Despite the challenges of COVID-19, the Group's performance reliably delivered results that, whilst below the targets set before the pandemic, are in line with revised expectations.

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.

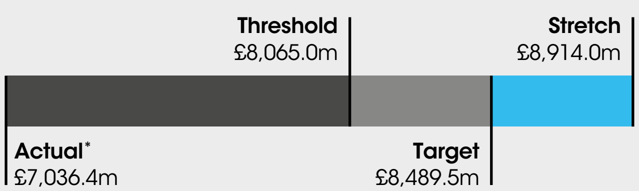
Measures used for annual bonus



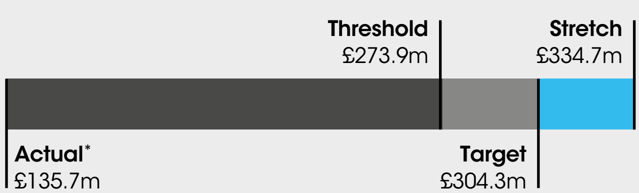
Measures used for long-term incentive plans



Revenue



Profit before tax



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: – 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)	To encourage executive share ownership and reinforce long-term success. A voluntary investment opportunity in return for a performance-based match. 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.	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. 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, 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 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.
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.	Receive a salary supplement in lieu of pension contributions. 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.	Executive Directors are entitled to a cash supplement of up to 10% of salary. Executive Directors who were appointed prior to 2019 were entitled to a pension contribution of up to 30% of salary.
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).
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.	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. Enforcement of this guideline will be facilitated through a holding requirement for Executive Directors applied to share-based incentives awards from 2020 onwards. The application of this requirement will be at the Committee's discretion (which will be applied only in exceptional circumstances).	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.

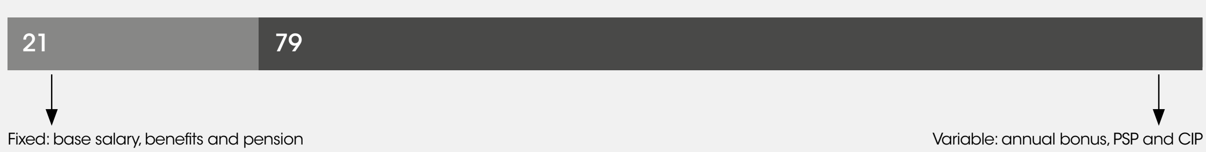
Malus and clawback
These provisions allow the Committee in certain circumstances (such as gross misconduct or a material misstatement of the Group financial statements, reputational damage or corporate failure) the discretion to:

- 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.

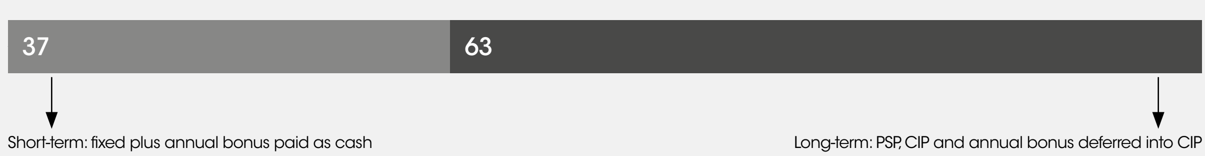
Participants are informed about the malus and clawback conditions on their bonus at the start of each year and are required to confirm acceptance of malus and clawback provisions on their PSP and CIP awards upon grant.

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.	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. Fee levels are reviewed regularly, with any adjustments effective immediately after the review is approved. Additional fees are payable for acting as Senior Independent Director and as Chair of any of the Board's Committees (excluding the Nomination Committee). The Chairman's fee is determined by the Remuneration Committee and the fees for other Non-Executive Directors are determined by the Executive Directors. Non-Executive Directors may elect to receive up to 20% of their net fees p.a. as Company shares.	Appropriate adjustments may be made to fee levels, taking account of: – 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.

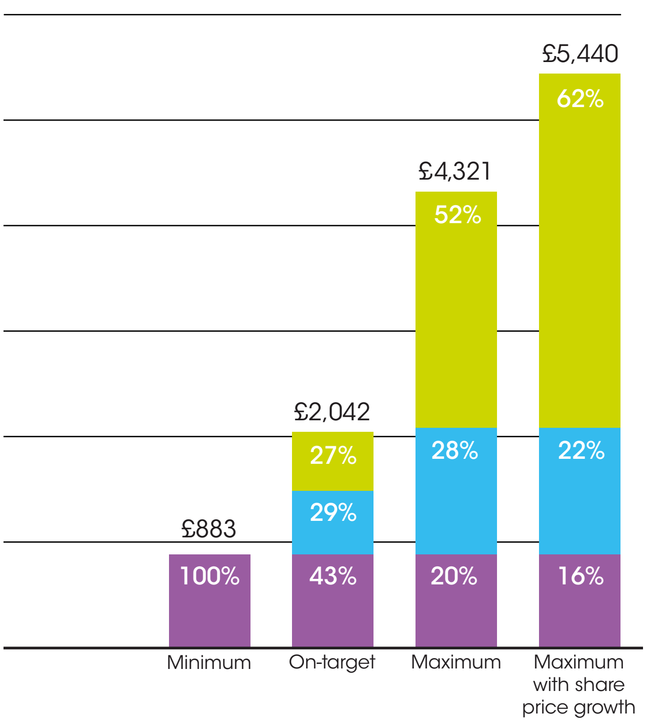
Consideration of shareholder views
When determining remuneration, the Committee takes into account the guidelines of representative investor bodies and proxy advisors and shareholder views.

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.

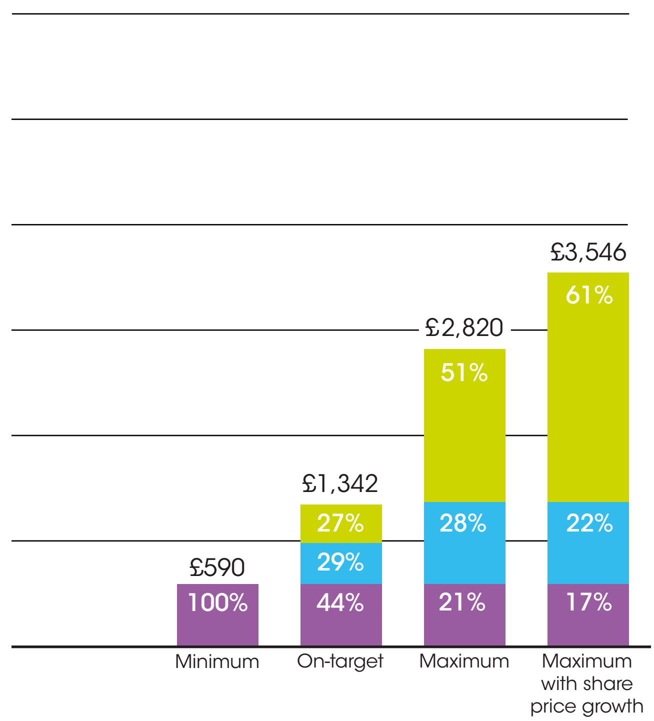
Performance scenarios

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	– 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	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 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.	
	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	The Committee reviewed the outcome of the 2019 bonus scheme and set targets for the 2020 bonus scheme. 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. As the financial performance targets were not achieved no bonus will be paid to the Executive Directors for 2020.	The Committee will review the bonus measures and targets applicable for the 2021 bonus within the framework of the remuneration policy
Long-term incentives	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. 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. 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.	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	The Committee approved the overall 2020 remuneration for the Executive Directors. 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. The 3% salary increase approved by the Committee for the CFO was postponed from April 2020 to January 2021.	The Committee will set targets for performance-related remuneration and consider appropriate salary levels and other benefits
Group Executive Team remuneration	The Committee reviewed the remuneration for senior executives taking into account pay for employees across the Group. 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.	The Committee will set targets for performance-related remuneration and consider salary levels and other benefits
Wider remuneration	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. 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.	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: – 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:

	Base salary /fees[(a)] £'000		Taxable benefits[(b)] £'000		Single-year variable[(c)] £'000		Multiple-year variable[(d)] £'000		Pension[(e)] £'000		Other[(f)] £'000		Total £'000		Total Fixed[(a+b+e+f)] £'000		Total variable[(c+d)] £'000	
Name	**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.

	Targets				
Measure	Threshold	Target	Stretch	Actual performance	Outcome for element of bonus % of salary
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%	– 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%	– 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%	– Improvement in executive information resulting in: 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%	– 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

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 %
Less than 4%	0%
4%	25%
12%	100%
Between 4% and 12%	Straight line basis

Three-year average ROCE* (40% weighting)	Unexpired term
Less than 16.5%	0%
16.5%	25%
20.5%	100%
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%

Award	Performance measure	Wtg.	Vesting outcome (% of element)
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 %
Less than 169p	0%
169p	25%
191p	100%
Between 169p and 191p	Straight line basis

Three-year average ROCE (40% weighting)	Unexpired term
Less than 16.5%	0%
16.5%	25%
20.5%	100%
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.

		Share awards held		Options held			
	Shares held at 31 December 2020	Subject to performance conditions	Subject to deferral	Not subject to performance targets	Subject to deferral	Vested but not yet exercised	Guideline met
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

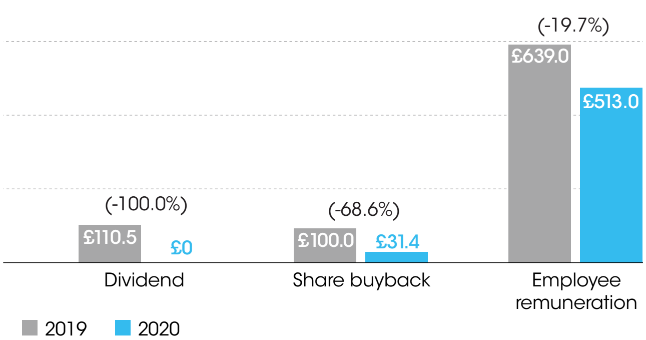
1. Reflects part-year earnings for Stefan Bomhard and Duncan Tait.

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

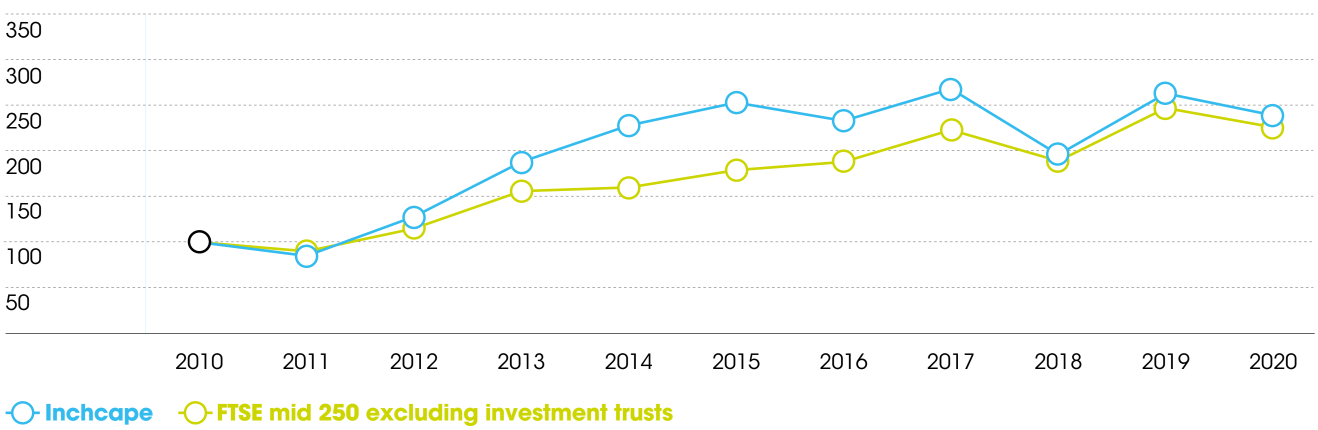
The graph below shows the Total Shareholder Return (TSR) of the Company over the 10-year period to 31 December 2020.

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



	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

Jane Kingston
Chair of the Remuneration Committee

Directors' Report

The Directors' Report for the year ended 31 December 2020 comprises pages 96 to 100 of this report (together with sections incorporated by reference). Information required in the Management Report under DTR 4.1.8R can be found in the following sections: a review of the business and future developments on pages 2 to 32; principal risks and uncertainties on pages 41 to 50; a description of the Group's internal control framework is given on pages 56 and 57; a description of the Board's activities and the structure of its Committees is given on pages 52 to 95.

Corporate governance statement

The statement of compliance with the 2018 UK Corporate Governance Code is given on page 56. The Code is published on the Financial Reporting Council's website www.frc.org.uk. Information required under DTR 7 is given in the Corporate Governance Report on pages 52 to 95.

Board of Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Stefan Bomhard – left 30 June 2020
Jerry Buhlmann
Gijsbert de Zoeten
Rachel Empey
Alexandra Jensen – joined 29 January 2020
Jane Kingston
John Langston
Nigel Stein
Duncan Tait – joined 1 June 2020
Till Vestring

In accordance with the 2018 UK Corporate Governance Code, all Directors will stand for election or re-election at the Annual General Meeting (AGM) on 27 May 2021. The Chairman has reviewed the performance of each Director and is satisfied that each continues to be effective and demonstrates commitment to the role. The appointment and replacement of Directors is governed by the Company's Articles of Association (the Articles), the UK Corporate Governance Code, the Companies Act 2006 and related legislation.

Subject to the Articles, the UK Corporate Governance Code and relevant legislation, the business of the Company is managed by the Board which may exercise all the powers of the Company.

Shareholders

Engaging with our shareholders is important to the Company so that we are able to understand their views on the business and the key issues of importance to them. Any updates regarding the business, including presentations by the CEO, are available on the Group's website so that all shareholders have access to the same Company information at the same time.

As the top 20 shareholders own over 70% of the business, shareholder consultations, such as the remuneration policy approved in 2020, are carried out with this group. Extending the consultation to all shareholders would not be cost effective, and shareholders not involved in the consultation process are encouraged to use the AGM forum to express their views either by asking questions or voting on the relevant resolutions.

During 2020, shareholders were unable to attend the AGM in person due to the ongoing COVID-19 restrictions. A dedicated email was set up to allow shareholders to contact the Board members with any questions. This resource will remain in place to allow all shareholders to engage with the Company on any matters of interest to them.

Webcasts are held with the CEO and CFO following the release of any financial results with analysts and investors invited to attend. Details of how to join will be available on the Company's website prior to the event.

Conflicts of interest

The Articles of Association permit the Board to authorise any matter which would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest. When authorising a conflict of interest, the Board must do so without the conflicted Director counting as part of the quorum. In the event that the Board considers it appropriate, the conflicted Director may be permitted to participate in the debate but will be permitted neither to vote nor count in the quorum when the decision is being agreed. The Directors are aware that it is their responsibility to inform the Board of any potential conflicts as soon as possible and procedures are in place to facilitate disclosure.

Directors' indemnity

A qualifying third-party indemnity (QTPI), as permitted by the Company's Articles of Association and sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company. Under the provisions of the QTPI the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgment is given against the Director. The indemnity has been in force for the financial year ended 31 December 2020 and until the date of approval of this report.

Results and dividends

The Group's audited consolidated financial statements for the year ended 31 December 2020 are shown on pages 112 to 187. The level of distributable reserves is sufficient to pay a dividend.

The Board recommends a final ordinary dividend of 6.9p per ordinary share. If approved at the 2021 AGM, the final ordinary dividend will be paid on 21 June 2021 to shareholders registered in the books of the Company at the close of business on 14 May 2021.

The Company may, by ordinary resolution, declare a dividend not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends when the financial position of the Company, in the opinion of the Board, justifies its payment. See page 23 for more information on the dividend policy.

Share capital

As at 31 December 2020, the Company's issued share capital of £39,327,439 comprised 393,274,393 ordinary shares of 10.0p. Holders of ordinary shares are entitled to receive the Company's Report and Accounts, to attend and speak at General Meetings and to appoint proxies and exercise voting rights. The shares do not carry any special rights with regard to control of the Company. The rights are set out in the Articles of Association of the Company.

Restrictions on transfer of securities
There are no restrictions or limitations on the holding of ordinary shares and no requirements for prior approval of any transfers. There are no known arrangements under which financial rights are held by a person other than the holder of the shares. Shares acquired through the Company share schemes rank pari passu with the shares in issue and have no special rights.

Authority to purchase shares
At the Company's AGM on 21 May 2020, the Company was authorised to make market purchases of up to 39,860,597 ordinary shares (representing approximately 10.0% of its issued share capital).

In the year ended 31 December 2020, the Company purchased for cancellation, 5,858,343 ordinary shares of 10.0p each at a cost of £31.4m, representing 1.5% of the issued share capital as at that date as part of the share buyback programme announced in February 2020. The programme was cancelled in March 2020 due to COVID-19.

The Directors have authority to issue and allot ordinary shares pursuant to article 9 of the Articles of Association and shareholder authority is requested at each AGM. The Directors have authority to make market purchases for ordinary shares and this authority is also renewed annually at the AGM.

Interests in voting rights
During the year, the Company had been notified of the following interests pursuant to the Financial Conduct Authority's Disclosure and Transparency Rules. The information below was correct at the date of notification. It should be noted that these holdings are likely to have changed since notified to the Company. However, further notification of any change is not required until the next threshold is crossed.

Shareholder	Number of shares	Date notified	Percentage notified
George Horesh	25,842,484	11/01/2021	6.57%
Standard Life Aberdeen plc	36,807,638	23/11/2020	9.36%
Norges Bank	11,751,536	26/08/2020	2.99%

Source TR-1 notifications. These are updated on the Company's website.

Restrictions on voting rights
There are no restrictions on voting rights.

Employee benefit trust
The Executive Directors of the Company, together with other employees of the Group, are potential beneficiaries of the Inchcape Employee Trust (the "Trust") and, as such, are deemed to be interested in any ordinary shares held by the Trust. At 31 December 2020, the Trust's shareholding totalled 167,312 ordinary shares.

In respect of LR 9.8.4R(12) and (13), the trustee of the Trust agrees to waive dividends payable on the shares it holds for satisfying awards under the various share plans.

Directors' interests
The table showing the beneficial interests, including family interests, in the ordinary shares of the Company of the persons who were Directors at 31 December 2020 is shown in the Directors' Report on Remuneration on page 92.

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

Change of control
The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid apart from certain of the Group's third-party funding arrangements which would terminate upon a change of control of the Company, such as the Group's revolving credit facility agreement. Further details are given in note 23 of the financial statements on page 159.

The Group's relationships with its OEM brand partners are managed at Group level, but the relevant contracts are entered into at a local level with day-to-day management being led by each operating business. Certain of the contracts may terminate on a change of control of the local contracting company.

The Company does not have agreements with any Director or employee providing compensation for loss of office or employment that occurs because of a takeover bid, except for provisions in the rules of the Company's share schemes which may result in options or awards granted to employees to vest on a takeover.

Transactions with Directors
No transaction, arrangement or agreement, other than remuneration, required to be disclosed in terms of the Companies Act 2006 and IAS 24, 'Related Parties' was outstanding at 31 December 2020, or was entered into during the year for any Director and/or connected person (2019: none).

Other information – Listing Rules
For the purposes of LR 9.8.4 R, the information required to be disclosed by LR 9.8.4 R can be found on the pages set out below:

Section	Information	Page
1	Interest capitalised	Not material to the Group
2	Publication of unaudited financial information	94 (TSR graph)
4	Details of long-term incentive schemes	90 – 91
5	Waiver of emoluments by a director	Not applicable
6	Waiver of future emoluments by a director	Not applicable
7	Non pre-emptive issues of equity for cash	Not applicable
8	Non pre-emptive issue by a major subsidiary undertaking	Not applicable
9	Parent participation in a placing by a listed subsidiary	Not applicable
10	Contracts of significance	Not applicable
11	Provision of services by a controlling shareholder	Not applicable
12	Shareholder waiver of dividends	97
13	Shareholder waiver of future dividends	97
14	Agreements with controlling shareholders	Not applicable

Greenhouse gas emissions

As a distributor and retailer Inchcape has no manufacturing footprint to minimise, however we collect data for all material emissions for which we deem ourselves to be responsible and look for ways in which to minimise our footprint. Data is collected for three key performance indicators:

- Energy – our global gas and electricity usage.
- Transport – the movement of cars and parts from the point of ownership (which means legal and contractual ownership) to the point we cease to have legal ownership.
- Travel – the movement of our people.

Methodology

The methodology used to calculate the Group's greenhouse gas emissions is based on the GHG Protocol Corporate Accounting and Reporting Standard, and Mandatory Greenhouse Gas Reporting in line with HM Government guidance. The methodology uses conversion factors as published by the Department for Business, Energy and Industrial Strategy in 2020 and international electricity emission factors as published in the International Energy Agency's 'CO2 Emissions from Fuel Combustion (2020 edition)'.

Data collection and reporting period

Data has been collected for all markets from 1 January 2020 to 31 December 2020. The level at which we report is by business unit for each market. This covers our Retail operations, Distribution operations and business service operations, which fall within our operational control boundary.

Intensity ratio

The Group's intensity ratio is revenue per tonne of CO_2e. This allows for a fair comparison over time of CO_2e emissions given the growth trajectory envisaged for the Group and cyclical variations in business activity.

Total greenhouse gas emissions in 2020

	Total emissions (tonnes CO_2e)		
Scope 1 and 2 emissions	**Year ended 31 Dec 2020**	Year ended 31 Dec 2019	Change in emissions
Scope 1 (Direct emissions from combustion of fuels and operation of facilities)	**8,780**	10,744	-18%
Scope 2 (Electricity, heat, steam and cooling purchased for own use)	**41,179**	46,629	-12%
Total Scope 1 and 2 emissions	**49,959**	57,374	-13%

Operational emissions intensity			
Intensity metric – total revenue (£m)	**7,033**	9,391	-25%
Total Scope 1 and 2 emissions (tonnes CO_2e)	**49,959**	57,374	-13%
Scope 1 and 2 emissions per £m (tCO_2e/£m)	**7.1**	6.1	16%

COVID-19

Due to the impact of COVID-19 during 2020, many of our businesses were required to close. This has resulted in a dramatic reduction in the energy used in the year and as markets return to more normalised operating activities the energy used is likely to increase.

Streamlined Energy and Carbon Reporting Regulations ("SECR")

As required under the SECR regulations the following information relates to the energy consumed in our UK operations.

	Year ended 31 Dec 2020
UK energy use (kWh)	42,598,398.63
Associated GHG emissions (tCO_2e)	8,780
Emissions from activities which the company own or control including combustion of fuel & operation of facilities (scope 1) (tCO_2e)	41,179
Emissions from the purchase of electricity, heat, steam, cooling purchased for own use (scope 2 – location-based) (tCO_2e)	49,959
Total energy used to calculated above emissions (kWh)	142,111,220.52
Intensity ratio: tCO_2e (gross scope 1+2)/ intensity metric	7.1

Methodology

Our carbon footprint is calculated by gathering monthly and quarterly energy consumption data. Emission factors used are a combination of BEIS 2020 emission factors and IEA grid mix factors for specific markets.

Energy efficiency measures

During the reporting period, no new energy efficiency actions have been taken however our energy management programme is ongoing, including monitoring and targeted reporting of energy consumption on a daily basis at the majority of sites. Through the service provided by our energy consultants, the energy management programme we run enables us to identify and address any consumption issues as and when they arise, allowing us to eliminate unnecessary energy waste.

Employees and employee involvement

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview those candidates who meet the minimum selection criteria.

We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued development in their role, including consulting them about their requirements, making appropriate adjustments and providing suitable alternative positions.

Our performance and talent framework, DRIVE5, sets performance expectations, behaviours and values for our people. It was developed using inputs from colleague and customer focus groups and incorporates our OEM brand partners' existing frameworks of skills and behaviours to ensure that we can deliver against our stakeholders' expectations in support of our ambition to be the world's most trusted distributor and retailer.

The Company has various employee policies in place covering a wide range of issues such as family friendly policies, employment rights and equal opportunities. Policies are implemented at a local level and comply with any relevant legislation in that market. All policies are available on the Group's intranet and compliance is monitored at local level.

The Group's bonus and long-term incentive schemes are designed to encourage involvement in the Company's performance. UK employees are eligible to join the SAYE scheme, which is offered annually. Further details can be found in the Directors' Report on Remuneration on pages 78 to 79.

Employee communication

Townhall meetings are held in each market on a regular basis and also following the release of any financial updates by the Company. The townhall meetings provide employees with information on the Group's performance and provide an opportunity for consulting employees on new initiatives or other matters that concern them. The Group's global intranet, iConnect, also provides a means of communicating important issues to employees.

The Employee Experience Survey is the primary tool for obtaining the views of employees and the results of the survey are reported to the CSR Committee on an annual basis. The chair of the CSR Committee is the designated Director for communicating the views of employees to the Board and he reports the findings to the Board following each meeting.

The consultation enables the Board to gain an understanding of how the employee experience is perceived and what actions can be taken to enhance this experience so employees feel challenged, excited, engaged and supported in their roles.

Further details can be found in the CSR Report on page 72.

Diversity

The breakdown of the number of female and male employees who were (i) Directors of the Company, (ii) senior managers and (iii) employees of the Company as at 31 December 2020 is as follows:

	Male		Female		**Total**
Board	6	66.7%	3	33.3%	**9**
Senior	57	82.6%	12	17.4%	**69**
All employees	10,878	73%	3,887	26.3%	**14,765**

The Nomination Committee is responsible for succession planning on the Board and as such considers the recommendations of the Hampton-Alexander Review and Parker Review as part of the recruitment process. The Board has decided not to set targets and has achieved the recommendation of 33% female representation by 2020 as recommended by the Hampton-Alexander Review.

The Nomination Committee ensures that a broad mix of suitable candidates is put forward for consideration for vacancies. Management are also focusing on diversity as part of the talent planning process to strengthen diversity within the talent pipeline. The Diversity Policy Statement is given on page 64.

Principal financial risk factors

These risks are shown on pages 41 to 50.

Financial instruments

The information required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of financial instruments is given in note 24 to the financial statements on pages 161 to 168.

Branches outside the UK

The Company does not have any branches outside the UK.

Events after the reporting period

None.

Political donations

The Company did not make any political donations in 2020 and does not intend to make any political donations in 2021.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Board of Directors, confirm that, to the best of their knowledge:

– the parent company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
– the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
– the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

The Directors considered the key messages contained in the Strategic Report along with the disclosures made throughout to ensure that they are consistent, transparent and a true reflection of the business. The Directors also reviewed supporting documentation which addresses specific statements made in the report and the evidence to support those statements.

Following this review, the Directors consider, when taken as a whole, that the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Business relationships

Having positive relationships with our OEM brand partners, our main suppliers, and our customers is imperative for the long-term success of the Company. Our OEM brand partner relationships are key to every part of our value chain and the length of these relationships, which are given on pages 10 and 11, is testament to this strength.

Culture

The Board monitors the culture of the Company by reviewing reports received from the whistleblowing line, Speak Up!, via reporting to the Audit Committee, reviewing the employee voice via the results of the Employee Experience Survey, which is monitored by the CSR Committee, and reviewing the number of employees who have undertaken the Code of Conduct training. The Board also carries out an annual global talent and leadership review as part of its succession planning activities which enable the monitoring of key metrics such as internal promotions and development programmes. The Remuneration Committee considers wider pay and practices when reviewing Executive remuneration and has an annual update on remuneration practices which allows it to assess whether they drive the right behaviours within the businesses in accordance with the DRIVE5 performance drivers, see page 99.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 50, the Directors consider it appropriate to adopt the going concern basis of accounting in the financial statements for the next 12 months.

Auditor and disclosure of information to the auditor

The auditor, Deloitte LLP, has indicated its willingness to continue in office. A resolution to reappoint Deloitte as auditor will be proposed at the AGM.

So far as the Directors are aware there is no relevant audit information of which the Company's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The AGM will be held at 11.00 a.m. on Thursday, 27 May 2021 at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS. The notice convening the meeting and the resolutions to be put to the meeting, together with the explanatory notes, are given in the Circular to all shareholders.

The Directors' Report was approved by the Board and has been signed by the secretary of the Company.

Tamsin Waterhouse
Group Company Secretary