

# MAKING A POSITIVE DIFFERENCE

## CORPORATE RESPONSIBILITY



At Inchcape we take our Corporate Responsibility (CR) very seriously; acting responsibly towards the communities and environments in which we work, and towards individuals and society in general. For more than 170 years we have believed that our business is about more than just the bottom line.

We are now evolving our CR strategy and aligning it with our strategic objectives, focusing on where we can make the most positive impact for our stakeholders and society. This will build on the progress we made in 2015 across the five CR metrics through which we monitor our activity: developing our People; improving Customer experiences; working with innovative OEM Partners; supporting local Communities; and managing our impact on the Environment.

CR is governed through the Corporate Responsibility Committee, which meets twice yearly and is served by a central CR operational team and a network of CR Champions across our 26 markets. The CR Committee is attended by Ken Hanna, Chairman, Coline McConville, Non-Executive Director, Stefan Bomhard, Group Chief Executive Officer, and Alison Clarke, Chief Human Resources Officer, reflecting its importance to the business.

As we focus on growing the business over the coming years, the contribution of CR will become increasingly important; we will strive to be at the forefront of progress, innovation and stewardship in corporate responsibility – it is an integral part of Inchcape.

**TILL VESTRING**

Chair of the CR Committee

### Developing our PEOPLE

Inchcape's employees are its most valuable asset; it is the talent and dedication of our people that delivers the Group's results, year after year. The four pillars of our people engagement strategy, Right People, Right Learning, Right Reward and Right Culture, have been developed to ensure that as a company we value and nurture this most important resource.

The Right People – recruiting and retaining talented people, who understand their role in delivering outstanding results.

Talent planning and performance management sit at the heart of our people strategy, as we look to ensure that we have the Right People in every role. Whilst there are continuous processes in place, we also have a more detailed review and planning session in each market and head office, at least once a year.

Our employee base is diverse and reflects the different cultures and markets in which we operate. As a global business we are able to provide our people with the opportunity to gain experience in different countries, encouraging personal development and growth for many of our colleagues. We recognise that the growth and development of our people directly affects the growth and success of our Company. By actively encouraging this level of engagement across all markets, we not only attract, but also retain the best talent.

The Right Learning – enabling our people to deliver the Company's objectives by providing the right training and development.

As an example, Inchcape Hong Kong has introduced a new training scheme to encourage young people to embark upon a career in Aftersales. This professional development scheme provides soft skills training, career advice and mentoring. New recruits are attracted through targeted digital platforms, such as YouTube and Facebook, with successful apprentices being recognised for their achievements at the end of their placement.

We are passionate about sharing our expertise with fellow colleagues, and with the wider communities in which we work. Our Hong Kong operation has also worked with the Toyota Technical Education Program (T-TEP) in partnership with selected secondary schools in Hong Kong since 1995, offering subsidies, teaching facilities, modern teaching equipment and tools to improve routes to employment in the auto industry for young people.

The Right Reward – celebrating success and the contribution of our people, at every level, in every market, and ensuring that they are rewarded for their commitment and expertise.

We recognise, celebrate and reward the contribution our people and teams make to deliver our challenging business ambitions.

Our rewards policy recognises excellent personal performance and the special contribution that employees of all levels make to the business. Recognition programmes, such as 'Leading Lights' in our UK Retail business, make it easy to identify and reward precisely those contributions that we, our partners and customers all value so highly.

In addition to market-competitive salaries, we also provide a suite of employee advantages, from discounted car purchase and services, to medical cover and volunteer days. This contributes towards making Inchcape a Right Reward culture.

The Right Culture – creating an exciting and engaging place to work, where people are treated with respect and look forward to making a difference each day.

Communication with our colleagues is maintained through regular multi-channel dialogue, enabling a flow of information via a number of channels, disseminated through 'town hall' meetings, line manager briefings, newsletters, our intranet and colleague events.

In our China business, for example, town hall meetings are held to enable all staff to contribute ideas and feedback. Allied to family days, community activities and sports days, this has contributed to 100% participation in staff surveys and constant year-on-year rises in staff engagement. In all we do, we ensure that Inchcape remains a great place to work, with zero tolerance of anti-social activities and bullying.

To support the four pillars of our people strategy, we use individual development plans, talent reviews and succession planning, ensuring that managers are equipped to build, maintain and develop expert teams of professionals in every field. We have run engagement surveys (known as Heartbeat) every year since 2007, which give every employee the opportunity to feed back on their experience as an Inchcape colleague. Line managers use the results of the survey to create action plans that respond to challenges and improve employee engagement.

We are very proud that Inchcape UK has been named one of The Sunday Times' 'Top 25 Best Companies to Work for' for three consecutive years and in Hong Kong, we have won awards for both Employer of Choice and Employee Engagement.

### Human rights

We embrace, support and respect the human rights of everyone we work with and we comply fully with appropriate human rights legislation in the countries in which we operate. We don't use or accept forced, bonded or involuntary prison or child labour. We only employ people who choose to work freely and respect their rights to equal opportunities and freedom of association.

### Improving CUSTOMER experiences

Across all our markets, we set out to build long-term relationships with our customers and we encourage their feedback in order to continually improve on the experiences they have with us, online, over the phone or in person.

We receive hundreds of complimentary letters, emails and calls from customers each year and feature one every week in our 'Voice of the Customer' email which is received by all our employees, across all 26 markets every Monday morning. We were also delighted to receive several awards in 2015 for our Customer focus and very proud that Inchcape Fleet Solutions (IFS) was awarded the ServiceMark Accreditation from the Institute of Customer Service, the UK's professional body for customer service. IFS was awarded in recognition of the work their customer service teams do every day to ensure all customers receive the highest level of customer service; from the moment of enquiry, right through to the delivery of products/services, the provision of Aftersales care and support together with the successful resolution of any issues raised.

In 2015, we carried out over 5,000 mystery shop exercises and conducted over 16,000 customer interviews. This helps us gauge their satisfaction and needs, report on our current performance and pick out examples of extraordinary commitment. Further insights are sourced by tracking data, efficiency and customer trends across our 140 websites.

Around the world, good service is no longer considered a differentiator. It has become a necessity. Our ability to impress customers extends beyond the sale. Wherever they are in the ownership lifecycle, car owners demand constant care.

That's why, in 2015 we kicked off the Connected Customer 1st (CC1) programme which has since become the foundation of our Leading in Customer Experience driver. We developed the programme to build on our insights into the customer journey and create stand-out experiences for our customers in an ever moving omnichannel world. Customer research began in 2015 in several of our markets and will continue in 2016, leveraging our global scale and presence across the globe.

### Working with innovative PARTNERS

As a Retailer and Distributor, we form successful relationships with the best car brands in the world. We aim to share best practice, learning from our OEM partners whilst passing on our own experience and expertise. This example of good corporate responsibility is often measured through the accolades passed on to us by the manufacturers. Sometimes it is the superb example set by an individual that makes all the difference.

In 2015, we were delighted to receive several awards from our OEM partners – testament to the passion our colleagues across the world have for the brands they represent. A few of those awards are listed below. Further details of these and many other accolades, can be found on the Inchcape News section of our website.

- Crown Motors Limited, Inchcape's subsidiary business in Hong Kong, was awarded the prestigious Outstanding Customer Service Award by the Toyota Motor Corporation for the eighth consecutive year and won the Toyota Triple Crown Award for the 24th consecutive year.
- NBT Brunei also won the Toyota Triple Crown Award Customer Service Excellence Award for the 7th consecutive year.
- For the second year running, Inchcape Volvo Musa Motors in Moscow was awarded the title of 'Best Volvo Dealer'.
- Our Lexus Guildford site won Centre of the Year Award for the third time and Porsche Bournemouth won the Total 911 magazine award, having been shortlisted in the category by the publication's readers.

- At the 2015 Annual BMW/MINI awards gala, Inchcape Motors Poland was recognised in three categories: F&I Dealer of the Year, BMW Dealer of the Year and MINI Dealer of the Year.

Working with innovative and supportive brand partners allows us to also focus our corporate responsibility on our immediate environment. In September 2015, BMW/MINI in Reading officially unveiled its new centre at a special customer launch event which featured over 400 guests and a host of activities, from driving simulators to a win a car competition. Now the biggest BMW/MINI retail centre in the UK, the innovative new site is spread over three storeys and delivers exceptional levels of customer service and includes a wealth of environmentally friendly features. The building, amongst many other elements, includes: water recycling, solar panels, waste recycling, cycle parking, Bat and Bird boxes, Green Guide rated finishes and energy efficient fittings. BREEAM, the world's longest established method of assessing and certifying the sustainability of buildings, has given the state-of-the-art retail centre a rating of 'very good'.

Success is not just about working well with our OEM partners. We have been equally proud of partnerships with regulatory bodies. The Ethiopian Revenues & Customs Authority, for example, made a special award to our MOENCO business for its exemplary Tax and Duty compliance.

**Supporting local COMMUNITIES**

Support for local communities is where we can most clearly demonstrate our positive impact on society. Across 26 markets we aim to think globally but integrate locally, participating actively in the communities in which we operate.

Our approach has always been to encourage our people to support their local communities in the most appropriate way. This employee centric approach ensures that the people with the best local insight can direct how the Company makes its contribution and we have highlighted some of the work that we have been undertaking in our communities in this report.

**CASE STUDY**

**Rock climbing with the Singapore Children's Society**

In December 2015, colleagues from Inchcape Singapore embarked on an activity to add a little joy to the lives of under-privileged children from the Singapore Children's Society.

Inchcape Singapore have supported the Singapore Children's Society over many years and last year decided to fulfil the children's Christmas wish with a rock-climbing activity. To kick start the event, Mr. Victor Tan, Director of Infrastructure Development and Facilities, welcomed the children and presented a cheque of SIN\$1,000 to the Singapore Children's Society. The rock climbing activity was a memorable event and a wonderful day for everyone present.

**CASE STUDY**



**Mother and Child Rehabilitation Centre in Ethiopia**

Inchcape has supported the Mother and Child Rehabilitation Centre (MCRC) in Ethiopia since 2002. This amazing charity, run by Jutta de Muynck, the wife of Chris de Muynck, Managing Director of our Ethiopian business, takes in disadvantaged children from Addis Ababa and beyond, providing food, shelter, education, medical care and therapy for the children and their parents. MCRC aims to help them recover from past traumas and equip them through employment and personal training with the means to be independent and successful in the future.

**CASE STUDY**



**Atkins Kroll, Care Saipan Fund**

The island of Saipan in the Northern Pacific was badly hit by Typhoon Soudelour in August 2015, damaging homes and businesses and leaving the island without water or electricity. An Atkins Kroll (AK) Care Saipan fund was immediately set up with the Inchcape Group donating US\$20,000 to kick off the fundraising efforts,

AK employees' and volunteers worked together to collect, wrap and pack relief supplies for 62 fellow colleagues and their families. Food, cooking fuel, mosquito coils, flashlights, candles, household goods, personal care products, gas containers as well as linens and hand towels were sorted and packed into a 24-foot container.

AK Saipan also provided the charity and the military with additional vehicles and set up a shelter and provided hardship payments for colleagues affected. They provided emergency transport for customers, who also received discounts on car repair bills and advantageous prices on damaged stock.

## CASE STUDY



### Inchcape Australia – The Big Issue and the power of passion

In April 2015, over 40 of Inchcape Australia's (IAL) Senior Leaders gathered in offices in Sydney to hear of one organisation's vision to help homeless, marginalised and disadvantaged people positively change their lives. The Big Issue magazine is found in a number of countries but in Sydney, IAL leaders heard how being clear on why you exist and the vision which drives you can help you achieve amazing things.

IAL leaders took on the Big Issue Challenge to sell magazines on the street in downtown Sydney, applying their sales and networking skills to raise money. Over four hours, through sales on the street and networking online, the IAL team managed to raise nearly AUS\$10,000!

## CASE STUDY

### Technician from Inchcape UK puts his volunteer days to good use.

Andy Smith from Audi Macclesfield has a passion for martial arts and decided to put his volunteer day to good use by teaching self defence to young adults with learning disabilities. Andy has been training in martial arts for 33 years and teaching for over 10.

Thanks to the Inchcape in the Community scheme and his bosses at Macclesfield Audi, Andy was given two half days off to be able to deliver two self defence sessions to young adults with learning disabilities. The Looking Forward Activities Group provides fun activities and life skills for young adults with a wide range of learning disabilities. Andy held two sessions and both groups were very enthusiastic and had great fun learning a wide range of simple self defence techniques.

## Managing our impact on the ENVIRONMENT

As a Retailer and Distributor, 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 to seek ways in which to minimise our footprint.

Data is collected for three key performance indicators:

- **Energy** – our global electricity and gas usage.
- **Transport** – 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. This includes customer test drives.
- **Business travel** – the movement of our people.

### Methodology

The methodology used to calculate the Group's greenhouse gas emissions is based on the Environmental Reporting Guidelines, including mandatory guidance (June 2013) issued by the Department for Environment, Food and Rural Affairs (DEFRA) and includes DEFRA's 2015 conversion factors.

### Data collection and reporting period

Data has been collected for all markets from 1 January 2015 to 31 December 2015.

The level at which we report is by business unit for each market. This covers our retail operations, distribution operations and business service operations.

We have reported on all material emissions for which we deem ourselves to be responsible and which fall within our operational and control boundaries.

| Scope                      | Description   |
|----------------------------|---|
| Scope 1 (direct emissions) | Transport of vehicles and parts including test drives |
| Scope 2 (energy indirect)  | Electricity and gas used by the Group's operations    |
| Scope 3 (other indirect)   | Employees' business travel by air, car or train       |

### Intensity ratio

The Group's intensity ratio is revenue per tonne of CO<sub>2</sub>. This allows for a fair comparison over time of CO<sub>2</sub> emissions, given the growth trajectory envisaged by the Company and cyclical variations in business activity.

### Total greenhouse gas emissions 2015

Our growth in revenue at constant currency exceeded that in emissions and the Group's intensity ratio improved by 2.4%. However, the Group's CO<sub>2</sub> emissions increased by 5.2%, primarily driven by New vehicle sales growth which resulted in higher emissions from transportation of vehicles. In our largest market for New vehicle orders, Australia, we were required to source some vehicles from alternative ports, contributing to the increase in CO<sub>2</sub> emissions. This was offset, however, by improved control of electricity consumption, despite increased business activity, and a reduction in business travel.

| Emissions from:  | Tonnes of CO <sub>2</sub> e |         |
|--|-----------------------------|---------|
|  | FY 2015                     | FY 2014 |
| Combustion of fuel and operation of facilities             | 73,107                      | 66,713  |
| Electricity, heat, steam and cooling purchased for own use | 74,832                      | 73,855  |
| Total footprint  | 147,939                     | 140,568 |
| Intensity ratio: £k per tonne of CO <sub>2</sub>           | 46                          | 45      |

Intensity ratio is calculated using revenue at constant currency (as in the 2014 Annual Report).

The 2014 figure has been adjusted following the receipt of final year emissions figures from selected markets, that were received after publication of the 2014 Annual Report. The revised 2014 figure is approx. 2% higher.