

AUDIT COMMITTEE REPORT



JOHN LANGSTON
CHAIR

MEMBERSHIP

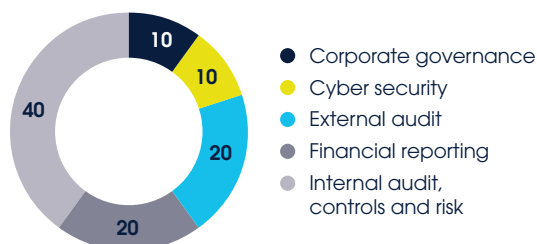
	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
John Langston (Chair)	4/4	1/1
Jerry Buhlmann**	4/4	0/1
Rachel Empey*	1/1	1/1
Jane Kingston*	3/3	0/0

* Jane Kingston joined the Committee in May 2021 following the departure of Rachel Empey on 30 April 2021.

** Jerry Buhlmann was unable to attend the additional meeting due to a prior engagement.

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

ALLOCATION OF TIME SPENT (%)



DEAR SHAREHOLDER

I am pleased to present the Audit Committee Report 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 and to highlight the significant issues considered by the Committee.

CLIMATE CHANGE

Tackling the impacts of climate change is critical for UK companies and the Committee spent time during the year reviewing the direct consequences using best estimates, both positive and negative, of climate change in so far as it relates to impairment. A preliminary risk assessment was carried out ahead of the broader project to calculate risks and opportunities. Further details can be found in the TCFD report on pages 40 to 44.

The Committee spent time reviewing the electric vehicle (EV) impact on going concern and viability assessments, specific analysis of goodwill and distribution assets in markets with a lower EV offering and/or infrastructure and the impact of the transition to EVs on aftersales. The Committee also considered the incorporation of climate risks into the risk management process. Further details are given on page 50.

CYBER SECURITY

Following the appointment of a Chief Information Security Officer in 2021, the Committee approved a three-year cyber security plan and a target to improve the Group's National Institute of Standards and Technology (NIST) cyber security benchmarking assessment. The Committee reviewed the progress made against the plan, any cyber incidents or near misses, the remediation plans in place and approved the cyber security programme for 2022. The Committee will monitor the cybersecurity programme on a six-monthly basis.

GLOBAL BUSINESS SERVICES

As detailed on page 72, the Group commenced a major finance transformation programme during the year. The Internal Audit team carried out a GBS Programme Assurance review reporting to the Committee on its findings and key recommendations. The Committee challenged the management team on the control gaps identified and sought the views of the external auditor on the programme, and was satisfied that management have taken swift action to start remediating the actions arising from the internal audit report. The Committee will continue to monitor the programme to ensure the risks are being appropriately managed.

CORPORATE REFORM

During the year the Committee received briefings on the proposed changes to the regulatory framework and how these could impact the Audit Committee and Board. As yet, the Government have not confirmed which changes will be put in place; however, a steering group has been formed to manage any new frameworks for the financial reporting control environment.

JOHN LANGSTON

CHAIR OF THE AUDIT COMMITTEE