

# CSR COMMITTEE REPORT



## DEAR SHAREHOLDER

I am pleased to present the report of the CSR Committee for the year ended 31 December 2021. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities during the year

My first year as Chair has seen enormous progress in the Group’s ESG journey, with the implementation of the Driving What Matters plan, a Group-wide project with the assistance of the Carbon Trust to establish the climate-related risks and opportunities which could have an impact on the Accelerate strategy, and the setting of ambitious scope 1 and scope 2 emissions reduction targets.

Excellent progress has been made during 2021, and I would like to thank colleagues for their dedication and hard work in moving the ESG agenda forward. As we look to the future, the Committee will monitor the scope 3 project, as we begin to understand the overall emissions landscape both downstream and upstream.

During 2021, we held the first employee forum on culture. The level of openness and engagement from the attendees and the continued passion and motivation demonstrated is a testament to the healthy corporate culture within the organisation. We plan to have more employee forums during 2022, to enable the Board to hear the views of the Group’s employees on a range of topics which are important to them.

Following the Board evaluation in 2020, the Committee spent time during the year discussing its remit beyond the current terms of reference, the interplay with the Board and its other Committees, and how it can enhance the Board’s deliberations on ESG matters. As ESG matters become of increasing importance we will work with the Remuneration and Audit Committees to ensure appropriate oversight and will report to the Board on all aspects to aid the Board’s decision making process.

## MEMBERSHIP

	Number of meetings held/ attendance
Alex Jensen (Chair)	4/4
Nayantara Bali*	2/2
Jerry Buhlmann	4/4
Nigel Stein	4/4
Duncan Tait	4/4
Till Vestring	4/4

\* Nayantara Bali joined in May 2021.

The Committee’s terms of reference can be found at [www.inchcape.com/governance](http://www.inchcape.com/governance).

## ALEX JENSEN

CHAIR OF THE CSR COMMITTEE

## ALLOCATION OF TIME SPENT (%)



## DRIVING WHAT MATTERS PLAN

The Plan was developed alongside the Accelerate strategy and underpins the Group’s purpose. The focus of each strategic pillar will create a stronger Company, supporting sustainable growth and performance in the future.

Under People, the aim is to have a safe operating environment and an inclusive and diverse culture, with the right talent and skills for future success.

Places focuses on the communities in which Inchcape operates to support road safety and enable more inclusive mobility. It also supports social mobility, initially focusing on career development opportunities for the less privileged in our communities.

The Planet workstream is looking at the Group's impact on the environment, and the impact of climate change on the Group's business model and future viability.

Practices focuses on the ethical culture within the business and how this is understood by employees.

The Driving What Matters plan impacts many areas and the Committee works closely with the other Board committees where there is a crossover of responsibilities.

During the year the Committee:

- Reviewed the framework and activation plan for embedding responsible business into the Group;
- Considered the insights and ideas from the Group's employees on each of the four pillars;
- Reviewed the materiality matrix and stakeholder engagement process; and
- Agreed the priorities and governance structure for the Driving What Matters plan.

The Committee updated its terms of reference to ensure that it has appropriate oversight of the Plan. The terms define the scope and remit of the Committee and are available on the website [www.inchcape.com](http://www.inchcape.com).

### CLIMATE CHANGE

Climate change has also been a significant topic for the Committee during the year. Members of the Planet workstream completed a project with the Carbon Trust on the Taskforce on climate related financial disclosures (TCFD).

Following on from the Board's review of climate change risks and opportunities, the Committee carried out a review of stakeholder benchmarking and gap analysis to understand the Group's current position and to identify priority recommendations to improve disclosure, and to agree a pathway of future steps alongside current actions to meet the requirements of the UK's listing rules.

During the year the Committee:

- Determined whether the Responsible Business framework supported, and helped progress, the Accelerate strategy;
- Increased its awareness and knowledge of the TCFD recommendations and climate change issues;
- Agreed expectations for the TCFD programme and what inputs would add value;
- Increase knowledge of science-based targets and understanding of the importance of setting targets for the Group;
- Approved science-based targets for scope 1 and 2, and approved plan for reviewing scope 3 targets in 2022; and
- Agreed goal of putting climate aligned strategy that mitigates risks, capitalises on opportunities and ambitiously reduces the Group's own impacts.

### WORKFORCE ENGAGEMENT

As the designated Non-Executive Director for workforce engagement (DNED), I attended several employee townhalls which were held virtually. The townhalls gave me an opportunity to see how employee engagement worked in practice and it was positive to see such a supportive, and transparent forum led by the Group Chief Executive, Duncan Tait. Employees are encouraged to ask any questions on any topics and the responses were detailed and informative.

The role of DNED is relatively new and as such is evolving. We have not been able to have face-to-face meetings so any engagement has been virtual. This has the benefit of being able to reach a wider range of employees but time zone differences have meant that engagement has been

split between regions. The Committee, and the Board, however believe this is the most effective mechanism for engaging with the workforce given the structure and spread of the Group's operations.

Obtaining the views of employees is a vital source of insight and information and it is proposed that forums will be held on a regular basis covering a wide range of issues.

In addition to the culture forum detailed below, Jane Kingston also held a reward forum with a group of UK-based employees to get their views on Executive remuneration and the UK reward structure as a whole. Further details can be found on page 85.

### CULTURE FORUM

In January 2022, I hosted an employee forum on culture, with the support from the Group Talent and Organisational Design Director.

The Group has undergone a significant amount of change in recent years, with the appointment of a new CEO and CFO since 2019, the implementation of the Accelerate strategy, the fast paced digital advances, including a finance change programme, and the acquisition of various new businesses. All of these can impact a company's culture both positively and negatively so it was felt that an employee forum on culture would give the Board an indication of the current culture and whether that was aligned to Company's purpose. This also coincided with the development of the new values framework and attendees were asked for their input into the 'One Inchcape' values and behaviours. Please see page 74 for further details.

The Board, the Group Executive Team and senior management pride themselves on creating a culture of openness and this was evident during the forum. The attendees were comfortable in expressing their views, both positive and negative, in a constructive manner. The forum consisted of interactive questions followed by open discussion where we discussed a myriad of topics including:

- What words come to mind when you think of Inchcape's culture;
- How leadership performed during the pandemic;
- How wellbeing is considered by senior management;
- Language barriers which arise in a global organisation;
- What career development actually means and how it can be achieved; and
- What is the 'way we do things' at Inchcape.

I update the Board on the forum and any outcomes, to allow additional perspective and insights which are not always clear from the results of employee engagement surveys.

### HEALTH & SAFETY

The HSE risk management programmes are in place across all regions with solid improvement across all key performance indicators. A cultural shift is emerging as safety in its broadest meaning becomes more prominent with regular meetings and discussions driving awareness, engagement and ownership. The HSE reporting tool now gives the Committee and the Board oversight of compliance, with regular updates given to the Board throughout the year.