GOVERNANCE

CHAIRMAN'S STATEMENT

NIGEL STEIN
CHAIR

DEAR SHAREHOLDERS AND STAKEHOLDERS

I am pleased to present the Corporate Governance Report for the year ended 31 December 2022. 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.

Board changes

As noted last year, Till Vestring left the Board in May 2022 after 10 years' service. John Langston, who has been with the Board since July 2013, will retire from the Board ahead of the Annual General Meeting in May 2023. I would like to thank Till and John for their strong contribution and the sound advice provided to the Board over the years and I wish John a long and happy retirement. As announced in January 2023, Sarah Kuijlaars will assume the role of Audit Committee Chair in May 2023.

I am delighted that Byron Grote and Juan Pablo Del Río joined the Board as Non-Executive Directors at the start of 2023. Byron has extensive corporate experience across a range of leading international businesses. Having previously been Chief Financial Officer at BP plc between 2002 to 2011, Byron is currently Senior Independent Director at Tesco plc, Non-Executive Director at InterContinental Hotels Group plc, and Deputy Chairman of the Supervisory Board at Akzo Nobel N.V.

Juan Pablo has been appointed to the Board as part of the Derco acquisition. Juan Pablo is currently a member of the board of directors of Cruzados S.A.D.P. (a company with shares listed on the Santiago Stock Exchange) and is chairman of Sodimac S.A., a position he has held since 1986.

Gijsbert de Zoeten resigned from the Board in November 2022. Adrian Lewis, Group Financial Controller, has been appointed as Acting Chief Financial Officer and the recruitment process has commenced.

Derco acquisition

The Board spent a significant amount of time discussing the Derco acquisition during the year. Details of the acquisition are given throughout this report and the Board believes the acquisition presents a unique opportunity to accelerate our global distribution business and deliver substantial shareholder value.

Climate change

The impact of climate change continues to dominate the agenda for both businesses and governments around the world. We are continuing on our journey to reduce our impact and during the year the focus was on performing quantified scenario analysis for the most material climate related risks and opportunities.

Progress has been made on the Scope 1 and 2 emissions targets set last year, with a reduction of over 19,000 tonnes through a variety of initiatives. At the beginning of this year, the Board reviewed the Group's Scope 3 footprint which has enabled us to understand the principal source of our Scope 3 emissions. To reduce these emissions the Board agreed to the actions detailed below but concluded that it was not appropriate to set reduction targets for Scope 3 emissions at the current time. This position will be reviewed annually.

- Reduce those emissions within our direct control as quickly as possible;
- Seize opportunities to partner with OEMs that are able to offer customers lower emissions vehicles; and
- Support our customers, colleagues and OEM partners in making the transition to a low carbon future.

Employee engagement

I am delighted that the Board was able to visit our business in Chile in October 2022. The event gave my fellow Directors the opportunity to see our operations first hand and to meet our overseas colleagues face to face. An excellent employee engagement session was held by Alex Jensen, Chair of the CSR Committee, further details of which can be found on page 95.

Jane Kingston, Chair of the Remuneration Committee, also held two employee forums during the year, one covering reward principles and one to consult on our proposed remuneration policy. Further details are given on page 97.

Governance landscape

The Board, and the Audit Committee, will keep updated of the developments expected under the proposed audit and governance reforms and will report as appropriate in next years' Annual Report and Accounts.

Looking forward

I would like to take this opportunity to thank all our Inchcape colleagues for their hard work during the year which has contributed to our great performance against the backdrop of continued uncertainty. I thank you for your support in 2022 and look forward to the coming year.

NIGEL STEIN
CHAIRMAN

Compliance with the UK Corporate Governance Code

The 2022 Annual Report and Accounts is prepared with reference to the 2018 UK Corporate Governance Code (Code) which is published by the Financial Reporting Council (FRC) and available at www.frc.org.uk. The Corporate Governance Report on pages 70 to 122, describes how we applied the principles of the Code throughout the year and gives references where key content can be found elsewhere in the Annual Report and Accounts.

We have complied with all Code provisions throughout the year ended 31 December 2022 except for Code provision 38, where the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. Since the last Remuneration Policy was introduced in 2020, the UK pension offering has been simplified in a standardised defined contribution plan (from a mix of defined benefit and defined contribution arrangements). As such the contribution rate is now estimated to be approx. 7% to 7.5%. Our Group Chief Executive (CEO) received a pension allowance of 10% of salary which was set at his appointment in 2020 and was in line with the blended rate applicable to other UK employees at the time.

Under the proposed Remuneration Policy, to be put to shareholders at the AGM in May, newly appointed Executive Directors will receive a pension contribution rate of 7% of salary, in line with UK employees. For the incumbent CEO, his pension allowance will be frozen at the current value, as an interim step, and reduce to 7% after 31 December 2023.

Board leadership and Company purpose

Board’s role

The Board is collectively responsible for defining, approving, and monitoring the Accelerate strategy to ensure it delivers long-term sustainable success within a fast-changing environment.

The Directors use their judgement and objectivity, supported by a structured governance framework, which enables the Board to operate effectively, generating value for shareholders, and contributing to wider society.

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 during 2022.

FURTHER READING
Strategy – pages 5 to 7
Director biographies – pages 78 to 79
Matters reserved for the Board – www.inchcape.com

Purpose, values and culture

The Group’s purpose is underpinned by the Accelerate strategy and Responsible Business Plan. In order to operate effectively, it is important that the appropriate culture is embedded throughout the business, and this is approached in several ways:

- Code of Conduct;
- A designated Non-Executive Director responsible for workforce engagement;
- Whistleblowing hotline;
- Remuneration policies and practices;
- Setting appropriate financial targets and monitoring performance against targets throughout the year;
- Employee engagement survey; and
- Delegated authorities.

FURTHER READING
Strategy – pages 5 to 7
Employee engagement – page 21
Responsible Business – pages 37 to 42

THE ONE INCHCAPE VALUES & BEHAVIOURS

We deliver

Great experiences

Fresh thinking

Better together

We deliver great experiences through fresh thinking and working better together

Board leadership and Company purpose continued

Resources and controls

The Board reviews performance against strategic targets throughout the year and reviews certain key performance indicators to ascertain whether the necessary resources are in place to achieve the Group's strategic aims. Through its governance structure, the Board also ensures that the necessary controls, processes and procedures are in place to drive a strong ethical culture to facilitate the delivery of the strategy.

FURTHER READING
Principal risks – pages 62 to 66
Internal controls – pages 91 to 92

Engagement

The Company has a broad group of clearly defined stakeholders and engages with them via a variety of channels allowing the Board to understand what issues are important to stakeholders. The Chair of the CSR Committee is the designated Non-Executive Director responsible for engagement with the workforce.

FURTHER READING
Stakeholder engagement – pages 20 to 22

Workforce policies

The Code of Conduct, among other policies, sets out the behaviours expected of our employees and ensures policies remain aligned to culture and support long-term success. Other policies include health and safety, anti-bribery and corruption, inclusion and diversity, and whistleblowing, which are all available in multiple languages. The Board recognises the importance of a two-way flow of communication and the importance of employees having the facilities to raise matters of concern, via the whistleblowing hotline. Any whistleblowing claims are integrated with case management software to support efficient and effective investigation, remediation and reporting.

FURTHER READING
Responsible Business – pages 37 to 42
Non-financial information statement – pages 56 to 57

Division of responsibilities

The role of the Chairman

The Chairman is responsible for the leadership of the Board and is separate from the role of Group Chief Executive. He sets meeting agendas designed to encourage constructive debate and promote a culture of openness and inclusion. He oversees that all Directors receive accurate, timely, and clear information. The Chairman is considered independent.

FURTHER READING
Board evaluation – page 83

Composition of the Board

As at 31 December 2022, the Board comprised of the Chairman, one Executive Director, and six Non-Executive Directors. The Group Chief Executive is responsible for developing the Group's strategy, running the day-to-day operations, reporting to the Board on performance, implementing strategy, managing risk and internal control, and engaging with shareholders. The Senior Independent Director acts as a sounding board for the Chairman, serving as an intermediary to other Board members. The Senior Independent Director leads the annual appraisal of the Chairman's performance with the other Non-Executive Directors.

FURTHER READING
Director biographies – pages 78 to 79
Committee terms of reference – www.inchcape.com

Role of the Non-Executive Directors

The Non-Executive Directors are appointed to provide a wide range of skills, knowledge, and experience to supply context to the matters being debated, and the decisions needed to achieve the Accelerate strategic goals.

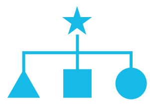
The Non-Executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities. Board dates are agreed two years in advance and time commitment expected is reviewed annually to ensure Directors are able to plan their time accordingly. Directors must obtain prior approval from the Board before taking on another directorship to avoid over-boarding.

FURTHER READING
Board skills
– page 77
Director biographies
– pages 78 to 79

Company Secretary

The Group Company Secretary supports the Board by providing advice on the governance framework and ensuring that the appropriate policies and procedures are in place to allow it to function effectively.

FURTHER READING
Matters reserved for the Board
– www.inchcape.com



Composition, succession and evaluation

Appointments to the Board and succession planning

Ensuring there is the right mix of Board Directors is a key element of the succession planning process. The Nomination Committee reviews the skills matrix and tenure of Directors on a regular basis to ensure its succession plan remains aligned with the natural rotation of Directors off the Board, and the strategic objectives of the Group in the longer term.

The Nomination Committee engages external search consultancies when searching for Board position candidates.

FURTHER READING
Board skills
– page 77
Nomination Committee
– pages 85 to 87

Skills, experience and knowledge of the Board

The Directors must possess the skills, experience and knowledge to support and challenge management in the execution of the Accelerate strategy and to provide sound advice and insight on material issues.

The Committee considers breadth of perspective on the Board can only be achieved by appointing Directors from a diverse range of backgrounds and takes into account gender, ethnicity and professional experience when considering suitable candidates.

FURTHER READING
Board skills
– page 77
Nomination Committee
– pages 85 to 87

Board evaluation

The Directors provide feedback on how the Board operates, its culture and effectiveness during the evaluation process. During 2022, the Board carried out an internal evaluation. The specific reasons why the Board considers that each Director's contribution is, and continues to be, important to the Company's long-term sustainable success may be found in the Notice of Annual General Meeting.

FURTHER READING
Board evaluation
– page 83
Notice of Meeting
– www.inchcape.com

Audit, risk and internal control

Internal and external audit

The Chair of the Audit Committee reports to the Board on the independence and effectiveness of internal and external audit functions and the integrity of the financial statements throughout the year.

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

FURTHER READING
Audit Committee Report – pages 88 to 93

Non-Audit Services – pages 93

Fair, balanced and understandable

The Board reviews the Annual Report and Accounts, the interim financial statements, and the trading updates prior to publication to ensure that they provide a fair, balanced and understandable assessment of the Group's position and prospects. The Board considers the weight given to published information to ensure that it is objective and there are no omissions. The Board also ensures that the narrative reporting is consistent with the financial statements.

FURTHER READING
Audit Committee Report – pages 88 to 93

Risk management and internal controls

The Group has a system of risk management and internal control which is designed around an established three lines of defence model. This model engages management teams, corporate functions and independent assurance to manage risk, which is overseen by the Board and its Committees.

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

On behalf of the Board, the Audit Committee carries out a review of the effectiveness of internal control. Any significant control failings or weaknesses are reported to the Board, along with a detailed review of the findings and mitigation plans being put in place. The Board will monitor progress against plans until it is satisfied that the matter has been resolved appropriately.

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 READING
Risk Management – pages 59 to 67

Audit Committee Report – pages 88 to 93

Remuneration

Policies and practices

The Chair of the Remuneration Committee reports to the Board on its oversight of the remuneration policy, practices and processes throughout the year. The Remuneration Committee ensures the remuneration policy is designed to support the successful delivery of the Accelerate strategy, and is aligned to the Group's purpose and values.

The Committee believes that the disclosure of the remuneration arrangements is transparent with clear rationale provided on implementation and changes to policy. The Committee remains committed to consulting with shareholders and other key stakeholders on the policy and its application.

The Committee believes the performance measures used in the long-term incentive plans, along with those in the bonus scheme, 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 which are stretching yet realistic, with discretion to adjust formulaic bonus and PSP outcomes and expanding the circumstances in which malus and clawback can be applied.

Linking strategy to the performance measures used balances predictability and proportionality by ensuring outcomes do not reward poor performance in the short and long-term. The Directors' Remuneration Policy is consistent with Inchcape's culture therefore driving behaviours which promote the long-term success of Inchcape.

FURTHER READING
Directors' Report on Remuneration
– pages 96 to 116

Procedure for developing remuneration

The Remuneration Committee has delegated responsibility for setting the Executive Directors' remuneration under the shareholder-approved Directors' Remuneration Policy. This policy is reviewed every three years to ensure it remains fit for purpose, aligns with stakeholder expectations, and promotes appropriate behaviours. The Committee is supported by external advisors to provide guidance on best practice. The Committee consults with shareholders prior to the policy being put to shareholder vote to ensure their interests are supported.

FURTHER READING
Directors' Report on Remuneration
– pages 96 to 116

Exercising independent judgement

The Remuneration Committee is made up of independent Non-Executive Directors. When agreeing Executive remuneration outcomes, the Committee uses its independent judgement to reach decisions taking into account financial performance, personal objectives, wider business context, and the longer term impacts.

No Executive Director is involved in deciding their own remuneration or in determining remuneration outcomes.

FURTHER READING
Directors' Report on Remuneration
pages 96 to 116

GOVERNANCE AT A GLANCE

GOVERNANCE STRUCTURE

The Board of Inchcape plc

Collectively responsible for the long-term success of the Company

Audit Committee | **Remuneration Committee** | **Group Executive Team** | **Nomination Committee** | **CSR Committee**

Delegated authorities:

Audit Committee
- Financial Reporting
- Risk Management
- Internal Control

COMMITTEE REPORT on pages 88 to 93

Remuneration Committee
- Remuneration Policy
- Incentive Plans
- Performance Targets

COMMITTEE REPORT on pages 96 to 116

Group Executive Team
- Group Strategy
- Operational Management

Nomination Committee
- Board Composition
- Diversity
- Succession Planning

COMMITTEE REPORT on pages 85 to 87

CSR Committee
- Responsible Business
- Engagement
- Climate Oversight

COMMITTEE REPORT on pages 94 to 95

Group Risk Committee

Delegated authorities: Risk oversight InControl Standards

Investment Committee

Delegated authorities: Oversight of Group capital expenditure

BOARD ATTENDANCE

The table below shows the Board and Committee meetings held during the year.

	Board		Audit Committee		CSR Committee	Nomination Committee		Remuneration Committee	
	Scheduled	Ad hoc	Scheduled	Ad hoc	Scheduled	Scheduled	Ad hoc	Scheduled	Ad hoc
Nayantara Bali*	7/7	7/8			3/3	2/2	2/2		
Jerry Buhlmann	7/7	8/8	4/4	0/2	3/3	2/2	2/2	3/3	2/2
Gijsbert de Zoeten*	6/6	7/7							
Alex Jensen	7/7	8/8			3/3	2/2	2/2	1/1	2/2
Jane Kingston	7/7	8/8	2/2			2/2	2/2	3/3	2/2
Sarah Kuijlaars*	6/6	8/8	4/4	2/2		2/2	1/1		
John Langston	7/7	8/8	4/4	2/2		2/2	2/2		
Nigel Stein	7/7	8/8			3/3	2/2	2/2	3/3	2/2
Duncan Tait	7/7	8/8			3/3				
Till Vestring*	3/3	4/4			1/2	1/1	1/1	2/2	

* Sarah Kuijlaars joined the Board on 21 January 2022, Till Vestring left the Board on 19 May 2022, and Gijsbert de Zoeten resigned from the Board in November 2022. Nayantara Bali was unable to join one additional Board meeting due to a prior engagement.

KEY ACTIVITIES AND DECISIONS OF THE BOARD

Ad hoc meetings were held in March, April, and June to discuss the Derco acquisition and the disposal of the Group's operations in Russia, and in November to consider the resignation of the Chief Financial Officer.

January
- 2022 Annual Operating Plan
- M&A strategy
- Regional update: Americas & Africa
- Board evaluation feedback

February
- Investor Relations
- Final dividend and Annual Report
- Insurance review
- Tax strategy
- Risk Policy
- NED remuneration
- Derco acquisition

Strategy Day
- Global economic review
- Strategic progress
- Distribution Excellence
- EV Response Plan
- OEM route to market
- M&A pipeline

May
- Annual General Meeting
- 3 + 9 forecast
- Treasury Policy review
- Pension update

July
- Investor Relations
- Propose interim dividend
- Half year risk review
- Regional update: UK
- Conflict of interest
- Derco acquisition announcement

September
- Environment, Health, and Safety
- Regional update: APAC
- Digital strategy

October
- Overseas Board visit To Chile
- M&A pipeline
- Regional update: Americas

November
- Investor Relations
- 3 + 9 forecast, 2023 Operating Plan
- Regional update: Europe & Africa
- Strategy review
- Succession planning
- Full year risk review
- Derco acquisition documents

BOARD SKILLS

The Board recognises the importance of the right mix of skills, experience and diversity to deliver the Group's strategic objectives and contribute towards long-term success. These skills will be enhanced in 2023 following the appointments of Byron Grote and Juan Pablo Del Río to the Board.

What we bring
- Automotive
- Digital
- Emerging markets
- Finance
- Remuneration
- Retail
- Technology

Skills being enhanced in 2023
- Automotive
- Diversity
- Emerging markets
- Multinational business
- Regulatory
- Sustainability

Future succession priorities
- Automotive
- Finance
- Environmental, social, and corporate governance
- Technology

BOARD OF DIRECTORS

The Board is collectively responsible for agreeing and continually reviewing the Accelerate strategy to ensure it delivers long-term sustainable success. The Board is also responsible for ensuring the appropriate resources are in place to deliver the strategic objectives.

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 also a Non-Executive Director of James Hardie Industries plc and is a chartered accountant.

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

Duncan Tait
GROUP CHIEF EXECUTIVE

Appointed – July 2020

Skills and experience – Duncan was on the Board of Fujitsu 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. Duncan is also a Non-Executive Director at Agilisys.

Committee membership – CSR Committee.

Nayantara Bali
NON-EXECUTIVE DIRECTOR

Appointed – May 2021

Skills and experience – Nayantara is director and co-owner of ANV Consulting Pte. She previously held several senior management positions in Procter & Gamble. Nayantara holds a Bachelor of Arts in Economics and a Post Graduate Diploma in Business Management from the Indian Institute of Management (Ahmedabad). Nayantara is also an independent director of Torrent Pharma, and a Non-Executive Director of Starhub.

Committee membership – CSR and Nomination Committees.

Jerry Buhlmann
SENIOR INDEPENDENT DIRECTOR

Appointed – March 2017

Skills and experience – Jerry has over 40 years' experience in the media and advertising industries. He was formerly CEO of Dentsu Aegis Network and Aegis Group plc. Jerry is currently Chairman of Dept, Croud Limited, and Hybrid. Jerry is also a member of the Supervisory Board of ServicePlan GmBH, and a Senior Advisor to management consultants OC&C.

Committee membership – Audit, CSR, Nomination, and Remuneration Committees.

Alex Jensen
NON-EXECUTIVE DIRECTOR

Appointed – January 2020

Skills and experience – Alex was regional CEO Mobility and Convenience at bp plc. She led 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 – Chair of the CSR Committee and member of the Nomination and Remuneration Committees.

Jane Kingston
NON-EXECUTIVE DIRECTOR

Appointed – July 2018

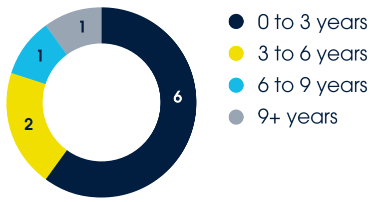
Skills and experience – Jane served as Group Human Resources Director for Compass Group plc from 2006 until her retirement in 2016. Jane also held senior positions at Enodis plc, Blue Circle plc (now Lafarge SA) and Coats Viyella plc. Jane has significant remuneration experience and is Remuneration Committee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

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

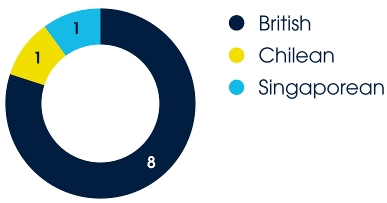
BOARD MEMBERS

The Directors recognise the benefits of diversity and the value that this brings to the organisation in terms of skills, knowledge, and experience.

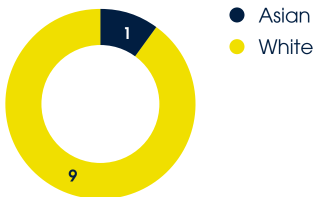
LENGTH OF SERVICE



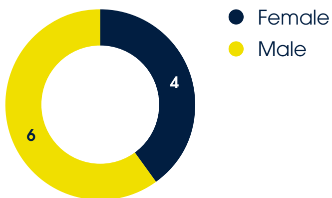
NATIONALITY



ETHNICITY



GENDER



Sarah Kuijlaars
NON-EXECUTIVE DIRECTOR

Appointed – January 2022

Skills and experience – Sarah is currently Chief Financial Officer of De Beers plc. Sarah was previously CFO of Arcadis NV and prior to this, she was Deputy CFO at Rolls Royce Holdings plc, and has held a number of senior financial leadership roles during a 25-year career at Royal Dutch Shell plc. Sarah was previously a Non-Executive Director at Aggreko plc.

Sarah has a Mathematics degree from Oxford University and is a Fellow of the Chartered Institute of Management Accountants.

Committee membership – Audit and Nomination Committees.

Juan Pablo Del Río Goudie
NON-EXECUTIVE DIRECTOR

Appointed – January 2023

Skills and experience – Juan Pablo served on the board of the Derco group until its acquisition by Inchcape in 2022. He is currently on the board of Cruzados S.A.D.P. (a company with shares listed on the Santiago Stock Exchange) and is chairman of Sodimac S.A, a position he has held since 1986. He was a member of the board of directors of Falabella S.A., a company with shares listed on the Santiago Stock Exchange, between 2015 and 2020 and has held a number of senior leadership roles across a range of companies within the automotive, retail and real estate sectors in Latin America.

Committee membership – 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. John is a chartered accountant and 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.

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

Byron Grote
NON-EXECUTIVE DIRECTOR

Appointed – January 2023

Skills and experience – Byron has extensive experience across a range of leading international businesses at Board level. Having previously been Chief Financial Officer at BP plc between 2002 to 2011, Byron is currently Senior Independent Director at Tesco plc, Non-Executive Director at InterContinental Hotels Group plc, and Deputy Chairman of the Supervisory Board at Akzo Nobel N.V. Byron has previously served on the Boards of Anglo-American plc, Standard Chartered plc, and Unilever plc.

Committee membership – Audit, CSR, Nomination, and Remuneration Committees.

GROUP EXECUTIVE TEAM

The Group Executive Team (GET) drives the Accelerate strategy and is responsible for the day-to-day operations of the Group. It is a global team of business leaders that combines a strong focus on operational excellence with a wealth of experience in a wide range of industries, including automotive, fast-moving consumer goods, management services, utilities and finance.

Duncan Tait
GROUP CHIEF EXECUTIVE

Appointed – July 2020

Duncan joined the Group in 2020, bringing with him a wealth of digital and data experience which is a key enabler of the Accelerate strategy. Duncan has overseen the implementation of DXP, the omni-channel customer and dealer platform, which provides access to a full range of products and services, from first search and comparison through to aftersales care, and DAP, a range of data analytics designed to deliver competitive advantage.

Since his appointment, the Group has also entered into strategic partnerships with Great Wall Motors, BYD and Geely, manufacturers which will bring exciting EV ranges, aligning with the Group's Responsible Business agenda.

George Ashford
CEO UK

Appointed – October 2006

George joined the Group in 2006 and since that time has held several senior positions including CEO Toyota Belgium and CEO APAC. In 2021 George was also appointed Chief Transformation Officer with responsibility for overseeing the implementation of the Accelerate strategy and business transformation. George left the Asia region in 2021 and was appointed as CEO UK. His extensive distribution and retail experience is beneficial in leading this crucial business. He also continues to lead both the global Used Car strategy and the OEM relationship strategy. George is the executive lead for Inchcape Enabled, which focuses on building a disability confident business by removing barriers and increasing accessibility.

Mike Bowers
GROUP GENERAL COUNSEL AND CHIEF SUSTAINABILITY OFFICER

Appointed – October 2015

Mike joined the Group in 2015 as Group General Counsel. He is a leading contributor to the Group's M&A strategy playing a significant role in the acquisitions of Derco, Grupo Rudleman, Indumotora, ITC, and Simpsons Motors, which significantly reshaped the business over the last seven years. Mike is also instrumental in reinforcing and strengthening legal and regulatory compliance across the Group. Mike was appointed Chief Sustainability Officer in 2023 and leads the Group's response to climate change, helping us to deliver on our aim to be the lowest carbon route to market for our OEM partners.

Helen Cunningham
CHIEF HUMAN RESOURCES OFFICER

Appointed – September 2020

Helen joined the Group in 2016 and has held various positions as HR Director in the UK, Emerging Markets, and Americas & Africa. Helen was appointed as Chief HR Officer in 2020 bringing a combination of deep functional expertise and strong operational leadership to this key central role. She has developed significant M&A capability within the business over several step-change acquisitions, working directly with our OEM partners, effectively onboarding new teams and leaders, and integrating businesses. She is also the Executive leader for the People workstream of the Driving What Matters plan with responsibility for inclusion and diversity, safety and wellbeing, and talent.

Mark Dearnley
CHIEF DIGITAL OFFICER

Appointed – October 2020

Mark Dearnley joined Inchcape as Chief Digital Officer in 2020 with responsibility for digital transformation which is critical to the success of the Accelerate strategy. To support the digital strategy, Mark has been instrumental in establishing Inchcape Digital, which focuses to deliver the Distribution Excellence and VLS programmes supported by the newly formed Digital Delivery Centres based in Colombia and the Philippines. Inchcape Digital rolled out DXP and DAP globally, supports GBS and SAP, and is introducing new solutions including Digital Parts Platform and bravoauto.

Ruslan Kinebas
CEO APAC

Appointed – October 2015

Ruslan Kinebas joined Inchcape in 2015 as CEO Emerging Markets before becoming CEO Americas & Africa in 2019. During his tenure, Ruslan oversaw the acquisition of multiple distribution businesses including Mercedes-Benz distribution in Uruguay, Ecuador and Colombia. Ruslan also oversaw expansion in the African region with the addition of Jaguar Land Rover distribution in Kenya. In 2021, Ruslan was appointed CEO APAC, where he also has responsibilty for the Digital Parts Strategy under Distribution Excellence. Ruslan is Executive sponsor for the Women into Leadership programme, which develops female colleagues throughout the organisation and into leadership roles.

Romeo Lacerda
CEO AMERICAS

Appointed – September 2021

Romeo joined Inchcape in 2021 as CEO Americas & Africa. Since joining the Group, Romeo has overseen the acquisition of Ditec, ITC, and Simpson Motors which have strengthened the Group's geographic reach and broadens its OEM relationships, with the addition of Chrysler to its list of brand partners. In addition, the Group has acquired Derco, the largest automotive distributor in Latin America, increasing scale in the Americas with a footprint on over 30 OEM brands in 12 markets creating a significant region in one geography.

Adrian Lewis
ACTING CHIEF FINANCIAL OFFICER

Appointed – November 2022

Adrian joined Inchcape in 2015, initially as CFO for the Emerging Markets region where he played a leading role, with the Indumotora acquisition and integration, at the time Inchcape's most significant acquisition for many years. Adrian subsequently moved to Singapore as CFO for Asia Pacific, Inchcape's most profitable region. In October 2020, Adrian returned to the UK to lead the finance function as Group Financial Controller. Prior to Inchcape Adrian held various senior finance roles at Tesco.

Adrian is a CIMA qualified chartered accountant.

Glafkos Persianis
CEO EUROPE & AFRICA

Appointed – April 2020

Glafkos joined Inchcape in 2020 as CEO Europe with responsibility for Continental and Northern Europe and Russia (prior to Inchcape exiting the region in 2022). Glafkos was instrumental in the appointment of Inchcape as BYD's sales and aftersales partner in Belgium and Luxembourg. BYD is the world's leading manufacturer of New Energy Vehicles (NEVs) and power batteries and will provide an online and offline network for both sales and aftersales services. Also in 2022, Glafkos assumed responsibility for operations in Africa, a strategically important region for the Group offering long-term sustainable growth in the markets of Ethiopia, Djibouti and Kenya.

Liz Brown
CHIEF STRATEGY OFFICER

Appointed – February 2023

Liz has over twenty years' experience in consulting, investment, telecoms and FMCG and joined Inchcape from Diageo, the global drinks manufacturer and distributor, where she held the role of Group Strategy Director and Global Head of Business Development. Liz also had overall responsibility for Diageo's start-up acceleration business, Distill Ventures, developing a portfolio of successful new businesses which resulted in several successful acquisitions into Diageo. Prior to Diageo, Liz held strategic and senior roles at Currys plc, Royal Bank of Scotland Group plc and LEK Consulting LLC.

GENDER BALANCE IN SENIOR MANAGEMENT

Improving Inclusion and Diversity (I&D) at senior leadership level is a key focus of the GET and the Board, with a target to increase the proportion of women leaders to at least 30% by the end of 2025. To help achieve this target, the Women into Leadership Programme was developed in 2021 to provide professional and personal growth for Inchcape's female high potential talent and to strengthen our succession pipelines. Please see page 39 for further details.

In 2022, an external recruitment supplier reset took place for Executive hires, to identify the best-fit providers and solutions who could contribute actively to our I&D agenda and our continued drive for a broader diverse mix of colleagues. During this process, providers were asked to provide:

- Their company policy and approach on commitment to I&D.
- Details of the I&D training that their teams have gone through.
- What diversity information is collected from candidates.
- Demonstrable evidence of the method and process of sourcing a diverse range of candidates.

In 2023, we will follow-up with an annual review to measure the impact of our decisions and the supplier's contribution to our I&D goals.

The appointment of Liz Brown as Chief Strategy Officer in February 2023 is a key senior appointment for the Group and demonstrates the ongoing commitment to improving diversity. Liz joined the GET on appointment.

PRINCIPAL DECISIONS IN 2022

Derco acquisition

In addition to the scheduled Board meetings, eight ad hoc Board meetings were held during the year to consider the acquisition of Derco. The meetings were structured to allow the Board members to consider all aspects of the transaction covering:

- Introduction and overview of the Derco business and its shareholders.
- Valuation, transaction terms and structure: investor perspectives, business plan review, synergy analysis, valuation, impact on leverage.
- Geopolitical analysis, industry and OEM brand portfolio.
- Class 1 transaction: general duties of Directors, obligations for Directors of a listed company, UK Corporate Governance Code 2018 and risk mitigation.
- Transaction process, financial projections, synergy assessment.
- Valuation/financing and impact on the Group and key transaction terms.
- Board approval of the transaction.

The meetings were attended by the Group's external advisors who provided guidance and independent advice throughout the process. After announcing the intention to acquire Derco, members of the Board held meetings with shareholders accounting for 60% of our share register. Investor reaction to the deal has been very supportive, with Derco viewed as a good strategic fit. Further details of the Derco business can be found in the Strategic Report on pages 24 and 25.

Russia disposal

As announced in 2022, the Group decided to exit its Russian operations due to the conflict with Ukraine. Working in conjunction with our OEM partners the Board agreed to transition our Russian business in full compliance with international and local regulations and with the aim of safeguarding the continuing employment of our colleagues. The Company's operations in Russia was a Retail-only operation, and during 2021 it disposed of its St. Petersburg operations.

The GET engaged with both Toyota and BMW, the largest OEM partners in the region, before agreeing to the transaction. Following the start of the conflict, all OEMs eventually ceased production and shipments to Russia, and the lack of new vehicles entering the country would lead to a gradual unwinding of the business as supply diminishes. The management team in Russia remained extremely professional during the transaction which also affected our other Northern European regions such as Poland, the Baltics and Romania. The Group Chief Executive held townhall meetings with our European markets on the decision to make the sale.

The Board discussed the situation in detail noting the need to have regard for employees in both the Russian business and neighbouring countries and how the decisions made will affect them, the expectation of investors and OEM brands partners, and the risk of setting a precedent as historically the Group operates in markets with potential political uncertainty. The Board also discussed the sale of the St. Petersburg business in 2021, noting the strategic intent had been to sell the entire Russian operations if an appropriate buyer had been identified. The Board considered the financial impact noting early 2022 trading was strong; however, with no new inventory the business would likely be sustainable for three to six months without any cash injection or working capital facilities. There were inevitably losses with selling the Russian operation due to FX and impairment. The exit scenarios were considered in detail with an exit from Russia ultimately resulting in transferring ownership or ceasing to trade. The Board agreed that whatever the outcome the fair treatment of employees remains paramount, taking into account the investor and market view, and guidance from the UK Government.

Pension

In May 2022, the Board approved a package of measures to be made to a UK subsidiary pension scheme. Historically this scheme was made up of four sections which were operated on an individual sectionalised basis, was a mixture of final salary and cash balance schemes and was aligned with a mixture of RPI and CPI. It was agreed to:

- Merge three of the individual sections of the scheme.
- Align the inflation index used in the scheme to be CPI across all inflation-linked benefits.
- Enhance the security provided to scheme members by giving access to the covenant of the subsidiary in the form of a guarantee.

This package of measures was to the benefit of both the scheme members and the Company as it improves the funding position of the scheme overall, reduces investment risk, enhances scheme members' security, and reduces the time period within which the scheme will become fully funded on a solvency basis.

In order to formalise the Company's approach to pensions decision-making, in line with the requirements of the Pension Schemes Act 2021, terms of reference were incorporated for the Group's Pension Committee along with a Governance manual to document day-to-day operational responsibilities. A DC Governance Committee was also set up to ensure the DC Schemes are appropriately governed, including a focus on matters such as delivering best member outcomes and ESG matters.

Culture and engagement

The Board monitors and assesses the indicators of culture throughout the Group by:

- Regular meetings with management as part of the Board's annual agenda and one-to-ones with key senior leaders;
- Reviewing the outcomes of the employee engagement survey;
- Reviewing People and Capability metrics including voluntary turnover, leadership development programmes, employee assistance programmes, Code of Conduct compliance, and health and safety statistics;
- Whistleblowing reports and follow up actions; and
- Independent assurance via external advisors.

A broad range of workforce engagement mechanisms are in place with a feedback loop to ensure the Board is able to assess the culture of the organisation. The Chair of the CSR Committee is the designated Non-Executive Director with responsibility for workforce engagement and further details of the engagement session carried out in 2022 is given on page 95.

The Board has delegated oversight of the Company's whistleblowing arrangements to the Audit Committee but retains overall responsibility and receives updates on cases as appropriate.

The Company has a framework of values and behaviours that underpin the Group's purpose to ensure that the strategy and culture of the Company are aligned. The new One Inchcape Values and Behaviours Framework was rolled out across the Group in January 2022. The framework supports the successful delivery of the Accelerate strategy by improving the way we do things to drive business performance.

BOARD EVALUATION

2021 Board Evaluation outcomes

Board	All Board members received training on TCFD, response to electric vehicle developments, market supply shortages and global inflation affecting pricing. This has helped enhance the Board's knowledge on recent industry and regulatory movements.
CSR Committee	The Board enhanced its understanding of ESG issues during the year through external updates on where ESG is heading, why it matters and key trends. From 2023, all Committee Chairs will attend one CSR Committee annually to improve ESG synergy and transparency when making decisions at Board level.
Nomination Committee	The Nomination Committee reviewed its succession criteria to enable more focused assessment of candidates. Sarah Kuijlaars and Byron Grote, come from financial positions at public companies to help steer the Audit Committee when John Langston retires in May 2023. The Board acquired further representation of global operations and regional markets through the appointment of Juan Pablo Del Río, whose first-hand knowledge of the automotive industry and South American markets strengthens the Board's understanding of operations.

2022 Board Evaluation

An internal evaluation of the Board was conducted by the Chairman in 2022 which involved all Board members completing an anonymous questionnaire covering areas such as strategy, knowledge, succession, risk, culture, and effectiveness. The results of the questionnaire were considered by the Board to agree actions for 2023.

The evaluation showed that Board members feel their experiences and contributions are valued, and any challenges made are constructive. Communication between Board members and senior management is open with strong working relationships resulting in an optimal collaborative environment enabling timely resolution of issues.

When considering the knowledge, skills and experience of the Board, the appointments of Byron Grote and Juan Pablo Del Río in 2023 will add new perspectives which will enhance the Board's expertise and knowledge of finance and Latin American markets however with the departure of John Langston in May 2023, automotive experience will be a key area for future appointments. In addition, given the Company's focus on digital and technology, the primary expertise in this area is seen at GET level rather than on the Board itself, which will also be a consideration for Board appointees.

The Board believes there is the right level of focus on succession and diversity, with good progress made on identifying and developing future talent overall however continued focus on improving representation of minority groups on the Board and at executive level will be key in 2023.

The assessment shows that the Board continues to operate effectively; however, there is still a strive for continuous improvement.

Areas of improvement for 2023 include:

- Improved Board training on industry and regulatory environments;
- Increased ESG knowledge and considerations when making decisions;
- More representation of automotive experience; and
- Continue focus on succession planning for Board, GET and senior leaders to meet diversity requirements.

The 2023 Board review process will be externally facilitated, with details of the evaluation being reported in next year's annual report and accounts.

WOMEN INTO LEADERSHIP

Jane Kingston
NON-EXECUTIVE DIRECTOR

"If our people feel they are valued for who they are, they are more likely to feel at home and will stay with us and make great contributions."

Q. Why did you want to speak at the Women into Leadership programme?
JK. It was a great opportunity to connect with colleagues across all parts of the Group. Having learnt and seen a lot of change over a long career, I wanted to share my thoughts and insights with colleagues as they develop their own careers. I am always pleased to talk about the transition into NED roles and explain how the Board works and the role it fulfils.

Q. What role does Women into Leadership play in Inchcape?
JK. I am delighted to observe the way Inclusion and Diversity is really valued as of core importance to how we operate and what we do. I think we are going the extra mile to make this a core living value and that all comes down to leadership.

Q. What advice did you give the participants of the programme?
JK. Be brave and build yourself a broad platform to have choices in the long-term. When you need it, ask for support – that is a strength.

Nayantara Bali
NON-EXECUTIVE DIRECTOR

"To transform the future of mobility we need to have the best of all genders working with us."

Q. Why did you want to speak at the Women into Leadership programme?
NB. It is always useful to hear from people who have shared challenges and opportunities. Listening to other women talk about how they navigated these can inspire new possibilities.

Q. What role does Women into Leadership play in Inchcape?
NB. All leadership programmes are important within businesses – and when there are emerging diversity groups looking to forge their own path which may be different from previously established leadership models, it is important to give women the tools and encouragement to develop their own path.

Q. What advice did you give the participants of the programme?
NB. To be ambitious and not be shy to express that ambition. Also to never stop learning.

Q. How will greater gender diversity benefit Inchcape?
NB. If we are to access the best talent available then to transform the future of mobility we need to have the best of all genders working with us.

Alex Jensen
NON-EXECUTIVE DIRECTOR

"I advised women to build the confidence to move out of their comfort zone and to do so deliberately in order to create broader opportunities."

Q. How will greater gender diversity benefit Inchcape?
AJ. You get better outcomes with more diverse teams, because you recruited from 100% of the talent pool to find the best candidate and because team decisions are tested with a wider range of views. Leaders that are willing to slow down to challenge biases, are willing to listen to different views that might challenge their own, willing to work hard to align the team. By focusing on diversity, Inchcape will emerge stronger and better.

Q. What role does the Women into Leadership programme have within Inchcape?
AJ. Women can be under-represented at certain levels and job types. This may be because of biases in ourselves, in others, in processes and structures, and in society. I think programmes like this create awareness of these hidden biases and empower women to take charge of their own careers, build confidence and networks. It is about ensuring that individuals can flourish so that Inchcape can flourish.

Q. Why did you want to speak at the programme?
AJ. I wanted to play a part in sharing my own experiences and insights about how to navigate some of the trickier career moments.

NOMINATION COMMITTEE REPORT

NIGEL STEIN
CHAIR

Membership

	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
Nigel Stein (Chair)	2/2	2/2
Nayantara Bali	2/2	2/2
Jerry Buhlmann	2/2	2/2
Alex Jensen	2/2	2/2
Jane Kingston	2/2	2/2
Sarah Kuijlaars*	2/2	1/1
John Langston	2/2	2/2
Till Vestring**	1/1	1/1

* Sarah Kuijlaars joined the Committee on 21 January 2022.
** Till Vestring left the Board on 19 May 2022.

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

DEAR SHAREHOLDER

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2022. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities during the year.

Board composition and succession planning continues to be the main focus of the Committee with two new Directors recruited during 2022. Sarah Kuijlaars joined in January 2022 and Byron Grote who joined in January 2023. In addition, Juan Pablo Del Río joined the Board following the successful acquisition of Derco. John Langston will retire from the Board in May 2023 and I would like to thank John for his contribution and wise counsel during his time with Inchcape and to welcome our new Board members.

In recruiting Sarah and Byron, the Committee reviewed the mix of skills and experience of the current Board members taking into account any gaps which would arise following the departure of John. As such, the Committee agreed that strong financial and UK listed company experience was essential.

Sarah is currently Chief Financial Officer and Executive Director of De Beers plc and was previously a Non-Executive Director at Aggreko plc. Sarah was also previously CFO of Arcadis NV, deputy CFO at Rolls-Royce Holdings plc, and has held a number of senior financial leadership roles during a 25-year career at Royal Dutch Shell plc. Sarah will assume the role of Audit Committee Chair following John Langston's retirement.

Byron was previously Chief Financial Officer at BP plc between 2002 to 2011 and is currently Audit Committee Chair at Tesco PLC and Akzo Nobel N.V. and a Non-Executive Director at InterContinental Hotels Group plc. He has also served as Non-Executive Director of Standard Chartered plc, Anglo American plc and Unilever plc. Sarah and Byron's extensive financial and international experience have strengthened the existing Board's skill set as well as providing experienced voices as part of the Audit Committee.

Juan Pablo Del Río was appointed to the Board in January 2023 following the successful acquisition of Derco. Prior to this Juan Pablo served on the Board of Derco and brings a wealth of knowledge and experience of the business and Latin American markets to the Board.

Following Sarah, Byron and Juan Pablo's appointments, the Nomination Committee believes the current composition is a good fit for the Board to optimally perform for the benefit of its members and ensures that the Board and its Committees remain well equipped with the skills and capabilities needed to drive the future success at Inchcape. The Nomination Committee continues to consider suitable candidates should any vacancies arise unexpectedly or where it could be deemed that another Non-Executive Director would enhance the performance and experience of the Board.

Gijsbert de Zoeten resigned from the Board in November 2022. The recruitment process for a new Chief Financial Officer has commenced.

Looking ahead, the Committee is focused on the long-term succession of the Board and the need to integrate more diversity at executive level.

The recruitment consultants used for Board appointments are aware that gender and ethnic diversity are key factors when recruiting Board members and the Group is putting in place various initiatives and programmes to reach the leadership goals.

This includes programmes such as the Women into Leadership programme and the graduate programme. Further information can be found in the Responsible Business Report on pages 37 to 42.

NIGEL STEIN
CHAIR OF THE NOMINATION COMMITTEE

PRINCIPAL DECISIONS IN 2022

Skills, experience, and diversity	The Committee reviews the Board Skills Matrix throughout the year. The matrix sets out the skills and experience of each Board member which the Committee reviews in the context of the Accelerate strategic aims in the medium and longer term. The Committee has discussed gender diversity at the Board and Group Executive Team level, noting diversity is an increasingly important area of focus for investors and a clear plan is needed to address this area. Several initiatives are in place for the Company to work towards improving gender diversity in leadership roles, including the Women into Leadership programme which has a target of no less than 90% progression to a new role (at the same level or promoted) with 24 months of programme completion, and to increase the proportion of women in senior positions from 18% to 30% by the end of 2025.
Succession planning	The Committee reviews length of service and recommends to the Board the appointment of Non-Executive Directors (NEDs) for a further three-year term as and when they arise. It is usual for Board members to serve nine years on the Board and length of service is a key factor when looking at succession planning. However, a Director may resign before they have completed nine years' service. In these circumstances, a longlist of potential candidates is continually kept up to date so the appointment process can begin immediately to fill vacancies as they arise. The performance of the Group Executive Team is considered by the Board as a whole during the annual organisational health check and the Non-Executive Directors discuss succession planning for senior leadership during the year without the presence of executive management.
Independence	The Committee assesses the Non-Executive Directors' independence on appointment and throughout the year. Non-Executive Directors are required to inform the Committee of any situation which could impair their independence and report on any potential conflicts of interest at each meeting. Over half of the Board, excluding the Chairman, are Non-Executive Directors who are considered to be independent under the Code. Under Code provision 10, the criteria for Director independence states a tenure over nine years could impair a Director's independence. During 2022, John Langston served his tenth year with Inchcape; however, the Board is satisfied that despite having over nine years' service, John continues to demonstrate independent character, judgement and objectivity, and this continued service has not impaired his independence. John will step down from the Board prior to the AGM in May 2023. Juan Pablo Del Río is not considered independent due to his close family relationship with the Derco business and the family shareholding. Please see page 87 for further details.
Election or re-election by shareholders at the AGM	In line with the UK Corporate Governance Code, all Board Directors will be subject to election or re-election annually at the Company's Annual General Meeting. The Company has agreed, subject to certain terms and conditions including the family owners maintaining at least a 7% shareholding in the Company, that a Derco family Director will continue to be nominated for reappointment until and including at the Company's Annual General Meeting in 2026.
Time commitment and policy on multiple Board appointments	Non-Executive Directors must have the time necessary to devote to the role. The Committee reviews the expected time commitment on a regular basis and also implements a policy on multiple Board appointments to limit the possibility of a Director being 'over-boarded'.

Director independence

The Board includes an appropriate combination of Executive Directors and Non-Executive Directors, with over half the Board considered independent. No one individual or small group of individuals dominates the Board's decision making.

Provision 10 of the Code sets outs circumstances "which are likely to impair, or could appear to impair" a Director's independence. We set out in the 2021 Annual Report and Accounts, the Board's view as to why it considered Till Vestring to be independent prior to his departure in May 2022.

John Langston completed nine years' service in August 2022 and will step down from the Board prior to the AGM in 2023. John agreed to stay on the Board while we recruited two new Non-Executive Directors, Sarah and Byron, who both joined the Audit Committee upon appointment. John has been instrumental in their induction to the Audit Committee and the Board felt that his continued service allowed a smooth transition for these important roles.

Juan Pablo Del Río is not considered independent as he has a significant shareholding in the Company, and has close family ties with some of the Company's senior employees. The Company acknowledges that Juan Pablo Del Río is not independent but the rationale behind the Derco acquisition, as stated in pages 24 and 25, are of tremendous benefit to the Company with the acquisition dramatically increasing our scale in the fast growth Americas region, bolstering our presence in several existing markets, and will secure Bolivia as a new Inchcape distribution market. Derco also brings a fantastic set of highly complementary OEM relationships, including deepening our decades-long relationship with Suzuki, and broadens our brand footprint in the markets, with Mazda, Changan, JAC, Renault, Great Wall, and Haval. As a result of this Juan Pablo will have no voting authority when it comes to making decisions about the Derco subsidiaries.

Appointment process

An external recruitment consultant is appointed to assist with the recruitment of Directors. The Chairman will develop an appropriate job specification, and set out any other desirable attributes, and agree a longlist of potential candidates with the consultant. From this, a shortlist is agreed, and the interview process begins. Potential candidates meet with the Chairman, Senior Independent Director and other Board members. Once a preferred candidate has been identified, the Committee makes its recommendation to the Board for approval. During the recruitment process a comprehensive assessment is carried out to evaluate each candidate's capability, strengths and personal attributes needed to complement and enhance the skills, experience and knowledge of the Board members.

Odgers Berndtson were appointed to assist with the recruitment of Sarah Kuijlaars and Lygon Group were appointed to assist with the recruitment of Byron Grote. Odgers Berndtson and Lygon Group are signatories of the Voluntary Code of Conduct for Executive Search Firms and neither firm has any other connection to the Company or any individual Director.

Diversity policy statement

We value diversity in the broadest sense including, but not limited to, age, gender, ethnicity, sexual orientation, disability, or educational, professional and socio-economic backgrounds. The objective of ensuring a diverse board is to provide fresh perspectives which enrich our decision making and the aim of the policy statement is to reflect this ethos.

The Board's policy on diversity is a verbally agreed principles-based policy and applies to the Board and its committees. The policy is implemented during the nomination process where all aspects of diversity are valued along with the range of skills, experience and knowledge needed to enable the Board to make the right decisions to achieve the objectives of the Accelerate strategy and to create long-term sustainable success.

The importance of Board diversity is clearly understood by our recruitment consultants and is built into the process of succession planning and recruiting Executive and Non-Executive Directors. The Board remains dedicated to achieving gender parity and greater representation of diverse ethnic backgrounds and considers all aspects of diversity to be relevant when considering appointments to the Board or its committees.

The Board's philosophy on diversity is also reflected throughout Inchcape and the business has continued to strive for increased diversity of all identities, backgrounds and experiences across its workforce and is building a more inclusive environment where everyone believes they can belong, be themselves and succeed.

As at 31 December 2022, at least 40% of the Board are female and at least one member of the Board is from a minority ethnic background. However, the target to have a female Chair, CEO, SID or CFO by the end of 2025 as recommended under LR.9.8.6 (ii) has not yet been met. This requirement is and will be factored into any Board recruitment process.

The data on Board and Executive diversity is given in the Directors' Report on page 121.

AUDIT COMMITTEE REPORT

JOHN LANGSTON
CHAIR

Membership

	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
John Langston (Chair)	4/4	2/2
Jerry Buhlmann*	4/4	0/2
Jane Kingston*	2/2	
Sarah Kuijlaars	4/4	2/2

* Jane Kingston left the Committee in May 2022. Jerry Buhlmann was unable to join the additional meetings due to prior engagements.

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

DEAR SHAREHOLDER

I am pleased to present the Audit Committee Report for the year ended 31 December 2022. 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.

Mergers and acquisitions (M&A)

M&A continues to be a cornerstone of the Group's Accelerate strategy with the Group acquiring the ITC Group and Ditec in the Americas and Morrico in Guam, in addition to several distribution wins. Such expansion has led the Committee to review procedures over the initial IFRS 3 provisional accounting for new acquisitions, challenging management where appropriate and seeking the opinion of the auditor on the accounting judgements.

The acquisition of Derco is a transformative and unique opportunity to accelerate our global distribution business and deliver shareholder value. As such the Committee considered the financial information contained in the circular to shareholders in detail, including the historical financial information, principal accounting judgements and synergies prior to the General Meeting. Commencing with Derco, integration of new businesses to the InControl Standards Framework (ICS) will be a key focus for 2023 and the Committee will monitor the implementation of the control environment.

Exit of Russian operations

Exiting the Group's Russian operations was also a key consideration for the Committee during the year. The Committee considered this a significant issue and further information on the Committee's judgements in relation to this matter is given on page 90.

Global Business Solutions

The implementation of the Global Business Services organisation (GBS), which began in 2021, continued during the year. Following a GBS Programme Assurance review carried out by the Internal Audit team, the Committee spent time assessing the action plans developed to address control gaps and continue to monitor progress against plans to ensure that appropriate resources and governance processes are in place to manage the risks.

Climate change

As part of our TCFD work and general planning work, climate change considerations have been factored into financial forecasting and the associated impairment assessment. Climate change will manifest in many ways and we have considered the key risks, such as: misalignment (EV demand vs EV availability in the relevant markets), carbon tax, physical risks and margin pressures. Further details are given in the TCFD Report on pages 44 to 54 and in the Financial Statements on page 143.

Financial Reporting Council (FRC) letter

A letter was received from the FRC, following a review of the 2021 Annual Report and Accounts, where a specific question was raised in relation to the accounting treatment of share buybacks, alongside a number of additional points noted in an appendix. The FRC review is based on our Annual Report and Accounts and does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. However, it is conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

The FRC supports continuous improvement in the quality of corporate reporting and recognises that those with more detailed knowledge of our business, including the Audit Committee and auditors, may have recommendations for future improvement, consideration of which we would encourage.

The Company responded to explain the accounting treatment used and to confirm the points raised would be addressed in the 2022 Annual Report and Accounts. The FRC noted the repurchase agreement and closed the enquiry after we explained that, as of 31 December 2021, we had a contractual right to terminate the arrangement without giving notice and without any penalty.

Cyber security

The current cyber threat landscape increased significantly during the year, influenced by political turmoil and the conflict in Ukraine. The Committee spent time reviewing the Group's response plan to tighten global cyber security controls in order to protect the business from these risks.

I am also pleased to report that following the approval of a three-year cyber security plan last year to improve the Group's National Institute of Standards and Technology (NIST) cyber security benchmarking assessment, Inchcape reached the proposed 2.2 NIST target, globally and in all regions.

JOHN LANGSTON
CHAIR OF THE AUDIT COMMITTEE

PRINCIPAL DECISIONS IN 2022

Financial reporting	The Committee's work focused on checking the appropriate accounting treatment for, and disclosures of, the issues considered. The Committee carried out its work using information supplied by management, the external auditor and other advisors as appropriate. The Committee members bring their experience and knowledge to the deliberations which results in the collective view being expressed to the Board. The Committee approved the move away from the columnar format of presentation to a simple two column approach that presents the income statement on an IFRS basis with a reconciliation between IFRS and non-GAAP measures of performance shown below the income statement.
Fair, balanced, and understandable	The Committee considered key audit issues, accounting treatment and judgements in relation to the financial statements. Management was challenged on the assumptions used and the judgements that have been applied, with assurances given from both external and internal sources. The Committee assessed whether this Annual Report and Accounts was fair, balanced and understandable.
Risk management	The Committee reviewed the principal and emerging risks, assessing the appropriateness of the risk management framework and carrying out a robust assessment of principal risks. Emerging risks and the process used to identify them were monitored. The Committee reviewed the risk profile, any changes to the risks, major whistleblowing reports, and any mitigating plans implemented by management. Further details of the Group's approach to risk management and its Principal Risks is given on pages 59 to 67.
Internal controls	The Committee undertook a deep dive into the Group's reconciliation processes to ensure expected controls had been designed and were operating effectively. Where required, management worked with the GBS team to provide further analysis on transactions to ensure processes were strengthened across the Group and management aligned to the control standards. The new platform to host the InControl Standards was rolled out enabling the ICS entity hierarchies and structures to be refreshed to fully align with local structures, business types, systems and locations following completion of recent M&A activities. Markets refreshed their ICS compliance self-assessment and the Committee monitored compliance rates. The Committee reviewed the progress of the roll out throughout the year and self-assessed compliance scores. The Committee received regular reports from the Group Internal Controls (GIC) on the process for mapping the Groups IT General Controls (ITGCs) to our new global digital platforms which commenced in the second half of the year. GIC is working with the Cyber Security Team to ensure the new ITGC accountability structure rollout also aligns with NIST standards and requirements adopted by the Group.
Whistleblowing	The Committee received updates on cases reported during the year, reviewing themes and trends of reported cases. 127 whistleblowing reports were received from the Speak Up! hotline, in addition to 175 separate cases being reported to regional HR teams, which shows that there is awareness of the process. Most cases are originating from Latin America, and are employee related. Material cases were reviewed in detail with the Committee monitoring follow-up action plans and resolution.
Internal audit	The Committee reviewed, approved and monitored: • the 2022 Internal Audit plan; • progress against the plan; • the status of open audit issues; and • mitigation plans for any internal control failings.
Auditor effectiveness	The Committee reviewed the report from the external auditors, assessing the auditor's approach to, and findings in relation to, the audit to assess independence and objectivity. Materiality, scope and fees for the annual audit plan were agreed. Updates on upcoming corporate reform and other regulatory topics were regularly received throughout the year.

Significant issues considered by the Committee during the year

Impairment – see notes 11 to 13 on pages 169 to 176

Impairment reviews are carried out annually in respect of goodwill and indefinite life assets, and if there is an indicator of impairment, reviews are implemented more frequently. 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 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, the Audit Committee concluded that management's impairment reviews of non-financial assets were appropriate and that a net reversal impairment of £7.2m relating to property, plant and equipment, and right-of-use assets, in Australia and the UK should be recognised for the financial year ending 31 December 2022.

Disposal of Russian operations – see note 29 on pages 202 to 203

As a consequence of the Ukraine conflict, the Group agreed to dispose of its operations in Russia to the local management team. The sale price of c£63m has been deferred over five years and certain rights have been put in place designed to protect the Group's ability to receive the deferred consideration. Four key judgements were required in relation to the accounting and reporting of the disposal relating to: the recognition of the transaction as a disposal; reporting of the business disposed of as a discontinued operation; the date on which the Russian Group was deconsolidated; and the amount recognised in relation to the disposal proceeds.

The Committee focused on the following issues:

- whether the Group had control over the operations and the date in which control had passed to the local management team;
- whether the business was considered to be a discontinued operation; and
- the significant estimation uncertainty in relation to the valuation of the deferred consideration given the ability to receive funds from Russia.

To determine the amount to be recognised the Committee took into consideration:

- application of discounting to provide present value at the date of disposal;
- the ability of the local management team to meet the payments which is dependent on the future performance of the Russian Group; and
- the Group's ability to receive the proceeds due to restrictions in place.

The Committee concluded that the disposal constituted a transfer of control under IFRS10 and the disposal represented a discontinued operation. The Committee also concluded that the fair value of the deferred consideration to be nil given the uncertainty.

Adjusting items – see note 2 on pages 155 and 156

In response to guidance issued by the FRC, and following challenge from the external auditor, management undertook a review of items referred to as exceptional items in the financial statements. The Group has historically presented separately certain items of profit or loss and other comprehensive income, which it considers relevant to understanding the Group financial performance, as additional lines to the minimum lines required to be set out in the income statement. These have been referred to as 'exceptional items' and measures of profit before exceptional items are considered to be key measures of reported performance and disclosed as Alternative Performance Measures (APMs) in the Annual Report and Accounts.

The Committee reviewed various options in relation to future reporting of items which are excluded from the Group's APM, debating the advantages and disadvantages of each consideration. The Committee concluded that it would be appropriate to amend the description applied to such items and that they be amended. The Committee believes a description such as 'adjusting items' had the ability to provide a broader measure of alternative performance over time, where items may be excluded across multiple periods in order to provide investors with a more meaningful measure of the underlying performance of the Group. The Committee also approved the Group's policy on adjusting items to reflect the changes in terminology.

Structure of the Committee

John Langston is a qualified chartered accountant and Sarah Kuijlaars is a Fellow of the Chartered Institute of Management Accountants. Both 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.

Jane Kingston stepped down from the Committee in May 2022 following the successful appointment of Sarah Kuijlaars to the Board.

Only members of the Committee are entitled to attend Committee meetings. Other regular attendees at the invitation of the Committee include the Chairman, Group Chief Executive, Chief Financial Officer, Group Financial Controller, Group Head of Internal Audit, Group General Counsel, Group Tax Director, and representatives from the external auditor.

Financial reporting

The Committee reviews 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 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 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.

The Company's business model and strategy are set out on pages 2 to 7, a statement of the Directors' responsibilities is set out on pages 121 to 122 which includes the going concern statement.

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.

Reports are provided at each meeting, detailing the risk environment to allow the Committee to monitor and assess the effectiveness of the Group's risk management approach.

Internal control

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

InControl Standards

InControl Standards (ICS), are 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 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; and
- 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; and
- compliance with applicable laws and regulations.

They are also there to help protect us from:

- fraud and misappropriation of cash and assets; and
- 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.

Monitoring the effectiveness of the risk management and internal control systems

The Audit Committee considers reports from the Group Head of Internal Audit at each meeting covering Internal Audit, Internal Controls and Risk Management functions. The reports provide:

- update on the control framework;
- management's self assessment of controls and risk management;
- self-assessment compliance scores;
- identified control gaps and status of management actions;
- assurance from management on the effectiveness of the risk management and internal control system and compliance with policies; and
- whistleblowing and other incidents

A report on open ICS actions is provided in addition to the status of actions arising from the External Auditors Management Letter which are monitored to closure by the regional controls teams.

There was a significant increase in self assessed controls compliance across all regions over the last year with ICS being implemented for new businesses and functions – Indonesia, Inchcape Digital and the Digital Delivery Centres. Over 1,200 control gaps were closed by the business with the majority of reported outstanding ICS gaps in newer markets within Europe and the Americas. Overall ICS compliance scores remain consistent at 88%, with good progress being made across most regions.

This information enables the Committee to assess the effectiveness of internal controls on an ongoing basis. The external auditor also provides an annual report on control improvement recommendations and other observations which allows the Committee to assess effectiveness annually.

The reports are available to all Board members to ensure they are aware of the risk management and control environment. Board members are also able to attend Committee meetings should they wish and the Audit Committee Chair also provides an update on the control and risk environment to the full Board following each Committee meeting.

Any significant control failings or weaknesses are reported to the Board, with a detailed review of the findings and mitigation plans being put in place. The Board monitors progress against plans until it is satisfied that such matters are resolved appropriately. The Board has determined that there were no significant failings or weaknesses identified during the review of risk management and internal control processes during the year and further confirms that these systems were in place during 2022 and to the date of this report. The Board is satisfied that the control environment was materially effective during the course of the year.

Whistleblowing

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 or resolutions made by the Committee following each meeting. All Directors have full access to the whistleblowing reports and other Audit Committee papers.

Management responded positively creating additional governance and oversight however a proactive review of all operational and financial areas by the regional internal controls team, recommunication of the code of conduct and additional deep dives by the compliance officer into themes arising is required. The Group's whistleblowing process aligns with the EU Whistleblowing Directive.

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.

The Audit Committee and a selection of senior employees carried out an effectiveness review on the internal audit function in 2022 through an anonymous questionnaire. The feedback had been broadly positive with no overarching issues to report. Areas of focus for improvement were relayed to the Head of Internal Audit and an appropriate action plan has been agreed to implement these.

External audit

Following an audit tender process during 2017, Deloitte LLP was appointed as the Group's auditor with shareholder support for the appointment given at the 2018 Annual General Meeting. Anna Marks was the lead audit partner for this year's audit and will now rotate after serving five years. Dave Griffin will become the lead audit partner for 2023.

The Company confirms that it complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Auditor effectiveness, independence and objectivity

Ensuring that the external audit process 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.

Factors considered to assess quality of the external audit

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 and assessing the steps taken to complete the annual audit plan.

Feedback from business
The Committee receives feedback from management on the quality of the auditor's delivery, communication and interaction with the various finance teams across the Group, which is communicated back to the external auditor.

The auditor's 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 whether 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 monitors its independence and ensures 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 its audit effectively and that the auditor is independent and objective.

Non-audit services
Implementing a Non-Audit Services Policy (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 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. The following non-audit fees incurred with Deloitte were:

	2022 £'000	2021 £'000
Regulatory services	**5,421**	–
Permitted non-audit services	**819**	123

The Group incurred fees of £5.4m relating to the audit of the historical financial information for the acquisition of Derco, with the associated public opinion that was included in the circular to shareholders.

There were total costs of £0.8m in respect of permitted non-audit services, which included £0.6m in connection with Derco, namely the provision of a private comfort package to the Board and sponsors in relation to profit forecasts. This increased the ratio of permitted non-audit services to audit fees to 0.23:1 for the Group and 0.59:1 for the UK for 31 December 2022. Full details are shown in Note 3d of the notes to the financial statements on page 157. The Group remained within the Audit Committee approved ratio of audit to non-audit fees throughout 2022.

Audit fees paid to the auditor
Fees paid for services provided by Deloitte (three-year average) were:

	2022 £'000	2021 £'000
Audit fees	**3,524**	3,365

CSR COMMITTEE REPORT

ALEX JENSEN
CHAIR

Membership

	Number of meetings held/ attendance
Alex Jensen (Chair)	3/3
Nayantara Bali	3/3
Jerry Buhlmann	3/3
Nigel Stein	3/3
Duncan Tait	3/3
Till Vestring*	1/2

* Till Vestring left the Board on 19 May 2022. Till missed one CSR Committee meeting due to illness.

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

DEAR SHAREHOLDER

I am pleased to present the report of the CSR Committee for the year ended 31 December 2022. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities and should be read in conjunction with the Responsible Business Report on pages 37 to 42 and the TCFD Report on pages 44 to 54.

Driving What Matters plan (Plan)

2022 has been another busy year for the Group as it continues to embed the Plan which underpins the Accelerate strategy. The Plan tackles the ESG risks and opportunities facing the Group and was developed alongside the Accelerate strategy. It underpins the Group's purpose under four pillars: People, Places, Planet, and Practices. The focus of each strategic pillar creates a stronger Company, supporting sustainable growth and performance in the future. Further information on each pillar is given in the Responsible Business Report.

ESG landscape

The Committee took steps to increase its knowledge of the ESG landscape during the year with a detailed session from external advisors, which was also attended by the Audit Committee and Remuneration Committee chairs. This included a review of the ESG landscape and where it is heading, the impact of ESG on key stakeholders, legal and regulatory trends, an overview of a transition strategy, and ESG and executive remuneration.

Planet pillar and the Group's approach to climate change

As with most businesses, climate continues to be an important area of focus and the Group set ambitious Scope 1 and 2 targets in 2021 of 46% reduction in emissions by 2030. The Committee reviewed the initiatives being carried out globally noting that any measures put in place will take time to show in GHG emissions figures; however, measuring inputs will give confidence that the right actions are being taken by the Group.

In addition, a Group-wide project to ascertain total Scope 3 emissions was completed during the year in conjunction with the Carbon Trust. The project team consisted of employees from across the Group who provided data on the Group's upstream and downstream activities to ascertain the size of the Group's overall emissions landscape. The Board as a whole reviewed the findings and agreed the following actions:

- reduce those emissions within our direct control as quickly as possible;
- seize opportunities to partner with OEMs that are able to offer our customers lower emissions vehicles; and
- support our customers, colleagues and OEM partners in making the transition to a low carbon future.

People pillar and the Group's approach to Inclusion & Diversity (I&D)

I am also pleased to report that good progress has been made on I&D with programmes and initiatives on Inclusive Leadership, Women into Leadership and the Employee Assistance Programme. Further details are given in the Responsible Business Report.

Health, safety, and the environment (HSE) is also of paramount importance to the Group and the Committee reviews management's progress against agreed HSE priorities during the year. The Committee also reviewed the processes in place in the event of a serious incident to ensure that HSE culture and practices are cascaded through the organisation as appropriate and that the HSE culture and practices are well understood.

Workforce engagement

We have built upon our first employee forum on culture from 2021 and I was delighted to be able to hold an in-person employee session in Santiago during the Board's overseas board visit.

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. Feedback from the forum was provided to the Board so they could hear the views of the Group's employees.

ALEX JENSEN

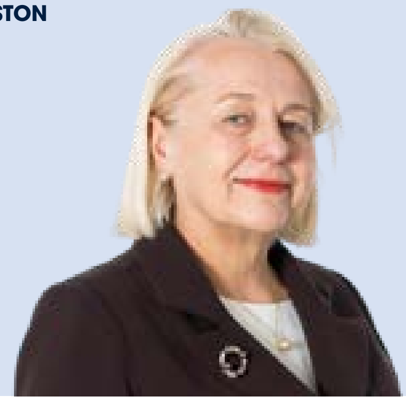
CHAIR OF THE CSR COMMITTEE

PRINCIPAL ACTIVITIES IN 2022

Driving What Matters plan	The Committee reviewed the global framework and priorities, and assessed performance against targets for each of the key pillars: People, Planet, Places and Practices. In addition, the Committee also considered the global communications plan for 2022 designed to foster employee engagement on a wide range of key issues via global and regional townhalls, leadership meetings, colleague events and regular mailings. The Committee reviewed the initiatives, and achievement of key performance indicators, under each of the Responsible Business pillars:
People	• Percentage of employees participating in the Inclusive Leadership Programme. • Action plans in place to increase colleague experience scores of a positive work environment, wellbeing and ways of working. • Percentage of diverse shortlists submitted for senior recruitment. • Percentage of progression into new roles (sideways or promotion) with 24 months of completion of Women into Leadership programme. • Percentage of interns benefitting from Early Careers programme.
Places	• Number of partnerships with local road safety agencies to reduce employee accidents. • Sponsorship of one programme to advance mobility for those living with disability per market. • Engagement with local non-governmental organisations to provide transport for underprivileged families and communities.
Practices	• Percentage of employees completing Code of Conduct training. • Publication of external policy statements for anti-bribery and corruption, anti-money laundering and counter terrorist financing, anti-trust, and data privacy.
Planet	• Monitor reduction in Scope 1 and Scope 2 emissions. • Review and assess Scope 3 footprint. • Assess the climate change risks and opportunities and approve the TCFD disclosures. Further information on the initiatives rolled out during the year, and the achievement of targets, can be found in the Responsible Business Report on pages 37 to 42.
Workforce engagement	An employee engagement session was attended by colleagues from a wide range of roles within the business, including several employees who joined the Group via the Ditec acquisition. The session began with an overview of the regional pulse survey results which showed that career development and support received high scores, whereas pay and skills scored lower. A general discussion followed and several key themes emerged including evolution of strategy, data & digital and diversity. There was a detailed discussion on the Derco integration plan which will impact many employees in the region during 2023. Feedback to the Board included: • improvement in the cascading of important messages from the top down; • greater clarity of the Group's digital strategy; and • keep up the momentum of the I&D initiatives. In addition, the Remuneration Committee Chair, Jane Kingston held two remuneration-focused forums for employees including a consultation on the proposed remuneration policy. Further details can be found on page 97.
Health, Safety, and Environment (HSE)	The Committee reviews progress against six HSE priorities at each meeting covering: • HSE risk profile reviews; • EV safety procedures; • cultural HSE survey; • HSE due diligence programme; • HSE contract management system; and • mandatory HSE training.

DIRECTORS' REPORT ON REMUNERATION

JANE KINGSTON
CHAIR



Membership

	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
Jane Kingston (Chair)	3/3	2/2
Jerry Buhlmann	3/3	2/2
Alex Jensen*	1/1	2/2
Nigel Stein	3/3	2/2
Till Vestring*	2/2	n/a

*Alex Jensen joined the Committee in May 2022, following Till Vestring's retirement from the Board.

The Group Chief Executive Officer, Chief Financial Officer, Chief HR Officer, Group Reward and Pensions Director, and the remuneration advisors, Ellason LLP, also attend the Remuneration Committee meetings as required.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Directors' Report on Remuneration (DRR) for the year ended 31 December 2022. The aim of this report is to demonstrate how the Committee has discharged its duties during the year and I hope you find it informative.

I would like to welcome Alex Jensen who joined the Committee in May and to thank Till Vestring for his valued contribution over the years. Alex is also Chair of the CSR Committee and her knowledge and guidance will be of particular importance as we begin to consider the introduction of stretching ESG targets into our reward structure.

PROPOSED REMUNERATION POLICY (POLICY)

The Committee undertook a review of the current remuneration policy, and its implementation, to ensure that it continues to support the business, the Accelerate strategy, and meets the expectations of shareholders and other stakeholders. During the review, the Committee also considered recent developments in market practice, the applicability of alternative long-term incentive arrangements, and the range of performance measures available to Inchcape.

Our current policy has operated broadly unchanged since 2011. The policy has received strong support from shareholders over this period, reinforced the evolution of our Ignite and Accelerate strategies and has delivered reward outcomes aligned with the performance of the business and the returns received by shareholders. We believe that the current policy continues to meet these objectives; as such we are proposing only minor changes to the policy and its implementation at this time.

The main components of the policy are base salary, pension and benefits, annual bonus, Performance Share Plan (PSP), Co-Investment Plan (CIP), and Save As You Earn (SAYE), and in-post and post-exit shareholding requirements.

Shareholder consultation

During the course of the remuneration policy review we consulted with 20 of our largest shareholders, representing over two-thirds of our issued share capital, as well as proxy advisors. We met with or received feedback from 13 investors representing c.48% of our issued share capital as well as the proxy advisors. We also consulted with employees to explain the remuneration policy and input their views into this process. Please see page 99 for further information.

In general, shareholders gave us positive feedback that our remuneration policy is fit for purpose and pay is well aligned with performance. Reviewing the overall remuneration structure, including the continued use of both PSP and CIP; the Committee continues to believe it supports the Accelerate strategy, encouraging senior leaders to buy the Group's shares, demonstrating their long-term confidence (nearly two thirds of variable pay opportunity is based on long-term performance). The aggregate long-term opportunity (CIP and PSP) of 280% is within market range for comparable-sized companies and is supported by the setting of stretching targets which have demonstrated a good track record of aligning pay with performance.

We were also able to take feedback on our evolving approach to ESG metrics in our incentive framework, together with an emerging nuance to pensions alignment both of which are detailed in this report.

I would like to thank all our shareholders who responded for their constructive advice and suggestions, and support for the Group and its management.

Alignment of pension rates

Since the policy was last approved in 2020, the UK pension offering has been simplified and is now a standardised defined contribution plan (from a mix of defined benefit and defined contribution arrangements). As such, the contribution rate for UK employees is now estimated to be approx. 7% – 7.5% of salary. Our Group Chief Executive (CEO) receives a cash allowance in lieu of pension of 10% of salary. This was set on appointment in 2020 and was in line with the blended rate applicable to other UK employees at the time.

As part of the policy review we explained the position above to our shareholders and asked for their feedback. Those shareholders we spoke to appreciated our situation, and our desire not to reduce the CEO's contribution rate before the UK average has been determined. However, they indicated that they would like a plan to achieve alignment over time. Consequently, the Committee agreed that under the new remuneration policy, new Executive Directors will be offered a maximum pension contribution rate of 7% of salary. Our incumbent CEO, Duncan Tait volunteered to freeze his allowance at the current £ value as an interim step, and bring the pension contribution rate down to 7% of salary after 31 December 2023.

Reflecting our ESG priorities in our incentive framework

Our current remuneration policy provides flexibility (within certain bounds) around the choice of performance measures to be used for our incentive arrangements. In flight PSP/CIP awards are currently based 40% on ROCE; 40% on cumulative EPS and 20% on cash conversion.

A core part of our Accelerate strategy is our Responsible Business framework; "Driving What Matters", which focuses on four key pillars of Planet, People, Places and Practices. Under the Planet pillar we set science-based targets to reduce Scope 1 and 2 emissions last year, and this year we have been embedding these targets within the business. Accountability for delivering on this is currently reflected in the strategic objective element of the annual bonus. See page 110.

As part of its review of ESG metrics, the Committee considered whether carbon reduction targets should be introduced into the PSP and CIP in 2023, given the Group's focus on reducing its Scope 1 and 2 emissions, and we spoke with shareholders about this during the policy review. Whilst shareholders were broadly supportive of carbon reduction metrics, they cautioned the need to ensure that any targets set are stretching, robust and reliable. Reflecting on this feedback, and mindful that our approach and ambition on carbon reduction is likely to evolve further, we have decided to keep the carbon reduction target within the annual bonus for 2023. This will enable us to set robust carbon reduction targets at a later date based on the latest available data, to continue to drive performance improvements in this area, which we see as a key area of value for the business and a differentiator in our proposition to the OEMs. However, as with the current policy, we will retain flexibility to allow us to use ESG metrics for future PSP and CIP cycles.

ENGAGEMENT WITH THE WORKFORCE

In 2022, I chaired an employee forum focusing on Executive and employee reward at Inchcape. The APAC forum consisted of a range of employees from the business and focused on the reward principles, incentive schemes measures, reward structures for Executive Directors, senior leaders, management, and employees, and why these differ.

Alongside shareholder consultation, I also consulted on the proposed remuneration policy with colleagues from across the Group, as many features of the short and long term arrangements for Executive Directors flow down the organisation. Our colleagues gave us helpful feedback particularly on the implementation of our long term incentives, including the need for improved communications on progress vs three year PSP targets, and expressed interest in the development of a relevant carbon metric (and whether this should be relative to the market/competitors or absolute), and in our shareholders views on the proposed policy.

WIDER WORKFORCE REMUNERATION

The Group continues to strengthen its processes to provide internal governance and support to our businesses to ensure a fair and consistent approach to pay and rewards. The Committee received regular updates and is pleased to support management on the approach being taken to workforce reward in a challenging economic environment. We operate in many countries where inflation has been high during 2022 and careful consideration has been given to inflationary forecasts and local market conditions when conducting the annual salary review process. In addition, the UK recognised that the current inflationary environment has had a greater impact on certain colleagues so a one-off payment of £300 was paid in August 2022 to all UK colleagues below a certain band or with a salary below £50,000.

BUSINESS PERFORMANCE AND REMUNERATION OUTCOMES FOR 2022

As detailed in the Strategic Report and Operating and Financial Review on pages 2 to 34, The Group delivered revenue of £8.1bn, adjusted profit before tax of £373m, EPS of 72p (basic adjusted), and adjusted ROCE of 41%.

M&A adjustments to performance targets

Following the disposal of the Russian business and the acquisition of Derco in 2022, performance targets were adjusted for the 2022 bonus and 2020 PSP/CIP as well as the 2021 and 2022 PSP/CIP. This is consistent with the approach the Committee has used previously for M&A activity. The adjusted targets can be found on pages 111 to 112.

2022 bonus

The 2022 bonus was based on a matrix of PBT and revenue, with outcomes exceeding the stretch targets resulting in a payout at the maximum level for the financial elements of the bonus. Strong progress was also made on the strategic objectives which account for 20% of the annual bonus opportunity. As a result, Duncan Tait received a bonus of 150% of salary. Please see pages 109 and 110 for further details.

2020 PSP/CIP

Due to the volatility in the share price in early 2020, the Committee reviewed the number of shares to be awarded at the time of grant to ensure it would not result in a considerably higher number of shares being granted compared to the previous year (which would potentially result in windfall gains on vesting). To mitigate this, a 10% reduction was applied to the number of shares granted to Executive Directors, Group Executive Team (GET), and other senior managers to ensure that the awards better reflected the shareholder experience.

The Committee also considered whether the outcome at vesting was appropriate in the context of underlying business performance, including the amount attributable to share price appreciation over the period. The Committee concluded that share price performance has been supported by strong absolute and relative financial performance and is satisfied that given the upfront reduction to the number of shares at the time of grant, the Executive Directors will not benefit from windfall gains on vesting.

The 2020 awards will vest based on EPS, ROCE and cash performance over the three years ending 31 December 2022. The three-year cumulative EPS (40% of award) was 150p, the three year average ROCE (40% of award) was 26% and the three year average cash conversion (20% of award) was 97%, resulting in the 2020 LTIPs vesting at 60% of maximum.

2023 salary increases
The Committee reviewed the CEO's salary in early 2023 and approved an increase of 5%, consistent with that approved for other members of the senior leadership team and below the 6% increase offered to the UK workforce. The Chairman and the non-executive directors received a fee increase of 4% per annum.

DEPARTURE OF CHIEF FINANCIAL OFFICER

Gijsbert de Zoeten resigned from the Group in November 2022. He will not receive a bonus for 2022 and all long-term incentive awards granted to him will lapse in accordance with the plan rules. The Chief Financial Officer role is currently being filled on an interim basis by a member of our Group Executive Team who is not a main Board Director. Further details are given on page 116.

OVERALL REMUNERATION

The Committee is satisfied that the total remuneration received by the Executive Directors in 2022 appropriately reflects the Company's performance over the year and, as such, no discretion was exercised by the Committee to adjust the bonus or long-term incentive outcomes.

LOOKING FORWARD

The Committee is committed to ensuring remuneration arrangements continue to support the Accelerate strategy, and align pay with performance and the interests of stakeholders. Our priorities in 2023 will be to:

- further evolve ESG priorities in the incentive framework;
- implement CEO pension alignment;
- agree new CFO remuneration package; and
- support as necessary the successful integration of Derco into the Group.

We hope to have your support at the upcoming AGM.

JANE KINGSTON
CHAIR OF THE REMUNERATION COMMITTEE

REMUNERATION AT A GLANCE

SUMMARY OF GROUP FINANCIAL PERFORMANCE IN 2022

£8.1bn
Revenue

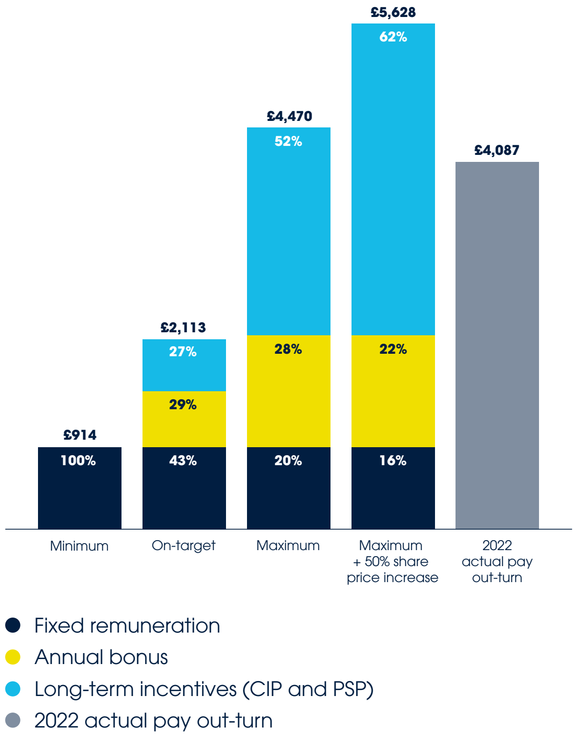
41%
Adjusted ROCE

£373m
Adjusted Profit Before Tax

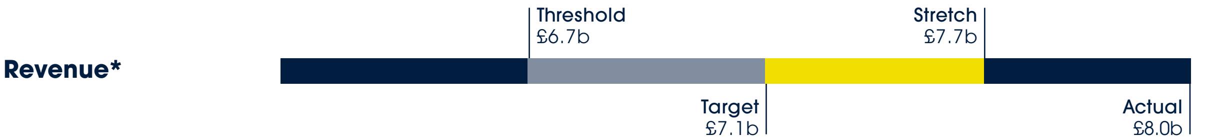
72p
EPS (basic adjusted)

PAY SCENARIOS AND OUT-TURN FOR 2022

CEO total remuneration (£'000s)



2022 BONUS



* Targets and performance shown at constant currency rates during the year

REMUNERATION POLICY SNAPSHOT

Base salary
– attract, retain and motivate talent

Bonus
– reward achievement of strategic goals

Pension
– to help plan for the future

PSP
– provide reward for long-term success

CIP
– reinforce long-term success and facilitate share ownership

SAYE
– encourage share ownership

In-post shareholding
– align executive and shareholder experience

Post-exit shareholding
– reinforce long-term alignment of executive and shareholder experience

SHAREHOLDER CONSULTATION

The views of our shareholders are very important to us and feedback and guidance are key inputs in formulating the remuneration policy.

At the start of the policy review process interviews were held with Board members and senior executives to get their views on the current structure. This feedback was reported to the Committee who formulated the revised remuneration policy. A summary of the policy changes was sent to our largest shareholders who were invited to meet with the Chair of the Remuneration Committee to give their views.
Responses were received from investors who were generally supportive of the proposed policy and meetings were held with several shareholders to discuss their views.

Outcomes from investor feedback included:

- comfort with both the PSP and CIP as it was felt that they align with strategy and appropriately reward Executive Directors for performance;
- acknowledgement of the pension misalignment which has arisen since pensions were aligned at the last policy review, with a preference that a clear plan to align with the workforce be put in place; and
- caution recommended when setting carbon reduction targets to ensure they are robust, meaningful and appropriately stretching.

These comments were considered by the Committee and incorporated into the final remuneration policy as described in this report.

PART 1 — DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy that the Committee will put to shareholders for approval at the Annual General Meeting to be held on 18 May 2023 and, if approved, will be effective from that date.

The policy is fundamentally the same as the existing policy approved by shareholders at the 2020 AGM, with only minor changes to the wording used to describe the policy to provide greater clarity around its implementation. This includes the revised approach on executive pensions and clarity on the approach to benefit provision. In considering the shape of the policy, the Committee considered how remuneration can best be structured to reinforce the Company's short- and long-term goals, consulted major shareholders and took into account developments in market practices and investor guidance since the last policy was adopted in 2020.

Alignment of the remuneration policy

This Committee has considered the remuneration policy in the context of provision 40 of the UK Corporate Governance Code. See page 75 for further details.

- Clarity – The Committee regularly engages with shareholders, Executives, governance advisors and employees, to explain the approach to remuneration
- Simplicity – The objective of the remuneration elements, and link to strategy, are laid out in the table below
- Risk – There is a mix of fixed and variable pay, and long and short term measures to mitigate risk. Incentive awards are also subject to malus and clawback provisions.
- Predictability – The vesting of bonus and long-term incentives is based on targets linked to the business strategy. The possible pay outcomes under various scenarios are given on page 104.
- Proportionality – The Committee assesses performance at the end of each period taking into account internal and external context to ensure payouts are appropriate and to help avoid payment for poor performance
- Alignment to culture – There is an appropriate mix of financial and non-financial measures to reinforce the Company's purpose and values.

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 normally 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.	There is no prescribed maximum salary level or salary increase. Salary increases are not expected to exceed the average increase for colleagues in the country in which the Executive is based, unless: • a change in scope or complexity of role applies • or in other exceptional circumstances.
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. 50% of maximum payable for target performance. 10% of maximum 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.	PSP awards normally vest after three years subject to meeting performance measures linked to the Group's strategic priorities, which may vary year on year and continued employment. 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 a maximum individual limit of 300% of salary. Threshold level performance will result in 25% vesting of the PSP award.

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.	Any bonus earned over 100% of salary will be paid in shares which will be automatically invested in the CIP. These shares can be withdrawn before the end of the three-year holding period only in very limited circumstances at the discretion of the Remuneration Committee. Further voluntary investments may be made up to the investment limit. Matching shares are granted for each invested share whether automatic or voluntary, voluntary investment 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. CIP awards normally vest after three years subject to meeting performance measures linked to the Group's strategic priorities, which may vary year on year, and continued employment. 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, in accordance with the terms of the HMRC approved plan. 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.	Executive Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or allowance in lieu of pension benefits. The policy is for the Executive Directors' pensions on appointment to be aligned with that of the workforce.	Executive Directors are entitled to an employer contribution or allowance aligned to the rate applicable to employees in the country in which they are based. For UK based Executive Directors, this is currently 7% of salary. The incumbent CEO's pension will be capped at £82,748, until 31 December 2023 after which his rate will be 7% 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. Executive Directors may become eligible for other benefits in the future where the Committee deems it appropriate. Where additional benefits are introduced for the wider workforce the Executive Director may participate on broadly similar terms. Executive Directors may be reimbursed for all reasonable expenses and the Company may settle any tax incurred in relation to these. Where an Executive Director is required to relocate to perform their role, they may be provided with reasonable benefits as determined by the Committee in connection with this relocation.	There is no formal maximum prescribed value for benefits. It is anticipated that the cost of benefits will not normally exceed 5% of salary. However, 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 shares equivalent to a shareholding worth 200% of base salary. This is expected to be normally achieved within five years from the date of appointment.	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. The post exit holding requirement applies to share-based incentive awards granted to the Executive Directors (shares purchased through own funds are excluded). Enforcement is facilitated through the vesting of share-based incentive awards into nominee accounts.	n/a

Notes to the policy

Payments from existing awards
Executive Directors are eligible to receive payment from any award made prior to appointment to the Board or the approval and implementation of the remuneration policy detailed in this report.

Selection of performance measures and target setting
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 financial objectives. 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 control of working capital and capital expenditure. When ROCE is used in combination with EPS, it ensures there is a balance between growth and returns. The cash conversion measure reflects the criticality of cash generation for Inchcape, which is required to support its continued evolution.

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 be achievable only for truly outstanding performance. Please see pages 111 to 112 for further details on the target ranges.

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. Furthermore, TSR is considered too sensitive to external market factors when measured over only a three-year performance period, which would reduce its efficacy as an LTIP measure; the use of internal financial and non-financial metrics is preferred, given their more direct reinforcement of Inchcape's strategy and culture. However, flexibility is provided in the policy to enable the Committee to review annually the performance metrics used for the annual bonus and PSP/CIP to ensure they remain fit for purpose and continue to support the strategy and meet the expectations of shareholders. Different performance measures may apply for future award cycles

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.

Committee discretions

The Committee operates the Group's various incentive plans in accordance with the relevant plan rules, the Listing Rules and applicable legislation where relevant. To ensure effective operation of the plans, the Committee retains a number of discretions which are consistent with standard market practice, and include (but are not limited to) the following:

- selecting the participants in the incentive plans;
- determining the timing of grant of incentives;
- determining the size of grants and/or payments of incentives (within the limits set out in the Policy and rules of each plan);
- selecting performance measures and their weightings, and setting of targets for the discretionary incentive plans from year to year;
- determining the extent of incentive vesting based on the assessment of performance;
- overriding formulaic annual bonus outcomes, and PSP/CIP vesting outcomes, taking account of overall or underlying Company performance;
- determining the 'good leaver' status for leavers and where relevant, the extent of vesting in the case of share-based plans and the application of any post-vesting holding period;
- determining whether malus and clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which they shall be applied;
- determining the treatment of incentives in exceptional circumstances such as a change of control, in which the Committee would act in the best interests of the Group and its shareholders;
- making appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends); and
- application and enforcement of the in-post and post-exit shareholding guidelines.

The Committee also has the discretion to adjust the performance conditions 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 would be fully explained to shareholders in the relevant Annual Report on Remuneration. If the discretion is material and upwards, the Committee would consult with major shareholders in advance.

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. Explicit in-post and post-employment shareholding guidelines apply to Executive Directors only, although share ownership is encouraged at lower levels.

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 currently to be 7% to 7.5% of salary. At the time of appointment of the current CEO the workforce pension was assessed to be 10% of salary. As set out on page 101, future executive appointments to the Board will be provided with a pension allowance in line with the workforce rate and transitional arrangements are in place to align the CEO to the current rate available UK employees after 31 December 2023.

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. Non-Executive Directors may be reimbursed for all reasonable business-related expenses and the Company may settle any tax incurred in relation to these. Fee levels are normally reviewed annually, with any adjustments typically effective from 1 April each year. Additional fees are payable for acting as Senior Independent Director and as Chair of any of the Board's Committees (excluding the Nomination Committee), or similar, or where a material additional time commitment is required. The Chairman's fee is determined by the Remuneration Committee and the fees for other Non-Executive Directors are determined by the Chairman and the Executive Directors. Non-Executive Directors may elect to receive up to 20% of their net fees 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 £1,200,000, was last approved by shareholders at the 2021 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).

Nayantara Bali	27 May 2021	One month
Jerry Buhlmann	1 March 2017	One month
Alex Jensen	29 January 2020	One month
Jane Kingston	25 July 2018	One month
Sarah Kuijlaars	21 January 2022	One month
John Langston	1 August 2013	One month
Nigel Stein	8 October 2015	Six months

Consideration of conditions elsewhere in the Group

The Committee reviews and approves all remuneration arrangements for the Group Executive Team and the Group 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. Pay levels and structures therefore vary to reflect local market conditions. The Chair of the Remuneration Committee facilitated an employee forum on Executive remuneration, and a consultation on the revised remuneration policy during 2022. Further details are given on page 97.

The remuneration policy is published in the Annual Report and Accounts and is available to all employees to review. The Remuneration Committee is available to answer any questions employees may have about the policy or to provide clarification on any remuneration matters via the employee forum, HR team or Company Secretary. Elements of the policy such as bonus and long-term incentive plans are cascaded as appropriate through the organisation.

Consideration of shareholder views

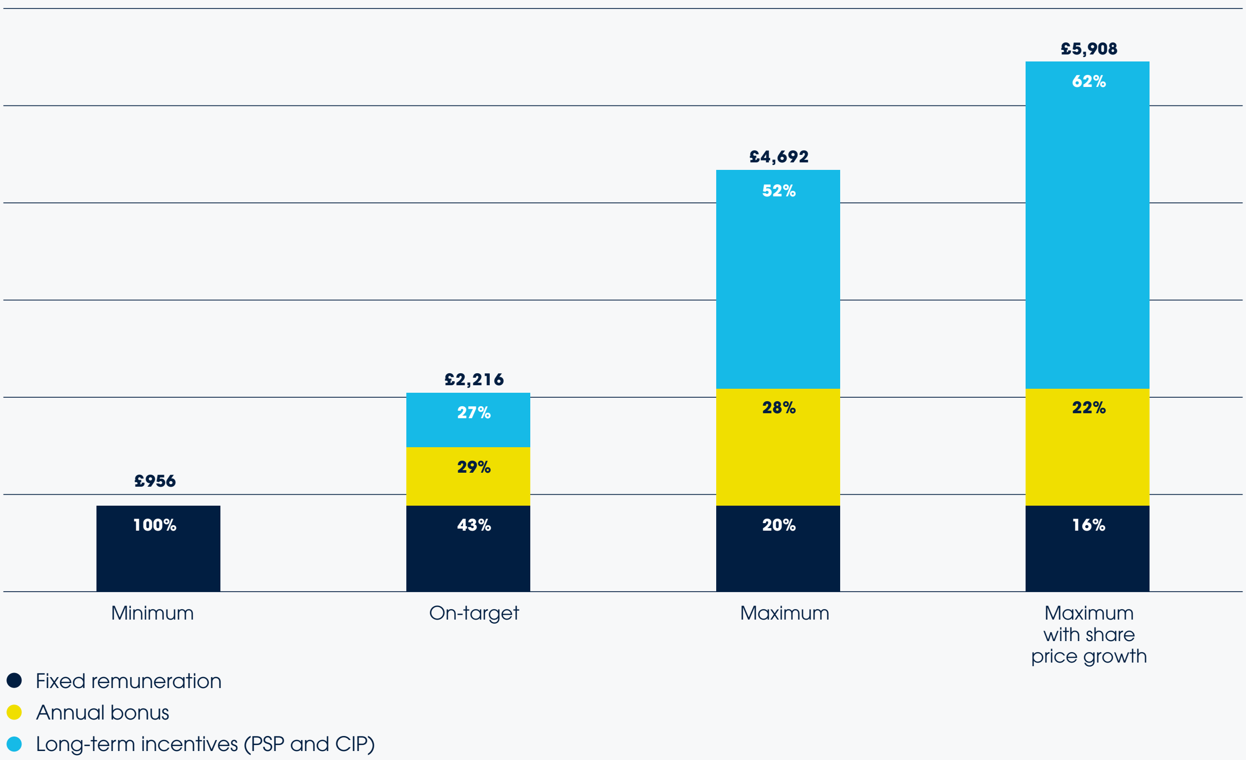
When determining remuneration, the Committee takes into account the guidelines of representative investor bodies and proxy advisors and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements. During 2022, the Company carried out a shareholder consultation in respect of the revised remuneration policy. Further information is given on page 99.

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 chart below shows the remuneration that the CEO 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 CFO resigned in November 2022, and the recruitment process for a new executive is underway. Therefore performance scenarios for this role are not given.

Duncan Tait – Group Chief Executive
Total remuneration (£'000s)



Notes on the performance scenarios:

Element	Assumptions
Fixed remuneration	• Total remuneration comprises base salary, benefits and pensions • Base salary – effective from 1 April 2023 • Benefits– as provided in the single figure table on page 108 • Pension– £82,748 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 receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a cash allowance in lieu of pension benefits; contribution rates (as a % of salary) to be aligned to those available at the time of appointment to the majority of colleagues in the country in which the Executive Director is based.	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. In the year of appointment, the Committee retains the discretion to set different performance measures, taking into account the responsibilities of the individual, and the point in the financial year that they joined the Company.	150% of salary	
PSP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table.	up to 300% of salary	The combined maximum is intended not 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 variable remuneration forfeited on leaving a previous employer will be 'bought out'. If the Committee decides to provide a 'buyout', the award will be structured on a comparable basis, taking into account the method of payment, any performance conditions attached, time to vesting and, if applicable, the share price at the time of buyout. The Committee retains the discretion to make use of the relevant Listing Rule to facilitate the use of a share-based award.	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 103. 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. However, the Company retains discretion to make other reasonable payments. For example, to settle reasonable 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), to provide outplacement services or, in the case of departure due to ill health, to extend medical benefits for a period post employment.

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 on page 106 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.

Component	Circumstance	Treatment	Payment/vesting date (if relevant)
Annual bonus	Resignation.	Bonus will lapse.	Not applicable.
	Death, ill-health, redundancy, sale of the employer or business out of the group or any other reason which the Committee may, in its absolute discretion permit (e.g. retirement).	The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved. Unless the Committee determines otherwise, any bonus payment will be pro-rated for time served during the year. At the discretion of the Committee, payments may be made in cash only with no deferral.	At the normal time unless the Committee determines otherwise.
	Change of control.	The bonus will be paid only to the extent the targets set at the beginning of the year have been achieved. Any bonus payment will be pro-rated for time served during the year. Payment will usually be made in cash only with no deferral.	At the normal time unless the Committee determines otherwise.
PSP and CIP	Resignation.	Unvested awards will lapse on date of leaving or such earlier date as the Committee may determine following the giving of notice. Any vested awards can be exercised.	Not applicable.
	Death, ill-health, redundancy, sale of the employer or business out of the group or any other reason which the Committee may, in its absolute discretion permit (e.g. retirement).	Any unvested awards will be assessed for performance, and unless the Committee determines otherwise, time pro-rated.	At the normal release date (save where the Committee has discretion to determine otherwise or the rules provide otherwise). The two-year holding period will remain in force, unless the Committee in its absolute discretion, determines otherwise.
	Change of control.	Any unvested awards will be assessed for performance, and unless the Committee determines otherwise, time pro-rated.	At the time of change of control.

In relation to the Save As You Earn (SAYE) plan, as a UK tax-advantaged plan, where an Executive Director leaves or a change of control occurs, the treatment of any outstanding options will be in line with the plan rules and HMRC guidance.

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

The Company may at its discretion, and in certain circumstances, pay a sum equal to the outstanding notice period. 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 2022 and how it will be implemented in the financial year to 31 December 2023.

PRINCIPAL DECISIONS MADE BY THE COMMITTEE

Proposed remuneration policy	The Committee agreed the new remuneration policy to be put to shareholders at the 2023 AGM taking into account the views of shareholders, governance advisors, senior executives and employees. The Committee gave careful consideration to the continued use of the CIP, agreeing to retain the plan alongside the PSP as it believes the plans are well understood in the business. The aggregate award opportunity is unchanged, is within market range and is supported by stretching performance targets, and the purchase of shares by executives under the CIP demonstrates confidence in our long-term strategy and aligns their interests with those of shareholders.
Long-term incentive targets	The Committee considered the performance targets of the PSP and CIP, agreeing the same targets should be used for both the PSP and CIP as this aligns participants around the core strategic objectives, ensures consistent behaviours and avoids unnecessary complexity. During the year, the Committee: • agreed the performance targets for the 2022 PSP/CIP; • assessed and approved the achievement of performance targets for the 2020 PSP/CIP; taking into account whether there were any windfall gains; • monitored the targets for the in-flight PSP/CIP; and • agreed the performance targets for the 2023 PSP/CIP. Please see pages 111 to 112 for details.
M&A adjustments	Following the disposal of the Russian business and the acquisition of Derco in 2022, performance targets were adjusted for the 2022 bonus, 2020 PSP/CIP as well as the 2021 and 2022 PSP/CIP. This is consistent with the approach the Committee has used previously for M&A activity. The adjusted targets can be found on pages 111 to 112.
2022 bonus	The Committee approved the achievement of the performance targets for the 2022 bonus plan not only against the formulaic outcome but taking into account the wider business context. Please see pages 109 to 110 for details of the performance achieved in 2022 and the resulting bonus outcomes.
2023 salary review	The Committee took into consideration inflationary forecasts and local market conditions when assessing the annual salary review process, noting that the current inflationary environment has more impact on lower paid employees. After assessing the relative impacts carefully, and taking into account the additional payment being given to UK employees, the Committee agreed a 5% increase for the CEO, with the average UK increase being 6%, in addition to a one-off cost of living payment.
GET Remuneration	The Committee reviewed, and approved, the remuneration packages for members of the GET taking into account pay for employees across the Group and in the relevant regional markets, and benchmarking carried out by its remuneration advisors.
Pension	Following a review of the UK pension offering, the Committee assessed the pension contributions for Executive Directors. Please see page 97 for further details of alignment of pension rates.
Wider workforce remuneration	The Committee considered the reward landscape for the wider workforce including total bonus outcomes, the achievement of regional financial targets, and the distribution of performance outcomes for personal objectives.
Chairman's fees	The Committee approved a 4% fee increase for the Chairman.

Single total figure of remuneration (audited)

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2022:

Name	Base salary/ fees[(a)] £'000		Taxable benefits[(b)] £'000		Single-year variable[(c)] £'000		Multiple-year variable[(d)] £'000		Pension[(e)] £'000		Total £'000		Total Fixed[(a+b+e)] £'000		Total variable[(c+d)] £'000	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Current Executive Directors																
Duncan Tait	**820**	795	**4**	4	**1,241**	1,176	**1,940**	–	**82**	79	**4,087**	2,054	**906**	878	**3,181**	1,176
Current Non-Executive Directors*																
Nigel Stein	**343**	333	**4**	3	**–**	–	**–**	–	**–**	–	**347**	336	**347**	336	**–**	–
Nayantara Bali	**65**	38	**–**	–	**–**	–	**–**	–	**–**	–	**65**	38	**65**	38	**–**	–
Jerry Buhlmann	**85**	83	**–**	–	**–**	–	**–**	–	**–**	–	**85**	83	**85**	83	**–**	–
Alex Jensen	**79**	75	**–**	–	**–**	–	**–**	–	**–**	–	**79**	75	**79**	75	**–**	–
Jane Kingston	**82**	78	**–**	–	**–**	–	**–**	–	**–**	–	**82**	78	**82**	78	**–**	–
Sarah Kuijlaars	**62**	–	**–**	–	**–**	–	**–**	–	**–**	–	**62**	–	**62**	–	**–**	–
John Langston	**82**	78	**–**	–	**–**	–	**–**	–	**–**	–	**82**	78	**82**	78	**–**	–
Former Directors**																
Gijsbert de Zoeten	**487**	514	**21**	21	**–**	778	**–**	–	**49**	51	**557**	1,364	**557**	586		778
Till Vestring	**25**	63	**–**	–	**–**	–	**–**	–	**–**	–	**25**	63	**25**	63	**–**	–
Total	**2,130**	2,057	**29**	28	**1,241**	1,954	**1,940**	–	**131**	130	**5,471**	4,169	**2,290**	2,215	**3,181**	1,954

* Sarah Kuijlaars joined in January 2022.
** Till Vestring left in May 2022 and Gijsbert de Zoeten resigned in November 2022.

a. Base salary/fees.
b. Taxable benefits comprise car allowance, medical cover and mileage allowance.
c. Payment for performance under the annual bonus, including amounts paid in shares.
d. The 2022 figure for the CEO includes the 2020 PSP and CIP which will vest in June 2023 based on performance over a three-year period from 1 January 2020 to 31 December 2022. These awards are subject to an additional two-year holding period and therefore will be released in 2025. The figures have been valued using the three-month average share price from 1 October 2022 to 31 December 2022 of 789p. Actual performance against targets is given on page 111. The value includes a movement of £665,321, which was due to an increase in share price over the period, and £88,712 in respect of dividend shares accrued over the performance period. The figure will be revised in next year's DRR to reflect the share price on the date of vesting.
e. Duncan Tait and Gijsbert de Zoeten received a pension allowance of 10% of salary. See page 112 for further details.

The Committee is mindful that the CEO's single figure emoluments for FY22 is high relative to the prior two years, but this reflects the first vesting under the PSP and CIP since his appointment three years ago, combined with strong underlying performance warranting a maximum bonus payout.

Base salary

Salaries are reviewed annually and typically take effect from 1 April each year. The quantum of total Executive remuneration was reviewed against relevant size and sector peers. In considering the level of increase to be awarded, the Committee also took into account the remuneration arrangements for the wider workforce and, in particular, the salary increases for other UK employees. Given the current inflationary environment and the increased variable opportunity available to the senior executives, the Committee felt that it was appropriate to award a lower level of increase to the Chief Executive Officer for 2023 than the average UK workforce rate.

The salaries for 2021, 2022 and 2023 are set out below:

Name	01-Apr-21 (or date of appointment if later)	01-Apr-22	01-Apr-23	% increase in 2023
Duncan Tait	£799,500	£827,483	£868,900	5%
UK average workforce increase	–	–	–	6%

Chairman and Non-Executive Directors' fees

Role	01-Apr-21	01-Apr-22	01-Apr-23	% increase
Chairman	£334,560	£346,270	£360,120	4%
Senior Independent Director	£83,025	£85,930	£89,367	4%
Non-Executive Director	£63,550	£65,774	£68,405	4%

The Chairman and the Non-Executive Directors received a fee increase of 4% per annum. When considering the fee increase, benchmarking and the current inflationary environment were taken into account. There is no change to the additional fees for chairing a committee, which are £17,000 for the Chair of the Audit and Remuneration Committees and £14,000 for the Chair of the CSR Committee.

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.

2022 bonus

For 2022, 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. Any bonus earned above 100% of salary is deferred and invested into the CIP.

Financials (80% of total bonus)

Revenue and profit before tax are structured as a matrix such that failure to deliver threshold in either metric leads to no bonus being achievable in the other.

- 10% of maximum for this element is payable for threshold performance.
- 50% of maximum is payable where both metrics achieve target performance.
- To achieve the maximum award, stretch performance would be required against both metrics.
- Intervening points are calculated using the matrix anchor points shown below.

Revenue

Stretch	£7.7bn	20%	60%	100%
Target	£7.1bn	13%	50%	80%
Threshold	£6.7bn	10%	30%	60%
		£246m	£274m	£301m
		Threshold	Target	Stretch

Profit before tax

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

In 2022, revenue performance was £8bn and adjusted profit before tax was £362.7m. Actual performance for determining bonus outcomes has been calculated using constant currency rates during the year, the same that are used to set the bonus targets. This approach helps ensure that the bonus is linked to underlying financial performance.

	Targets					
Measure	Threshold	Target	Stretch	Actual performance	Matrix outcome % of maximum	Matrix outcome % of total bonus
Revenue	£6.7bn	£7.1bn	£7.7bn	£8.0bn	100%	80%
Adjusted profit before tax	£246m	£274m	£301m	£362.7m		

Adjustments made during the year

The revenue and profit before tax targets for 2022 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. Following the disposal of the Russian business in 2022, which affected both revenue and PBT, the performance targets were adjusted to remove the contribution from the Russian operations to allow like for like comparison. This is consistent with the approach the Committee has used previously for M&A activity.

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 2022 bonus and the resulting outcomes, which have been independently verified by the Head of Internal Audit.

Duncan Tait

Strategic objective and % weighting of bonus	Objective details	Outcome	Outcome % of salary
Digital Leadership 10%	**Successfully deploy Digital Dealer software to 50 independent dealers across three OEMs**	Digital Dealer Software was deployed to 56 Independent dealers in 2022. Six OEMs were covered.	15%
	Develop and deploy DXP direct to one market.	The Digital Direct (DXP) Solution was deployed to one major market in December 2022. Test scripts were validated and aligned to the intended solution.	
Build Vehicle Lifecycle strategy 5%	**Open 15 new bravoauto stores in five markets**	22 bravoauto stores were opened in 2022 taking the cumulative total to 30 stores as of 31 December 2022. Of the 22 stores – five were opened in H1 and 17 in H2. The stores were opened in eight markets – Australia, Belgium, Colombia, Estonia, Poland, Romania, Thailand, and the UK.	7.5%
Bring Planet commitments to life 5%	**Scope 1 and 2 reduced by at least 9,000 tonnes**	A formal GHG Climate Reporting Process and Methodology is used to calculate annual carbon savings based on an agreed model including various data sources including emissions, energy, natural gas, company vehicles, purchased electricity and travel indicators. The data confirmed the Group's 2022 carbon saving ambition had been met with a 9,800-tonne adjusted outturn.	7.5%
	Agree plan for Scope 3 with Board	The Group Scope 3 footprint was calculated during the year and the findings used by the Board to develop its approach to setting Scope 3 reduction targets.	

Overall 2022 bonus outcome

The Committee concluded that the overall bonus outcome was reflective of the Company's strong financial and operational performance and therefore did not make any discretionary adjustments. As a result the Committee approved the overall 2022 bonus as follows:

	Financial targets outcome (% of salary)	Strategic targets outcome (% of salary)	Total outcome (% of salary)	Total bonus £
Duncan Tait	120%	30%	150%	£1,241,224

Any bonus earned above 100% of salary is deferred and invested into the CIP, and as a result one third of the total 2022 bonus for Duncan Tait will be subject to mandatory deferral into the CIP.

Annual bonus for 2023

The maximum annual bonus opportunity in 2023 will remain unchanged from previous years at 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, including a stretching carbon reduction target linked to the Group's responsible business framework. 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 2023 targets 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 2020, awards were granted under the PSP and CIP schemes which vested dependent on certain performance targets measured over three years to 31 December 2022. These awards are also subject to an additional post-vest two-year holding period. The performance targets were set prior to the outbreak of the Covid-19 pandemic and no adjustments were made for this. Consistent with the Committee's previous approach for material M&A activity, the EPS targets were adjusted for the disposal of the Russian business in 2022. No adjustment was made for the ROCE or cash conversion targets as the impact was immaterial.

2020 PSP/CIP performance targets

Three-year EPS cumulative growth p.a. (40% weighting)*	Vesting %
Less than 162p	0%
162p	25%
184p	100%
Between 162p and 184p	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% weighting)	Vesting %
Less than 55%	0%
55% to 70%	25%
70%	100%
Between 55% and 70%	Straight line basis

* the pre-adjusted EPS targets were 169p – 191p.

Vesting of 2020 PSP/CIP awards

Over the 2020-2022 performance period, cumulative EPS of 150p, three-year average ROCE of 26% and cash conversation of 97% were achieved, which resulted in the following vesting outcomes:

Award	Performance measure	Wtg.	Vesting outcome (% of element)
PSP	EPS	40%	0%
	ROCE	40%	100%
	Cash conversion	20%	100%
Total (overall vesting outcome of PSP)			60%

Award	Performance measure	Wtg.	Vesting outcome (% of element)
CIP	EPS	40%	0%
	ROCE	40%	100%
	Cash conversion	20%	100%
Total (overall vesting outcome of CIP)			60% vesting

The Remuneration Committee considered the outcome in the context overall business performance. The Committee did not exercise any discretion. As a result, the following awards will vest:

	Grant date	Number of shares/options under award	Number of shares/options vesting	Number of shares/options lapsing	Vesting date	Estimated value of awards vesting*
Duncan Tait						
PSP	2 June 2020	251,342	150,805	100,537	2 June 2023	£1,189,853
CIP	26 June 2020	139,682	83,809	55,873	26 June 2023	£661,254

*Estimated value calculated using the three-month share price average from 1 October 2022 to 31 December 2022 of 789p.

As noted on page 97, the number of shares under award was reduced by 10% at the time of grant to reflect the volatility in the share price at the time. The Committee reviewed the vesting outcome, taking into account the financial and share price performance of the business over the period and was satisfied that given the upfront reduction in the award level, no further adjustment was required at vesting.

PSP and CIP awards granted during the year

During 2022, PSP awards were granted at 180% of salary and under the CIP, the Executive Directors invested 50% of salary (including mandatory bonus deferral) and were granted a matching award of 100% of salary respectively. All awards granted to Gijsbert de Zoeten during the year lapsed on his date of resignation. The performance targets for the PSP/CIP are detailed below. The targets have been adjusted to reflect the impact of the acquisition of Derco and the disposal of the Russian business.

2022 PSP/CIP*

Three-year cumulative EPS (40% weighting)	Vesting %
Less than 197p	0%
197p	25%
217p	100%
Between 197p and 217p	Straight line basis

Three-year average ROCE (40% weighting)	Unexpired term
Less than 21%	0%
21%	25%
26%	100%
Between 21% and 26%	Straight line basis

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

* The pre-adjusted targets were EPS 184p – 208p and ROCE 23% – 28%.

Threshold level performance will result in 25% of the 2022 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[3]
Duncan Tait						
PSP	8 April 2022	650.00p	222,342	£1,445,223	Jan 2022 – Dec 2024	Apr 2025 – Apr 2026
CIP	6 May 2022	706.00p	116,711	£823,980	Jan 2022 – Dec 2024	May 2025 – Nov 2025

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 2023

The Committee reviewed the performance measures for PSP and CIP agreeing that targets will 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 %
Less than 250p	0%
250p	25%
290p	100%
Between 250p and 290p	Straight line basis

Three-year average ROCE (40% weighting)	Unexpired term
Less than 21%	0%
21%	25%
26%	100%
Between 21% and 26%	Straight line basis

Cash conversion (20% vesting)	Vesting %
Less than 60%	0%
60%	25%
70%	100%
Between 60% and 70%	Straight line basis

Pension

Duncan Tait received a pension contribution of 10% of salary during 2022. Since the policy was last approved in 2020, the UK pension offering has been simplified and is now a standardised defined contribution plan (from a mix of defined benefit and defined contribution arrangements). As such the contribution rate for UK employees is now estimated to be approx. 7% - 7.5% of salary. Consequently, the Committee agreed that under the new remuneration policy, new Executive Directors will be offered a maximum pension contribution rate of 7% of salary. Duncan Tait volunteered to freeze his allowance at the current £ value as an interim step, and bring the pension contribution rate down to 7% after 31 December 2023.

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 2022 or at the date of leaving if earlier.

		Share awards held		Options held			
	Shares held at 31 December 2022	Subject to performance conditions	Subject to deferral	Subject to performance targets	Subject to deferral	Vested but not yet exercised	Guideline met
Duncan Tait	114,845	1,013,515	0	0	4,774	0	No
Gijsbert de Zoeten*	106,934	0	0	0	0	0	n/a
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	0	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
Jane Kingston	3,500	n/a	n/a	n/a	n/a	n/a	n/a
Sarah Kuijlaars*	8,000	n/a	n/a	n/a	n/a	n/a	n/a
John Langston	10,397	n/a	n/a	n/a	n/a	n/a	n/a
Till Vestring*	48,480	n/a	n/a	n/a	n/a	n/a	n/a

* Sarah Kuijlaars joined on 20 January 2022, Till Vestring left on 19 May 2022, Gijsbert de Zoeten resigned on 27 November 2022 and all unvested awards lapsed at that date.

There have been no changes to the number of shares held by the Directors between 31 December 2022 and 22 March 2023.

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 held 114% of salary as at 31 December 2022, using the average share price from 1 October 2022 to 31 December 2022 of 789p. His date of appointment was June 2020.

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. The application of this requirement will be at the Committee's discretion (which will be waived only in exceptional circumstances). Gijsbert de Zoeten is required to hold 19,493 shares for two years from 27 November 2022, his date of resignation. These shares were subject to mandatory deferral into the CIP from his 2021 bonus.

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			**% change for 2022**		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus	**Salary**	**Benefits**	**Bonus**
Executive Directors									
Duncan Tait	n/a	n/a	n/a	2.5%	0%	100%	**3.5%**	**0%**	**5.5%**
Gijsbert de Zoeten	3%	0%	-100%	3.8%	-90%	100%	**3.5%**	**0%**	**-100%**
Non-Executive Directors									
Nigel Stein	2%	0%	n/a	2.5%	0%	n/a	**3.5%**	**0%**	**n/a**
Jerry Buhlmann	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Alex Jensen	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Jane Kingston	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
John Langston	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Till Vestring	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Nayantara Bali	n/a	n/a	n/a	0%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Sarah Kuijlaars	n/a	n/a	n/a	n/a	n/a	n/a	**3.5%**	**n/a**	**n/a**
Average pay based on senior management	3.16%	0%	-82.91%	3.28%	0%	73.2%	**5.78%**	**0%**	**9.5%**

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, while also providing data that is readily available on a matched sample basis. These employees also participate in bonus schemes of a similar nature to the 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. Strong business performance in 2022 is reflected in the pay-out under the annual bonus. The reportable remuneration also includes the vesting of PSP and CIP awards at 60% of maximum, which are the first awards capable of vesting to the CEO since he joined in 2020.

Financial year	Calculation methodology	P25 (Lower quartile)	P50 (median)	P75 (Upper quartile)
2022	C	154:1	109:1	74:1
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 previous years, calculation methodology C was used.

Full-time equivalent remuneration was calculated for all UK employees as at 31 December 2022 using the single total figure valuation methodology, with two amendments: using 2021 bonus outcomes as a proxy for 2022 bonus outcomes and excluding SAYE grants. The employees at the 25th, 50th and 75th percentile (P25, P50, P75) were identified. The total remuneration for 2022 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 while 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:

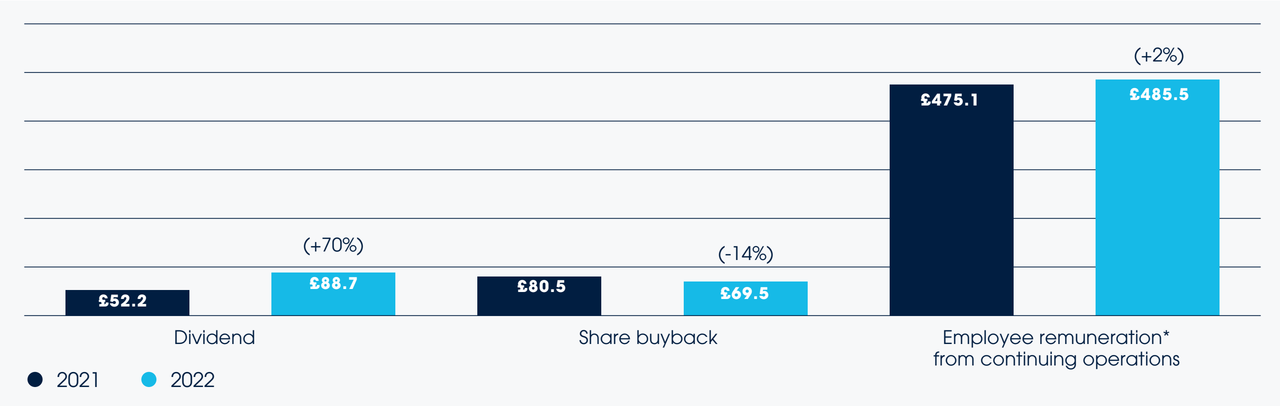
Year	Salary	CEO	P25	P50	P75
2022	Basic salary (£'000)	£820	£23	£16	£41
	Total remuneration (£'000)	£4,087	£26	£38	£55
2021	Basic salary (£'000)	£799	£22	£26	£21
	Total remuneration (£'000)	£2,054	£28	£37	£54
2020	Basic salary (£'000)	£759	£23	£32	£34
	Total remuneration (£'000)	£939	£24	£33	£49
2019	Basic salary (£'000)	£757	£15	£28	£28
	Total remuneration (£'000)	£1,639	£24	£34	£52

For 2022, the employee at P50 is a Sales Representative who has a high variable pay mix. During the year, the pay mix for Sales Representatives was reviewed with pay in 2023 rebalanced towards fixed pay. The Committee is satisfied that the overall picture presented by the 2022 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 2021 to 2022.

Relative importance of spend on pay (£m)



* The 2021 comparative figure has been restated due to an error in classification.

The Directors are proposing a final dividend for 2022 of 21.3p per share (2021: 22.5p).

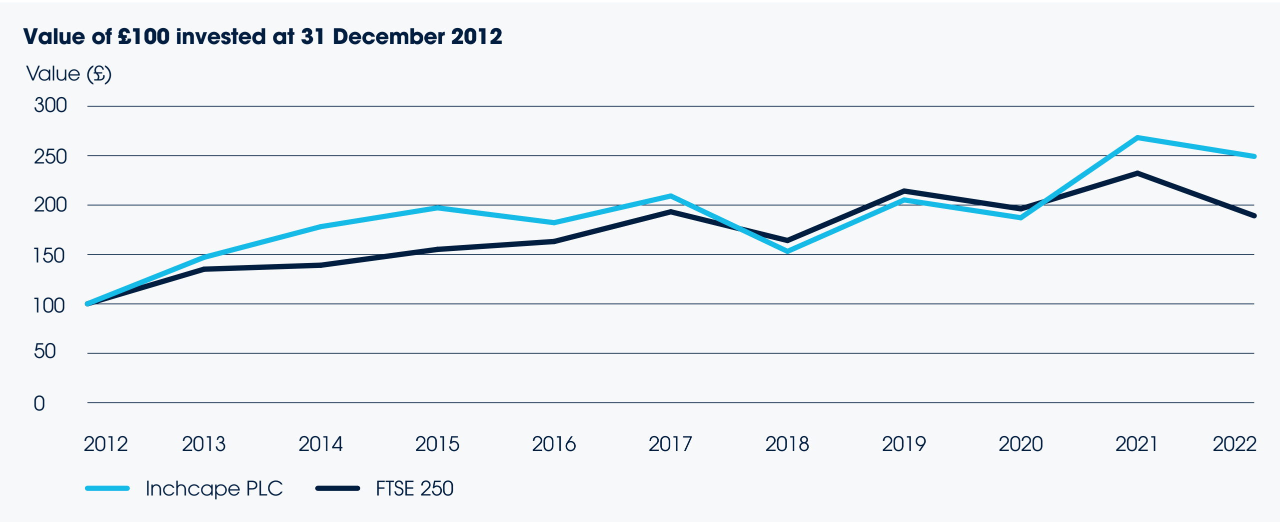
Pay for performance

The graph below shows the Total Shareholder Return (TSR) of the Company over the 10-year period to 31 December 2022.

The FTSE 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 2022.



	Group Chief Executive	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CEO single figure of remuneration (£'000)	André Lacroix	4,400	5,265	294[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Stefan Bomhard	n/a	n/a	2,906	1,403	3,006	2,430	1,522	471[2]	n/a	n/a
	Duncan Tait	n/a	n/a	n/a	n/a	n/a	n/a	n/a	468	2,054	4,087
Annual bonus outcome (% of maximum)		48%	100%	56.8%	40.3%	67.6%	38.5%	n/a[6]	0%	100%	100%
LTI vesting[3] outcome (% of maximum)		66%	68%	n/a[4]	n/a[5]	79.6%	58%	40%	n/a[7]	n/a[8]	60%

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 and 'enhanced' PSP.
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 0.8:1 match for each share invested into the 2019 CIP.

Shareholder context

The table below shows the advisory vote on the Remuneration Report at the 2022 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	330,127,731	98.71%
Against	4,322,329	1.29%
Total votes cast (excluding votes withheld)	334,450,060	100%
Votes withheld	10,553	
(Total votes cast including votes withheld)	334,460,613	

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

Gijsbert de Zoeten resigned on 27 November 2022. In line with policy he did not receive a bonus for 2022 and all unvested CIP and PSP awards lapsed. He will receive payment of salary and benefits in accordance with the terms of his contract of employment, this being 12 months salary with the amount payable based on an annual salary of £536,682, an annual private medical contribution of £2,012, an annual car allowance of £14,520 (plus annual petrol allowance of £1,500), and an annual pension contribution of £53,668. These payments are made on a monthly basis.

Payments to past Directors

No payments were made to past Directors in 2022.

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.

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 2022.

Advisors to the Committee

Ellason LLP was appointed as the independent remuneration advisor to the Committee effective 1 January 2021 following a tender process. Ellason LLP was paid a fee of £99,080 for its services relating to directors' remuneration during 2022. Ellason LLP did not provide advice or services to the Company on any others matters.

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 (this can be found at www.remunerationconsultantsgroup.com).

None of the individual Directors has 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

DIRECTORS' REPORT

The Directors' Report for the year ended 31 December 2022 comprises pages 117 to 122 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 57; principal risks and uncertainties on pages 59 to 67; a description of the Board's activities and the structure of its Committees is given on page 76; and, a description of the Group's internal control framework is given on pages 91 to 93;

Corporate governance statement

The statement of compliance with the UK Corporate Governance Code 2018 (Code) is given on page 71. 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 70 to 116.

Board of Directors

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

Nayantara Bali	Byron Grote (joined January 2023)	John Langston
Jerry Buhlmann	Alexandra Jensen	NIgel Stein
Juan Pablo Del Río (joined January 2023)	Jane Kingston	Duncan Tait
Gijsbert de Zoeten (resigned November 2022)	Sarah Kuijlaars (joined January 2022)	Till Vestring (left May 2022)

In accordance with the Code, all current Directors except for John Langston will stand for election or re-election at the Annual General Meeting (AGM) on 18 May 2023. 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 (Articles), the Code, the Companies Act 2006 and related legislation. The Articles are available on the Company's website. The Articles were not amended during the year.

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

Shareholders

Engagement with shareholders is important to the Company so that we are able to understand the key issues of importance to them and get their views on the business. Any updates regarding the business, including presentations by the Group Chief Executive, are available on the Group's website so that all shareholders have access to the same Company information at the same time. Further information on stakeholder engagement can be found on pages 20 to 22.

As our 20 largest shareholders own over 65% of the business, shareholder consultations, such as the remuneration policy, 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.

Conflicts of interest

The Articles permit the Board to authorise any matter which would otherwise involve a Director breaching their 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 Articles 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 year ended 31 December 2022 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 2022 are shown on pages 124 to 228. The level of distributable reserves is sufficient to pay a dividend.

The Board recommends a final ordinary dividend of 21.3p per ordinary share. If approved at the 2023 AGM, the final ordinary dividend will be paid on 19 June 2023 to shareholders registered in the books of the Company at the close of business on 12 May 2023.

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.

Share capital

As at 31 December 2022, the Company's issued share capital of £37,449,403 comprised 374,494,030 ordinary shares of 10p. On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group. Following the allotment of these shares, the issued share capital of the Company stood at 413,007,132 ordinary shares.

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.

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 19 May 2022, the Company was authorised to make market purchases of up to 38,166,226 ordinary shares (representing approximately 10% of its issued share capital).

In the year ended 31 December 2022, the Company purchased for cancellation, 9,357,908 ordinary shares of 10p each at a cost of £69.5m, representing 2.5% of the issued share capital as at that date.

The Directors have authority to issue and allot ordinary shares pursuant to article 9 of the Articles 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

Notifications received by the Company in accordance with DTR 5 are published on a Regulatory Information Service and are available on the Company's website. During the year, the Company had been notified of the following interests amounting to more than 3% of the Company's issued share capital pursuant to the Financial Conduct Authority's Disclosure and Transparency Rules.

	As at 31 December 2022		As at 22 March 2023	
Shareholder	Number of voting rights held	Percentage of voting rights held	Number of voting rights held	Percentage of voting rights held
abrdn plc	Not disclosable	<5%	Not disclosable	<5%
Cerro Mayo SpA*	0	0%	12,837,700	3.11%
DT Huillinco SpA*	0	0%	12,837,700	3.11%
Peñuelas Corp SpA*	0	0%	12,837,702	3.11%
JPMorgan Asset Management Holdings Inc	16,563,569	4.42%	Not disclosable	<5%
Polaris Capital Management LLC	15,693,793	4.02%	15,762,376	3.82%
BlackRock Inc	18,780,708	5.01%	Not disclosable	<5%
The Capital Group Companies Inc	19,200,206	5.03%	20,597,812	4.99%

* Under the Derco acquisition, the Derco family owners received newly issued ordinary shares, resulting in them owning over 9.3% of the Company's share capital.

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 (Trust) and, as such, are deemed to be interested in any ordinary shares held by the Trust. At 31 December 2022, the Trust's shareholding totalled 344,009 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 2022 is shown in the Directors' Report on Remuneration on page 113. There have been no changes to the interests or number of shares held by each Director between 31 December 2022 and 22 March 2023.

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 to the financial statements on page 185.

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 2022, or was entered into during the year for any Director and/or connected person (2021: none).

Other information – Listing Rules

The information required to be disclosed by LR 9.8.4R 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	115 (Historical TSR performance)
4	Details of long-term incentive schemes	112
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	118
13	Shareholder waiver of future dividends	118
14	Agreements with controlling shareholders	Not applicable

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 page 4, is testament to this strength.

We provide access to automotive ownership and support services throughout the customer journey and aim to deliver the best experiences for customers in our industry globally. The Board and management engage with customers through:

- receiving daily reporting of customer feedback on www.reputation.com;
- analysing sales force customer journey management platform; and
- ongoing surveys at market level.

Principal financial risk factors

These risks are shown on pages 61 to 66.

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 187 to 195.

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 2022 and does not intend to make any political donations in 2023.

Streamlined Energy and Carbon Reporting Regulations (SECR)

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 – Scope 1 – our use of gas and fuel in vehicles we own, Scope 2 – our global energy usage, and Scope 3 – other indirect emissions.

Data collection and reporting period

Data has been collected for all markets from 1 January 2022 to 31 December 2022. 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. As required under the SECR regulations the following information relates to the energy consumed in our operations. The list of UK entities is given on pages 219 to 228.

	2022		2021	
	UK & Offshore	**Global**	UK & Offshore	Global
Total Energy Consumption (Scope 1 and 2 emissions, and Scope 3 vehicle combustion, kWh)	**31,548,424**	**263,707,725**	42,956,543	115,639,761
Scope 1 Emissions (tCO_2e)	**3,617**	**17,002**	2,486	9,752
Scope 1 Emissions (Fugitive, tCO_2e)	**216**	**2,791**	–	–
Scope 2 Emissions (Location-based, tCO_2e)	**2,886**	**22,223**	3,689	27,277
Scope 3 Emissions (Business Travel & Upstream Transport, tCO_2e)	**2,975**	**187,713**	9,221	82,068
Total Scope 1 & 2 Emissions (Location-based, tCO_2e)	**6,503**	**39,225**	6,175	37,028
Total Scope 1 & 2 Emissions (Market-based, tCO_2e)	**3,624**	**30,805**	2,486	32,949
Total Scope 1, 2 & 3 Emissions (Location-based, tCO_2e)	**9,477**	**226,937**	15,395	119,097
Total Scope 1, 2 & 3 Emissions (Market-based, tCO_2e)	**6,599**	**218,517**	11,706	115,018
Revenue (£m)	**2,029**	**8,133**	1,894	6,787
Intensity ratio: Scope 1 and 2 Emissions (Location-based, tCO_2e/£m)	**3.2**	**4.8**	3.3	7.0
Intensity ratio: Scope 1 and 2 Emissions (Market-based, tCO_2e/£m)	**1.8**	**3.8**	1.3	6.4
Intensity ratio: Scope 1,2, and 3 Emissions (Location-based, tCO_2e/£m)	**4.7**	**27.9**	8.1	19.1
Intensity ratio: Scope 1,2, and 3 Emissions (Market-based, tCO_2e/£m)	**3.3**	**26.9**	6.2	18.5
Methodologies used in calculation of disclosures	GHG Protocol Corporate Accounting and Reporting Standard GHG Protocol Corporate Value Chain Accounting and Reporting Standard GHG Protocol Scope 2 Guidance			

Energy efficiency measures

The Group's energy management programme involves monitoring and targeted reporting of energy consumption on a daily basis. All of our markets set action plans at the start of the year to identify and address any consumption issues as and when they arise, allowing opportunities to eliminate unnecessary energy waste. All markets have energy saving measures implemented which cover the installation of LED lighting where available, HVAC efficiency and thermostatic regulation.

Energy efficiency measures introduced in 2021 included:

- The installation of solar panels at three UK sites, saving around 160 tonnes in CO2 per year.
- Feasibility study and lighting plan to identify opportunities for the roll-out of LED lighting to all UK sites.
- Three UK sites became 'gas free' with alternatives to heating, such as air and ground source heat pumps.
- Replacing older heating, ventilation, and air conditioning control units with newer programmable controls to allow reduction of temperature swings and to set auto-off times to avoid units running out of hours. This included PIR and LUX sensors on lighting so they only turn on as and when someone is present, and light is needed.

These energy efficiency measures were developed further in 2022, which involved:

- Australia and all but one of our European markets have now switched to renewable electricity tariffs.
- The installation of solar panels and LED lightning across all of our UK sites.
- Installation of solar panels has started across Australia, Singapore and Thailand.
- Colombia and Peru have increased the number of electric and hybrid vehicles available in their fleets.
- Our markets in Greater China and Singapore have converted their fleets to include 70% and 30% low emission vehicles respectively, and will continue this until the fleet only contains low emission vehicles.

Emissions reductions targets

During 2022, the Group set emissions reduction targets for Scope 1 and Scope 2. Further details are given in the Responsible Business Report on page 42.

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 if required.

Successfully delivering the Accelerate strategy requires us to evolve both what we do and how we do things. This includes continuing to build the winning culture we need to help deliver on our ambitions, a culture that is built through effective teamwork, fresh thinking, a focus on delivery, and putting our customers at the centre of everything we do.

In support of this, our performance framework, called One Inchcape Values & Behaviours, sets out the values and behaviours we all need to live by at Inchcape. The Company also 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 96 to 116.

Employee communication

Townhall meetings are held in each region 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 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 she 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 Committee Report on page 95.

Diversity

As required under LR9.8.6, the breakdown of the gender identity and ethnic background of those who were Directors of the Company and executive management, as well as the gender identity of employees of the Company, as at 31 December 2022 is as follows:

Gender identity or sex as at 31 December 2022	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in executive management	Percentage of executive management	Number of all employees	Percentage of all employees
Men	4	50%	4	62	78%	10,675	73%
Women	4	50%	0	17	22%	3,932	27%
Not specified/prefer not to say	0	0%	0	0	0%	3	<1%

Ethnic background as at 31 December 2022	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in executive management	Percentage of executive management
White British or other White	7	87.5%	4	34	43%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	12.5%	0	7	9%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	3	4%
Not specified/prefer not to say	0	0%	0	35	44%

* includes CEO, CFO, SID and Chair

The Board did not have at least one woman in the position of Chair, Chief Executive, Chief Financial Officer or Senior Independent Director as at that date. The Nomination Committee is responsible for succession planning on the Board and as such considers these targets during the recruitment process.

In 2022, we launched our first global HR system enabling our colleagues to self-identify their diversity information. This involved a global review to assess what diversity questions are legally possible, culturally sensitive, and safe to include. The review found that 24% of our markets can ask and collect ethnicity information from employees. The system was launched in November 2022 with a series of communications encouraging colleagues to check and complete their profiles (including ethnicity information) and each year we will roll-out communications and campaigns to encourage full disclosure in markets where we can ask and collect ethnicity data.

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 Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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. The Directors are also responsible for disclosing with reasonable accuracy at any time the financial position of the Group and parent company, and enabling 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 the 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 properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), 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.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 67, 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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

The AGM will be held at 11.00 a.m. on Thursday 18 May 2023 at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED. 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 Group Company Secretary of the Company.

TAMSIN WATERHOUSE
GROUP COMPANY SECRETARY