

## 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 2021 and how it will be implemented in the financial year to 31 December 2022.

### THE PRINCIPAL DECISIONS MADE BY THE COMMITTEE:

#### LONG-TERM INCENTIVE TARGETS

The impact of Covid-19 on the Group's performance continued into 2021, creating unprecedented levels of uncertainty and volatility of outcomes. The difficulty in forecasting how the measures would perform created a risk that predictions may lead to outcomes which do not fairly represent underlying business performance over the period. When considering whether the proposed targets were challenging enough, the Committee spent time discussing internal forecasts, and investor expectations, the stakeholder experience, and stress-testing specific scenarios. The Committee made the decision to delay setting the targets for the PSP and CIP to May 2021, to ensure that the latest and most accurate information around external market dynamics was used.

The Committee approved the following performance measures for the PSP and CIP awards granted in 2021:

- The relative weighting on EPS, ROCE and FCFC remained unchanged at 40:40:20 respectively;
- EPS targets were set as a pence range of 133p to 150p;
- ROCE targets were increased from 16.5% to 20.5%, to 19% to 23%;
- The FCFC range remained at 55% to 70%; and
- Grant sizes remained as per the approved Remuneration Policy.

Please see page 98 for details of the performance target outcomes for the awards granted in 2019, and page 99 for the performance targets for the 2022 long-term incentive awards.

#### 2021 BONUS

The Committee considered the possibility of intermittent lockdowns, the roll-out of the vaccine in each market, and the potential of new strains of the virus impacting the Group's ability to conduct business in 2021. As such, the potential Covid-19 impact was included in the AOP figures agreed by the Board which was reflected in the performance volatility in the threshold and maximum levels used for the 2021 Bonus Plan. The Committee agreed that the bonus matrix be amended for 2021 to broaden the ranges around Plan to +/- 7.5% on Revenue and +/- 15% on PBT, with the broader range reflecting the differing scenarios which could present over the financial year.

Please see page 96 for details of the performance achieved in 2021 and the resulting bonus outcomes.

### EXECUTIVE DIRECTOR'S REMUNERATION

#### 2021 salary review

As disclosed in last year's Annual Report and Accounts, Duncan Tait received a salary increase of 2.5% and Gijsbert de Zoeten received a salary increase of 3.8% with effect from 1 April 2021. The increase for Gijsbert de Zoeten was above the average workforce increase as the Committee agreed that this was appropriate to reflect the significant additional responsibilities the CFO has in his role and also his performance and contribution to the business to date.

#### 2022 salary review

The Committee approved a salary increase of 3.5% for each of the Executive Directors. This is in line with the average UK workforce increase.

### GROUP EXECUTIVE REMUNERATION

The Committee reviewed, and approved, the remuneration packages for members of the Group Executive Team taking into account pay for employees across the Group and in the relevant regional markets.

### WIDER WORKFORCE REMUNERATION

The Committee considered the reward landscape for the wider workforce including total bonus outcomes for all senior management, the achievement of regional financial targets, and the distribution of performance outcomes for personal objectives.

**SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)**

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2021:

Name	Base salary/fees <sup>(a)</sup> £'000		Taxable benefits <sup>(b)</sup> £'000		Single-year variable <sup>(c)</sup> £'000		Multiple-year variable <sup>(c)</sup> £'000		Pension <sup>(e)</sup> £'000		Other <sup>(d)</sup> £'000		Total £'000		Total Fixed <sup>(a+b+e+f)</sup> £'000		Total variable <sup>(c+d)</sup> £'000	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Current Executive Directors</b>																		
Duncan Tait	795	416	4	3	1,176	0	0	0	79	46	0	3	2,054	468	878	468	1,176	0
Gijsbert de Zoeten	514	461	21	194	778	0	0	0	51	49	0	3	1,364	707	586	707	778	0
<b>Current Non-Executive Directors</b>																		
Nigel Stein	333	277	3	2	-	-	-	-	-	-	-	-	336	279	336	279	-	-
Nayantara Bali*	38	-	-	-	-	-	-	-	-	-	-	-	38	-	38	-	-	-
Jerry Buhlmann	83	70	-	-	-	-	-	-	-	-	-	-	83	70	83	70	-	-
Alex Jensen	75	48	-	-	-	-	-	-	-	-	-	-	75	48	75	48	-	-
Jane Kingston	78	67	-	-	-	-	-	-	-	-	-	-	78	67	78	67	-	-
John Langston	78	65	-	-	-	-	-	-	-	-	-	-	78	65	78	65	-	-
Till Vestring	63	63	-	-	-	-	-	-	-	-	-	-	63	63	63	63	-	-
<b>Former Directors**</b>																		
Stefan Bomhard	-	343	-	10	-	-	-	-	-	114	-	4	-	471	-	471	-	-
Rachel Empey	21	55	-	-	-	-	-	-	-	-	-	-	21	55	21	55	-	-
<b>Total</b>	<b>2,078</b>	<b>1,865</b>	<b>28</b>	<b>209</b>	<b>1,954</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>209</b>	<b>0</b>	<b>10</b>	<b>4,190</b>	<b>2,293</b>	<b>2,236</b>	<b>2,293</b>	<b>1,954</b>	<b>0</b>

\* Nayantara Bali joined in May 2021.

\*\* Stefan Bomhard left in June 2020 and Rachel Empey left in April 2021.

a. Base salary/fees for 2020 include the voluntary 20% pay cut taken by the Directors during the year.

b. Taxable benefits comprise car allowance, medical cover and mileage allowance. In 2020, Gijsbert de Zoeten received a relocation allowance of £173,904. No relocation payments were received in 2021.

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

d. Neither Duncan Tait nor Gijsbert de Zoeten received PSP or CIP awards in 2019, hence no value is given for multi-year variable.

e. 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 2021 SAYE and is based on the embedded value at date of grant.

**BASE SALARY**

Salaries are reviewed annually and typically take effect from 1 April each year. 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, consistent with the benchmarking exercise conducted in prior years.

The salaries for 2020, 2021 and 2022 are set out below:

Name	01-Apr-20 (or date of appointment if later)	% increase	01-Apr-21	% increase	01-Apr-22	% increase
Duncan Tait	£780,000	-	£799,500	2.5%	£827,483	3.5%
Gijsbert de Zoeten	£499,550	3.0%	£518,333	3.8%	£536,682	3.5%
UK average workforce increase*	-	3.18%	-	3.28%	-	3.5%

\* As set out in last year's report, Gijsbert de Zoeten was awarded a salary increase of 3.8% in April 2021, in recognition of the additional responsibilities undertaken following the departure of the Group Strategy Director and reflecting his performance and contribution to the business since his appointment.

\* The average increases for 2020 and 2021 were for Group employees only. The average increase for 2022 is the average increase for UK employees.

**CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES**

In 2021, the Chairman received a fee of £334,560 per annum, the Senior Independent Director received a fee of £83,025 per annum, and the Non-Executive Directors' received a fee of £63,550 per annum with an additional fee of £15,000 per annum for the Chair of the Audit and Remuneration Committee and £12,000 per annum for the Chair of the CSR Committee.

With effect from 1 April 2022, the fees will be increased by 3.5%. The Chairman fee will be £346,270 per annum, the Senior Independent Director's fee will be £85,930 per annum, and the Non-Executive Directors' fee will be £65,774 per annum. The additional fees for chairing a committee will increase to £17,000 for the Chair of the Audit and Remuneration Committee and £14,000 for the Chair of the CSR Committee.

## CORPORATE GOVERNANCE REPORT CONTINUED

### 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 measures, based on a matrix of revenue and profit before tax, are designed to provide a balanced approach. The strategic objectives are selected each year to reinforce the Group's strategic priorities and include personal objectives linked to the delivery of the strategy.

The principles for setting the bonus 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; and
- Has clear measures and targets.

### 2021 BONUS

For 2021, 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 Accelerate strategy. The maximum opportunity for the Executive Directors was 150% of salary, which is payable for achieving stretch performance against all measures.

Duncan Tait received a bonus of 147% of salary and Gijsbert de Zoeten received a bonus of 150% of salary.

#### 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 (%s are of salary):

#### Revenue

Stretch	24%	72%	120%
Target	16%	60%	96%
Threshold	12%	36%	72%
	Threshold	Target	Stretch
<b>Profit before tax</b>			

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

### ACTUAL PERFORMANCE AGAINST BONUS TARGETS

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

In 2021, revenue performance was £7.8bn and profit before tax was £308m. 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. This approach helps ensure that the bonus is linked to underlying financial performance.

Measure	Targets			Actual performance	Outcome for element of bonus % of salary
	Threshold	Target	Stretch		
Revenue	£6.3bn	£6.8bn	£7.3bn	£7.8bn	120%
Profit before tax	£170m	£200m	£230m	£308m	

#### Adjustments made during the year

The revenue and profit before tax targets for 2021 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)

We provide as much detail below as commercially appropriate on the objectives linked to the strategic element of the 2021 bonus and the resulting outcomes.

Executive Director	Objective	Weighting (%)	Further details on objectives	Outcome at % of salary (%)
Duncan Tait	Strategy	10%	<p><b>Develop and launch Inchcape's new strategy</b></p> <ul style="list-style-type: none"> <li>Ensure this strategy is bought into and supported by all stakeholders including OEMs and employees.</li> <li>Put in place initiatives to build future revenue streams that support the Company's strategy to take share in the under-served vehicle lifestyle.</li> </ul> <p><b>Conclusion:</b> The strategy has been extremely well received and is being executed across the Group. Inchcape is making strong progress in distribution excellence and building out the VLS businesses.</p>	15%
	Omni-channel solutions	5%	<p><b>Ensure Inchcape is a leader in route to market transformation</b></p> <ul style="list-style-type: none"> <li>Achieve this by accelerating our omni-channel solution both in terms of the number of OEMs and functionality of the technology.</li> <li>Improve Inchcape's ability to drive data-driven decision making via data analytics.</li> </ul> <p><b>Conclusion:</b></p> <ul style="list-style-type: none"> <li>DxP has been successfully deployed to a number of markets positioning Inchcape as a recognised leader.</li> </ul>	7.5%
	Responsible Business	5%	<p><b>Determine and scope the responsible business strategic priorities and ensure they adhere to regulatory requirements</b></p> <ul style="list-style-type: none"> <li>Specifically oversee the setting of scope 1 &amp; 2 targets for carbon reduction.</li> <li>Ensure external reporting is relevant and compliant with TCFD mandatory reporting requirements.</li> <li>Develop an informed view regarding scope 3 target for carbon reduction.</li> <li>Engage all stakeholders in Inchcape's Responsible Business strategy. Ensure that investors are informed at the capital markets day (CMD).</li> </ul> <p><b>Conclusion:</b></p> <ul style="list-style-type: none"> <li>The Responsible Business plan is in place and each region has an execution plan.</li> <li>The Planet workstream has set CO<sub>2</sub> reduction targets for scope 1 and 2 and these were communicated at the CMD.</li> </ul>	4.5%
Gijsbert de Zoeten	Finance transformation	10%	<p><b>Lead the finance function to the next level with the delivery of key milestones of the finance transformation project</b></p> <ul style="list-style-type: none"> <li>Complete partner selection and contract, establish change management plan and transition to new model.</li> </ul> <p><b>Conclusion:</b> The finance function is performing extremely well and the ambitious Global Business Services (GBS) programme is delivering ahead of expectations.</p>	15%
	Overheads	10%	<p><b>Maintain strong cost controls as per plan</b></p> <p><b>Conclusion:</b></p> <ul style="list-style-type: none"> <li>The GBS programme is being successfully rolled out and is on track to deliver savings and strong cost controls maintained across the Group.</li> </ul>	15%

### ANNUAL BONUS FOR 2022

The maximum annual bonus opportunity in 2022 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 specific, measurable objectives that relate to the Group's strategy. For target performance, the payout will be 50% of the maximum bonus opportunity.

Given the close link between performance targets, the longer-term strategy, and the advantage this may give competitors, the 2022 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 Directors' Remuneration Report.

### PSP AND CIP AWARDS VESTING IN RESPECT OF THE YEAR

In 2019, awards were granted under the PSP and CIP schemes which vested dependent on certain performance targets measured over three years to 31 December 2021. These awards are also subject to an additional post-vest two-year holding period.

## CORPORATE GOVERNANCE REPORT CONTINUED

### 2019 PSP/CIP performance targets

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

### VESTING OF 2019 PSP/CIP AWARDS

Over the 2019-2021 performance period an EPS growth of -6.6% and three-year average ROCE of 21.5% were achieved, which resulted in the following vesting outcomes:

Award	Performance measure	Wtg.	Vesting outcome (% of element)
PSP	EPS	60%	0%
	ROCE	40%	100%
Total (overall vesting outcome of PSP)			40%

Award	Performance measure	Wtg.	Vesting outcome (% of element)
CIP	EPS	60%	0%
	ROCE	40%	100%
Total (overall vesting outcome of CIP)			40% = 0.8:1 match

Neither Duncan Tait or Gijsbert de Zoeten received PSP or CIP awards in 2019 and the awards granted to the former CEO and CFO lapsed when they left the company.

### PSP and CIP awards granted during the year

During 2021, PSP awards were granted at 180% of salary and under the CIP, the Executive Directors invested 50% of salary and were granted a matching award of 100% of salary respectively. The performance targets for the 2021 PSP/CIP grants are as follows:

### 2021 PSP/CIP

Three-year cumulative EPS (40% weighting)	Vesting %	Three-year average ROCE (40% weighting)	Unexpired term
Less than 133p	0%	Less than 19%	0%
133p	25%	19%	25%
150p	100%	23%	100%
Between 133p and 150p	Straight line basis	Between 19% and 23%	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 2021 PSP and CIP awards vesting.

	Date of grant	Share price (p) <sup>1</sup>	Number of shares/options awarded	Face value at grant <sup>2</sup>	Performance period	Exercise period <sup>3</sup>
<b>Duncan Tait</b>						
PSP	7 June 2021	790.00p	182,210	£1,439,459	Jan 2021 – Dec 2023	Jun 2024 – Jun 2025
CIP	7 June 2021	790.00p	101,228	£799,701	Jan 2021 – Dec 2023	Jun 2024 – Dec 2024
<b>Gijsbert de Zoeten</b>						
PSP	7 June 2021	790.00p	118,176	£933,590	Jan 2021 – Dec 2023	Jun 2024 – Jun 2025
CIP	7 June 2021	790.00p	65,653	£518,659	Jan 2021 – Dec 2023	Jun 2024 – Dec 2024

1. Mid-market share price on date of grant.

2. Face value has been calculated using the share price at date of grant.

3. The awards are structured as a nil-cost option. Any shares vesting and exercised under the PSP and CIP (net of tax) are required to be held (until the fifth anniversary of grant).

## LONG-TERM INCENTIVES FOR 2022

The Committee reviewed the performance measures for PSP and CIP agreeing that targets will continue to be based on EPS (40%), ROCE (40%) and cash conversion (20%). The ranges reflect current performance expectations over the next three years.

Three-year cumulative EPS (40% weighting)	Vesting %	Three-year average ROCE (40% weighting)	Unexpired term
Less than 184p	0%	Less than 23%	0%
184p	25%	23%	25%
208p	100%	28%	100%
Between 184p and 208p	Straight line basis	Between 23% and 28%	Straight line basis

Cash conversion (20% vesting)	Vesting %
Less than 50%	0%
50%	25%
65%	100%
Between 50% and 65%	Straight line basis

## PENSION

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 2021.

	Shares held at 31 December 2021	Share awards held		Options held		Vested but not yet exercised	Guideline met
		Subject to performance conditions	Subject to deferral	Subject to performance targets	Subject to deferral		
Duncan Tait	82,665	674,462	0	0	4,774	0	No
Gijsbert de Zoeten	86,063	470,365	0	0	4,774	0	No
Nigel Stein	66,834	n/a	n/a	n/a	n/a	n/a	n/a
Jerry Buhlmann	15,233	n/a	n/a	n/a	n/a	n/a	n/a
Nayantara Bali <sup>(1)</sup>	0	n/a	n/a	n/a	n/a	n/a	n/a
Rachel Empey <sup>(2)</sup>	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	9,326	n/a	n/a	n/a	n/a	n/a	n/a
Till Vestring	47,796	n/a	n/a	n/a	n/a	n/a	n/a
Alex Jensen	1,034	n/a	n/a	n/a	n/a	n/a	n/a

1. Nayantara Bali joined the Board on 27 May 2021.

2. Rachel Empey left the Board on 30 April 2021.

There have been no changes to the number of shares held by the Directors between 31 December 2021 and 25 February 2022.

## 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 99% and 159% of salary respectively as at 31 December 2021, using the share price as at 31 December 2021 of 909.50p.

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 is 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).

## CORPORATE GOVERNANCE REPORT CONTINUED

### PERCENTAGE CHANGE IN BOARD REMUNERATION

The table shows the percentage change in Board remuneration, 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.

	% change for 2020			% change for 2021		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus
<b>Executive Directors</b>						
Duncan Tait	n/a	n/a	n/a	<b>2.5%</b>	<b>0%</b>	<b>100%</b>
Gijsbert de Zoeten	3%	0%	-100%	<b>3.8%</b>	<b>-90%</b>	<b>100%</b>
<b>Non-Executive Directors</b>						
Nigel Stein	2%	0%	n/a	<b>2.5%</b>	<b>0%</b>	<b>n/a</b>
Jerry Buhlmann	0%	n/a	n/a	<b>2.5%</b>	<b>n/a</b>	<b>n/a</b>
Nayantara Bali	n/a	n/a	n/a	<b>0%</b>	<b>n/a</b>	<b>n/a</b>
Rachel Empey	0%	n/a	n/a	<b>2.5%</b>	<b>n/a</b>	<b>n/a</b>
Jane Kingston	0%	n/a	n/a	<b>2.5%</b>	<b>n/a</b>	<b>n/a</b>
John Langston	0%	n/a	n/a	<b>2.5%</b>	<b>n/a</b>	<b>n/a</b>
Till Vestring	0%	n/a	n/a	<b>2.5%</b>	<b>n/a</b>	<b>n/a</b>
Alex Jensen	0%	n/a	n/a	<b>2.5%</b>	<b>n/a</b>	<b>n/a</b>
<b>Average pay based on senior management</b>	<b>3.16%</b>	<b>0%</b>	<b>-82.91%</b>	<b>3.28%</b>	<b>0%</b>	<b>73.2%</b>

1. Change in salaries and fees are shown as difference between position at April 2020 against April 2021 when scheduled annual review takes place.

2. Change in Gijsbert de Zoeten's benefits was due to relocation support being available for 12 months in the prior year (2020). This has now ceased. Taxable benefits comprise of car allowance, medical cover and mileage allowance.

3. No bonus awards were made in 2020 due to the financial gateway not being achieved. In line with performance outcomes for FY2021, bonus awards are being made at 73.2% of total salary for Band 2 & 3 senior managers.

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 ratios have increased year-on-year due to the increase in the reportable remuneration for the CEO which includes a bonus pay out of 147% of salary reflecting strong business performance in 2021.

Financial year	Calculation methodology	P25 (Lower quartile)	P50 (median)	P75 (Upper quartile)
2021	C	75:1	55:1	38:1
2020	C	40:1	28:1	19:1
2019	C	67:1	48:1	32:1

Consistent with 2019 and 2020, 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 2020 bonus outcome as a proxy for 2021 bonus outcomes and excluding SAYE grants. The employees at the 25th, 50th and 75th percentile (P25, P50, P75) were identified. The total remuneration for 2021 of the three employees identified was 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:

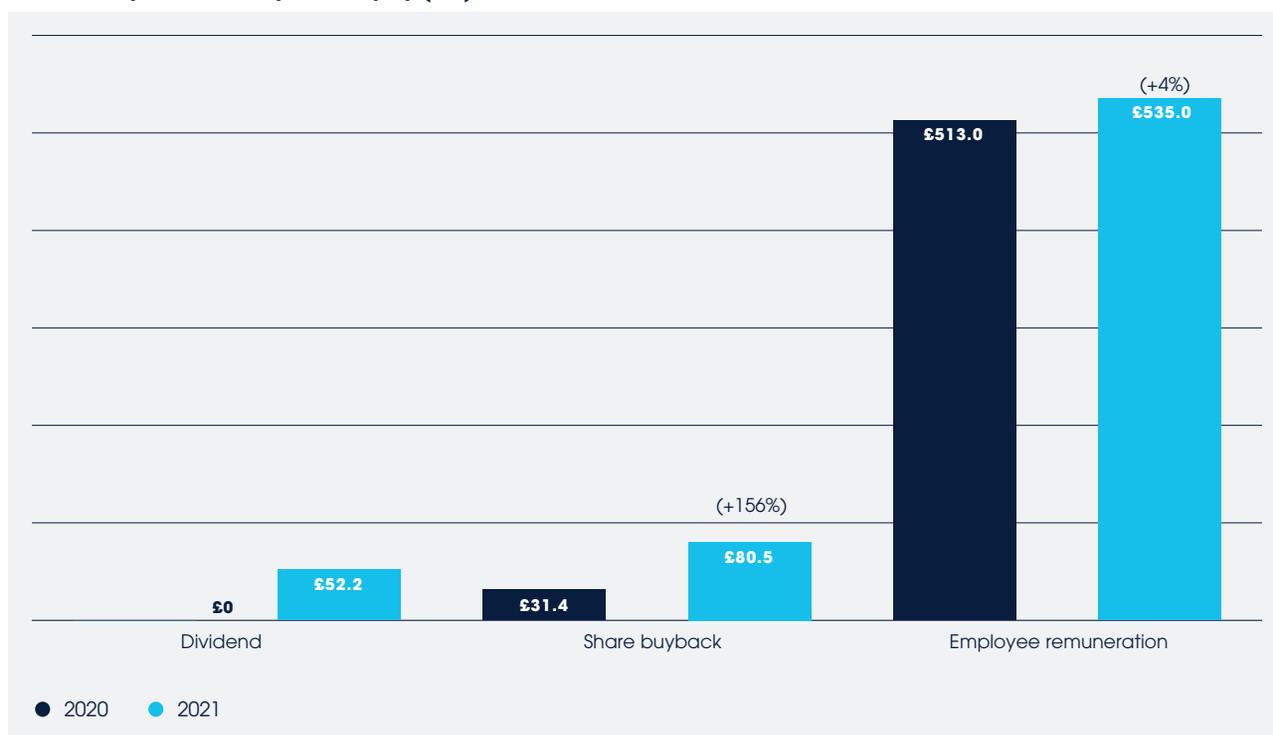
Year	Salary	CEO	P25	P50	P75
2021	Basic salary (£'000)	£799	£22	£26	£21
	Total remuneration (£'000)	£2,054	£28	£37	£54
2020	Basic salary (£'000)	£759	£23	£32	£34
	Total remuneration (£'000)	£939	£24	£33	£49
2019	Basic salary (£'000)	£757	£15	£28	£28
	Total remuneration (£'000)	£1,639	£24	£34	£52

The Committee is satisfied that the overall picture presented by the 2021 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 2020 to 2021.

#### Relative importance of spend on pay (£M)



The Directors are proposing a final dividend for 2021 of 16.1p per share (2020: 6.9p).

### 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.

## CORPORATE GOVERNANCE REPORT CONTINUED

Issued share capital as at 31 December 2021	384m
All schemes – 10% over 10-year rolling period	38m
Remaining headroom for all schemes	21m
Executive schemes – 5% over a 10-year rolling period	19m
Remaining headroom for executive schemes	6m

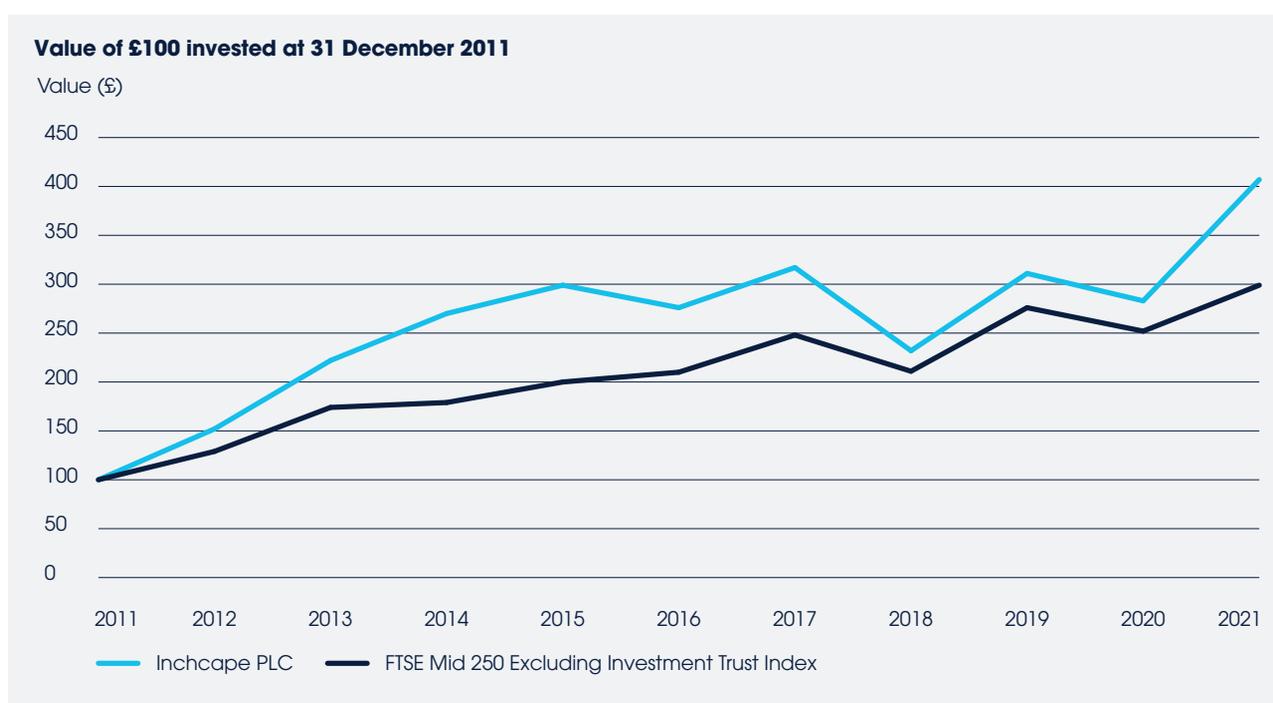
### PAY FOR PERFORMANCE

The graph below shows the Total Shareholder Return (TSR) of the Company over the 10-year period to 31 December 2021.

The FTSE Mid 250 Excluding Investment Trust Index 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 2021.



	Group Chief Executive	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CEO single figure of remuneration (£'000)	André Lacroix	2,165	4,400	5,265	294 <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a
	Stefan Bomhard	n/a	n/a	n/a	2,906	1,403	3,006	2,430	1,522	471 <sup>2</sup>	n/a
	Duncan Tait	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	468	2,054
Annual bonus outcome (% of maximum)		68%	48%	100%	56.8%	40.3%	67.6%	38.5%	n/a <sup>6</sup>	0%	100%
LTI vesting <sup>3</sup> outcome (% of maximum)		100%	66%	68%	n/a <sup>4</sup>	n/a <sup>5</sup>	79.6%	58%	40%	n/a <sup>7</sup>	n/a <sup>8</sup>

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.

8. Duncan Tait did not receive an award under the 2019 PSP or CIP. However for those participants who did receive an award, 40% of the PSP vested and there was a 0.08:1 match for each share invested into the 2019 CIP.

## SHAREHOLDER CONTEXT

The table below shows the advisory vote on the Remuneration Report at the 2021 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	357,761,605	98.61%
Against	5,054,989	1.39%
Total votes cast (excluding votes withheld)	362,816,594	100%
Votes withheld	12,806	
(Total votes cast including votes withheld)	362,829,400	

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	4,359,434	
(Total votes cast including votes withheld)	346,802,819	

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.

## PAYMENTS TO PAST DIRECTORS

No payments were made to past Directors in 2021.

## 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 €17,651 during 2021.

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 2021.

## ADVISORS TO THE COMMITTEE

Ellason LLP was appointed as the independent remuneration advisor to the Committee effective 1 January 2021 following a tender process and was paid a fee of £66,613 for its services during the year.

Ellason LLP is a signatory 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](http://www.remunerationconsultantsgroup.com)).

None of the individual Directors have a personal connection with Ellason LLP.

The Committee is satisfied that the advice it receives is objective and independent and confirms that Ellason LLP does not have any connection with the Company that may impair their independence. The Committee's advisors attend Committee meetings as required and provide advice on remuneration for executives, analysis of the remuneration policy and regular market and best practice updates. The advisors report directly to the Committee Chair. Fees are charged at an hourly rate in accordance with the terms and conditions set out in the relevant engagement letter.

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

## JANE KINGSTON

CHAIR OF THE REMUNERATION COMMITTEE