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 2023. 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.

As announced in December 2023, I will retire from the Board at the conclusion of the annual general meeting (AGM) in May 2024. I joined the Board as a Non-Executive Director in October 2015 becoming Chair in May 2018. As well as celebrating many successes over the years, as a Board we have also had to tackle some difficult issues, throughout being guided by Inchcape's strong culture of 'doing the right thing' and being a truly responsible Company.

Inchcape has a proven and resilient business model and over the years the Group has developed into a highly focused and agile business in a strong position to successfully deal with the many changes likely to affect the automotive industry in the years to come.

I have thoroughly enjoyed my years at Inchcape, especially working with so many talented colleagues both on the Board and across the business. I know I am leaving Inchcape in very good hands.

Overview of the year

It has been another busy year for the Board, with key decisions made on the mergers and acquisitions (M&A) agenda and the Group's capital structure and major change programmes within the business, such as the integration of Derco. An insight into how the Board reached certain key decisions is given on page 71.

In October 2023, the Board visited the Group's operations in Hong Kong, and also travelled to the Philippines, where they saw the new CATS business and spent time in the Digital Delivery Centre (DDC).

In Hong Kong, the Board experienced the progress made in DXP, to provide customers with seamless online to offline experience and also how data analytic (DAP) models are further improving aftersales profits. In the Philippines, the Board gained insight into the Inchcape Digital operating model, and how building capabilities in the DDCs are harnessing technology to improve the business. A deep dive into DAP allowed the Board to gain a broader understanding of how high value analytics are deployed to transform customer experience and operational efficiency.

Board changes

We welcomed Stuart Rowley in July 2023, and Adrian Lewis was promoted to Chief Financial Officer in May 2023 having held the role on a temporary basis since November 2022. I am also delighted that Alison Platt joined the Board in January 2024. As noted last year, Byron Grote and Juan Pablo Del Río joined the Board as Non-Executive Directors at the start of year bringing a wealth of knowledge and experience to the Board's deliberations. Further information on the Board appointments can be found in the Nomination Committee Report on pages 78 to 81.

Governance landscape

Despite the Government's decision late in the year not to proceed with the governance reform legislation, a high-level analysis of the design of the Group's current entity-level control framework was carried out in line with the expected changes to the UK Corporate Governance Code. Further details can be found in the Audit Committee Report on page 82 to 89.

Colleague engagement

Ensuring our colleagues are engaged is absolutely essential to the success of the Group, and the Board reviewed the outcomes of various forms of engagement throughout the year including the results of the Be Heard survey which was carried out in September 2023.

During the overseas Board visit, two of our Non-Executive Directors (NEDs), Nayantara Bali and Jane Kingston, facilitated an engagement session at the head office in Hong Kong. In addition, Jane Kingston held a Reward Forum with our colleagues from Europe & Africa. These engagement sessions allow the Board to understand the issues of importance to colleagues, what their motivations are and, importantly, what could be done better. The NEDs give feedback on the insights gained from the sessions to the Board, and a list of actions are agreed with management. Further details are given in the CSR Committee Report on pages 90 to 91, and the Directors' Report on Remuneration on pages 92 to 114, respectively.

Looking forward

I would like to take this opportunity to thank all Inchcape colleagues across the Group for their hard work during the year which contributed to our strong performance in some challenging conditions.

NIGEL STEIN
CHAIRMAN

Compliance with the UK Corporate Governance Code

The 2023 Annual Report and Accounts is prepared with reference to the UK Corporate Governance Code 2018 (Code) which is published by the Financial Reporting Council (FRC) and available at www.frc.org.uk. The Corporate Governance Report on pages 66 to 118 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 2023 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. Further information is given in the Directors' Report on Remuneration on page 92.

Board leadership and company purpose

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, ensuring value for all its stakeholders.

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 will be recorded in the Board minutes. No such concerns arose during 2023.

The Group's purpose is underpinned by the Accelerate strategy, 'Driving What Matters' Responsible Business plan, and the One Inchcape Value & Behaviours. 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 these throughout the year;
- colleague experience survey; and
- delegated authorities.

The Board monitors and assesses the indicators of culture within the organisation through regular meetings with management to discuss the approach to specific issues such as colleague wellbeing and Inclusion & Diversity programmes. It also reviews the outcomes of the Be Heard survey and action plans to address issues raised. A regular update on people and capability metrics such as voluntary turnover, leadership development programmes, colleague assistance programmes, and health, safety & environment (HSE) KPIs also allow the Board to assess the culture within the organisation.

THE ONE INCHCAPE VALUES & BEHAVIOURS

We deliver

Great experiences

Fresh thinking

Better together

We deliver great experiences through fresh thinking and working better together

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.

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.

The Code of Conduct, among other policies, sets out the behaviours expected of our colleagues and ensures policies remain aligned to culture and support long-term success. Other policies include HSE, anti-bribery and corruption, Inclusion & 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 colleagues having the facilities to raise matters of concern, via the whistleblowing hotline. The Board has delegated oversight of the Company's whistleblowing arrangements to the Audit Committee who review the issues raised, and the actions put in place by management to resolve them, at each meeting.

+ **Strategy** – pages 8 to 9 + **Biographies** – pages 72 to 73 + **Matters reserved for the Board** www.inchcape.com

Division of responsibilities

The Chair 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. The Chair also ensures the Directors receive accurate, timely, and clear information. The Chair was considered independent on appointment and this is assessed annually.

The Board includes an appropriate combination of Executive Directors and NEDs, with at least half of the Board consisting of Independent NEDs (excluding the Chairman) throughout the reporting period. There is a clear division of responsibilities between the leadership of the Group. 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, and leads the annual appraisal of the Chairman's performance with the other NEDs.

The NEDs 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 NEDs are required to allocate sufficient time to the Company to discharge their responsibilities. When reviewing the Nomination Committee's recommendation to appoint a new Director, the Board will always assess whether the candidate is able to allocate enough time to the role. Similarly, when assessing the acceptability of an existing Director's wish to take on other external appointments, the Board will assess the additional demand on that Director's time before authorising the appointment, and whether it would result in over-boarding. No Board Director took up new significant external appointments with other publicly listed companies during 2023. Board dates are agreed two years in advance and the time commitment expected is reviewed annually to ensure Directors can plan their time accordingly.

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. The appointment and removal of the Group Company Secretary is a decision for the Board as a whole.

Board skills – page 71 **Biographies** – pages 72 to 73 **Board evaluation** – page 77

Committee terms of reference www.inchcape.com **Matters reserved for the Board** www.inchcape.com

Composition, succession, and evaluation

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 succession plans for the senior management team are regularly reviewed by the Board.

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

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 Board use a skills matrix to ensure it has the necessary combination to meet its strategic objectives. The Committee considers breadth of perspective on the Board that can only be achieved by appointing Directors from a diverse range of backgrounds and considers ethnicity, gender, and professional experience when considering suitable candidates.

The Directors provide feedback on how the Board operates, its culture, and effectiveness during the evaluation process. During 2023, the Board carried out an external evaluation which reviewed the Board's composition, diversity, and effectiveness.

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 Board evaluation section of this report and the Notice of Annual General Meeting.

Board skills – page 71 **Board evaluation** – page 77 **Nomination Committee** – pages 78 to 81

Notice of Meeting www.inchcape.com

Audit, risk, and internal control

The Audit Committee Chair 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. The Chair of the Audit Committee also meets with the Group Chief Financial Officer and Head of Internal Audit in one-to-one meetings which enable her to fully understand the key issues ahead of Committee meetings.

The Board reviews the Annual Report and Accounts, the interim financial statements, and the trading updates prior to publication to confirm to the best of their knowledge that these are all fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model, strategy, 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.

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 process has been in place for the year under review and up to the date of the approval of the 2023 Annual Report and Accounts.

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.

+ **Risk management** – pages 56 to 64 + **Audit Committee Report** – pages 82 to 89 + **Non-audit services** – page 89

Remuneration

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

The Remuneration 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 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.

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. No Director is able to determine their own remuneration outcome.

The Remuneration Committee is made up of only 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 long-term impacts.

+ **Directors' Report on Remuneration** – pages 92 to 114

GOVERNANCE AT A GLANCE

GOVERNANCE STRUCTURE

The Board of Inchcape plc

Collectively responsible for the long-term success of the Company

Audit Committee
- Financial reporting
- Risk management
- Internal control

COMMITTEE REPORT – pages 82 to 89

Remuneration Committee
- Remuneration Policy
- Incentive plans
- Performance targets

COMMITTEE REPORT – pages 92 to 114

Group Executive Team

Delegated authorities:
- Group strategy
- Operational management

Nomination Committee
- Board composition
- Diversity
- Succession planning

COMMITTEE REPORT – pages 78 to 81

CSR Committee
- Responsible Business
- Engagement
- Climate oversight

COMMITTEE REPORT – pages 90 to 91

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	Remuneration Committee	Nomination Committee	
	Scheduled	Scheduled	Scheduled	Scheduled	Scheduled	Ad hoc
Nayantara Bali	8/8		3/3		2/2	3/3
Jerry Buhlmann*	8/8	5/5	2/3	4/4	2/2	3/3
Juan Pablo Del Río*	7/8				2/2	3/3
Byron Grote	8/8	5/5	3/3	4/4	2/2	3/3
Alex Jensen	8/8		3/3	4/4	2/2	3/3
Jane Kingston	8/8			4/4	2/2	3/3
Sarah Kuijlaars	8/8	5/5			2/2	3/3
John Langston**	4/4	2/2			1/1	2/2
Adrian Lewis**	4/4					
Stuart Rowley**	4/4	2/2			1/1	
Nigel Stein	8/8		3/3	4/4	2/2	3/3
Duncan Tait	8/8		3/3			

* Juan Pablo Del Río was unable to attend the February Board meeting due to a prior commitment, and Jerry Buhlmann was unable to attend the November CSR Committee meeting due to exceptional reasons, respectively.
** John Langston left the Board on 18 May 2023, Adrian Lewis joined the Board on 24 May 2023, and Stuart Rowley joined the Board on 17 July 2023.

KEY ACTIVITIES AND DECISIONS OF THE BOARD

January
- 2022 closing
- 2023 Annual Operating Plan
- Carbon emission quantification
- Scope 3 carbon emission targets
- Mercedes-Benz, Indonesia acquisition

February
- Mercedes-Benz, Indonesia acquisition
- Corporate governance update
- Insurance review
- Tax strategy
- Risk Policy
- NED fees

March
- Capital structure review
- 2022 Annual Report and Accounts
- 2022 final dividend
- 2022 internal Board evaluation outcomes
- Modern Slavery Statement

Strategy Day
- Macro and industry trends
- EV and industry decarbonisation
- Distribution Excellence and route to market
- Vehicle Lifecycle Services
- Portfolio choices in the context of climate change
- M&A and mobility company partner relationships
- Capital structure
- Defence strategy

May
- AGM
- 3 + 9 forecast
- Company bond
- Treasury Policy review
- Pension update
- Appointment of Adrian Lewis as Group Chief Financial Officer
- Great Lake Motor Distributors, New Zealand acquisition

July
- Appointment of Stuart Rowley as NED
- Key takeaways from the Strategy Day
- Half-year results
- Investor relations update
- Half-year risk review
- Regional Update: UK
- Ditec post-investment review
- Conflicts of Interest Policy

September
- Regional update: Americas
- Half-year results investors feedback
- Cybersecurity update
- Responsible Business update

October
- Board visit to Hong Kong and the Philippines
- Regional update: Asia-Pacific
- Digital strategy update
- Health, safety & environment review

November
- Investor relations update
- 2023 outlook & 2024 operating plan
- Regional update: Europe & Africa
- Tax strategy
- Full year risk review
- Accelerate strategy interim review
- Succession planning
- Board expenses review

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. Skills were enhanced in 2023 from new Board appointments coming from different industry backgrounds, and from Board members receiving external training on particular topics.

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

Skills enhanced in 2023
- Automotive
- Emerging markets
- Environmental, social, and corporate governance
- Finance
- Multinational business

Future succession considerations
- Digital/Technology
- Environmental, social, and corporate governance
- Remuneration

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 has a wide range of international, general management, and finance experience, as well as having extensive knowledge in the global automotive and manufacturing sectors. Nigel joined Inchcape in 2015 as Non-Executive Director before being appointed as Chairman in 2018. Nigel was formerly chief executive of GKN plc and is presently a non-executive director of James Hardie Industries plc. Nigel is also 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 brings significant international experience and a wealth of digital and data experience, a key enabler of the Accelerate strategy. Duncan was previously on the board of Fujitsu, a global technology services company with $10bn turnover and 35,000 people. Duncan has also held senior roles at Unisys, Hewlett Packard, and Compaq in a technology focused career of over 30 years. Duncan is currently a non-executive director at Agilisys.

Committee membership – CSR Committee.

Adrian Lewis
GROUP CHIEF FINANCIAL OFFICER

Appointed – May 2023

Skills and experience – Adrian has financial experience in the automotive, consumer, digital, and retail industries, and has been instrumental in the acquisition and integration of the Derco and Indumotora businesses. Adrian joined Inchcape in 2015 as CFO for the Emerging Markets region and then became CFO for Asia Pacific. In 2020, Adrian returned to the United Kingdom to lead the finance function as Group Financial Controller, before becoming Chief Financial Officer in 2023. Prior to Inchcape, Adrian held various senior finance roles at Tesco plc. Adrian is a chartered accountant.

Committee membership – None.

Jerry Buhlmann
SENIOR INDEPENDENT DIRECTOR

Appointed – March 2017

Skills and experience – Jerry has over 40 years' experience in the advertising and media industries. Jerry joined Inchcape as Non-Executive Director in 2017, before becoming Senior Independent Director in 2019. He was formerly CEO of Dentsu Aegis Network and Aegis Group plc. Jerry is currently chairman of three private equity backed digital marketing agencies: Croud Limited, Dept, 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.

Jane Kingston
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed – July 2018

Skills and experience – Jane has significant international and remuneration experience, and is non-executive director and remuneration committee chair of Spirax-Sarco Engineering plc. Jane was formerly group human resources director for Compass Group plc, and has held senior positions at Enodis plc, Blue Circle plc (now Lafarge S.A.) and Coats Viyella plc.

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

Sarah Kuijlaars
INDEPENDENT NON-EXECUTIVE DIRECTOR

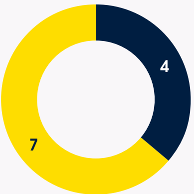
Appointed – January 2022

Skills and experience – Sarah is an experienced international finance leader, having previously been chief financial officer at De Beers Group and Arcadis NV. She was also formally 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 – Chair of the Audit Committee and member of the Nomination Committee.

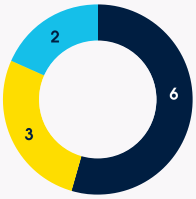
AS AT 31 DECEMBER 2023

GENDER



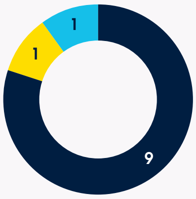
- Female
- Male

LENGTH OF SERVICE



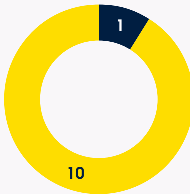
- 0 to 3 years
- 6 to 9 years
- 3 to 6 years

NATIONALITY



- British
- Singaporean
- Chilean

ETHNICITY



- Asian
- White

Nayantara Bali
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed – May 2021

Skills and experience – Nayantara previously held various senior management positions in Procter & Gamble over a 25-year period. Nayantara is director and co-owner of ANV Consulting Pte, and also an independent director on the boards of Torrent Pharma, Starhub, and Marico. Nayantara holds an Economics degree and a Post Graduate Diploma in Business Management from the Indian Institute of Management.

Committee membership – CSR and Nomination Committees.

Alex Jensen
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed – January 2020

Skills and experience – Alex is the designated Non-Executive Director responsible for workforce engagement. She has considerable experience in transforming and growing customer-facing businesses. Alex is the CEO of National Express UK, Ireland, and Germany, and also serves on the board of the charity Mind. Alex was formerly regional CEO of mobility and convenience at BP plc. Alex holds an MA degree in Chinese Studies from Oxford University, and a Masters from Stanford University School of Business.

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

Stuart Rowley
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed – July 2023

Skills and experience – Stuart has a deep understanding of the global automotive industry and has extensive international experience. Stuart recently departed Ford after more than 30 years' service, starting from a finance leader before transitioning to president and chair of Ford Europe, and chief transformation & quality officer. Stuart was formally a non-executive board member of the European Automobile Manufacturers' Association, a lobbying group representing Europe's major car manufacturers, which includes many of our mobility company partners. Stuart holds a Master's degree in Business Administration.

Committee membership – Audit and Nomination Committees.

Juan Pablo Del Río
NON-EXECUTIVE DIRECTOR

Appointed – January 2023

Skills and experience – Juan Pablo has held a number of senior leadership roles across a range of companies within the automotive, real estate, and retail sectors. He served on the board of the Derco group, the largest multi-brand automotive distributor in Latin America, until its acquisition by Inchcape in 2022. Juan Pablo 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. He was formerly a board member of Falabella S.A., a company with shares listed on the Santiago Stock Exchange.

Committee membership – Nomination Committee.

Byron Grote
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed – January 2023

Skills and experience – Byron has extensive experience across a range of leading international businesses at board level, bringing strategic focus and financial expertise to the Board. 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 NV 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.

Alison Platt
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed – January 2024

Alison has significant business and international commercial experience from working for high-profile consumer-facing companies across the healthcare, insurance, and property sectors. Her former membership of the steering group of the Hampton-Alexander Review provides strategic insights on inclusion and diversity. Alison serves as chair for Hargreaves Lansdown plc and Ageas UK. Alison is also a non-executive director and chair of the Remuneration Committee for Tesco 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 (FMCG), finance and management services.

1 | Duncan Tait
GROUP CHIEF EXECUTIVE

Appointed – July 2020

Duncan brings significant international experience and a wealth of digital and data experience, 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, and DAP, a range of data analytics designed to deliver competitive advantage. Duncan has led the Group entering strategic partnerships with BYD, Geely, and Great Wall Motors, which bring exciting EV ranges, aligning with the Group's Responsible Business agenda.

2 | Adrian Lewis
GROUP CHIEF FINANCIAL OFFICER

Appointed – November 2022

Adrian has financial experience in the automotive, consumer, digital, and retail industries, and has been instrumental in the acquisition and integration of the Derco and Indumotora businesses. Adrian joined Inchcape in 2015 as CFO for the Emerging Markets region and then became CFO for Asia Pacific. In 2020, Adrian returned to the United Kingdom to lead the finance function as Group Financial Controller, before becoming Chief Financial Officer in 2023. Prior to Inchcape, Adrian held various senior finance roles at Tesco plc. Adrian is a chartered accountant.

3 | 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 2020, George was also appointed Chief Transformation Officer with responsibility for the development and implementation of the Accelerate strategy and business transformation. In 2022, George was then appointed as CEO UK. His extensive distribution and retail experience is beneficial in leading this crucial business. He also continues to lead the global used car strategy. George is the executive lead for Inchcape Enabled, which focuses on building a disability confident business by removing barriers and increasing accessibility.

4 | Helen Cunningham
CHIEF PEOPLE OFFICER

Appointed – September 2020

Helen joined the Group in 2016 and has held various positions as Regional HR Director in the UK, Emerging Markets, and Americas & Africa, before being promoted to Chief People Officer in 2020, bringing a combination of deep functional expertise and strong operational leadership to this key global role. She has significant M&A capability within the business over several step-change acquisitions effectively onboarding new teams and leaders and integrating businesses. She is also the Executive leader for the People workstream of the Responsible Business 'Driving What Matters' plan.

5 | 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 Rudelman, Indumotora, ITC, and Simpson Motors, which significantly reshaped the business over the last decade. 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 mobility partners.

6 | Ruslan Kinebas
CEO APAC

Appointed – October 2015

Ruslan has led key acquisitions with mobility company partners including Changan, GWM, Jaguar Land Rover, Mercedes-Benz, and Tata Motors, and has overseen the development of our global Digital Parts Platform. In 2023, he presided over successful market entries into Philippines and Indonesia which further grew Inchcape's distribution businesses in the region. In his eight-year tenure at Inchcape, he held strategic roles such as CEO Emerging Markets, and CEO Americas & Africa. A firm believer of Inclusion & Diversity, he is the Executive sponsor of the Inchcape Women into Leadership programme, helping to uplift and develop female colleagues into leadership roles.

7 | 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, Interamericana Trading Corporation (ITC), and Simpson Motors, which have strengthened the Group's geographic reach and broadened its relationships with mobility company partners. Romeo was influential in the acquisition and has led the integration of Derco, the largest automotive distributor in Latin America, increasing Inchcape's scale in the Americas with a footprint of over 30 mobility company partner brands across 13 markets.

8 | Mark Dearnley
CHIEF DIGITAL OFFICER

Appointed – October 2020

Mark joined Inchcape as Chief Digital Officer in 2020 with responsibility for digital transformation and Distribution Excellence which are critical to the success of the Accelerate strategy. Mark has been instrumental in establishing Inchcape Digital, the home of the recently formed Digital Delivery Centres based in Colombia and the Philippines. Inchcape Digital leads the development and roll out of DXP and DAP globally, supports enterprise resource planning and all of Inchcape's global technology infrastructure, manages cybersecurity, and is introducing new solutions including the Digital Parts Platform and used car analytics.

9 | Glafkos Persianis
CEO EUROPE & AFRICA

Appointed – April 2020

Glafkos joined Inchcape in 2020 as CEO Europe with responsibility for Continental and Northern Europe. 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 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.

10 | Liz Brown
CHIEF STRATEGY OFFICER

Appointed – February 2023

Liz has over 20 years' experience in consulting, consumer goods, private equity, and retail. She joined Inchcape in 2023 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.

11 | Phil Jenkins
CHIEF M&A OFFICER

Appointed – October 2023

Phil has over 25 years' business development and finance experience in global organisations across both the automotive and FMCG sectors. Phil joined Inchcape initially as Chief Financial Officer for our Americas & Africa region and has led our global M&A team since 2021. Under his leadership, the M&A team has helped secure multiple deals, including the acquisition of Derco, Inchcape's biggest M&A transaction in more than 50 years.

PRINCIPAL DECISIONS IN 2023

Issuance of a Bond

In June 2023, it was announced that the Company had issued a £350m bond facility, which was approved by the Board. The bonds mature in June 2028 and offers a coupon of 6.5%.

Stakeholders considered	Partners, Customers, Colleagues, Shareholders
Decision made	The Board considered that the bond offering ensures the Group can maintain a stable, long-term capital structure to support future investment in growth and ensuring an appropriate balance of capital allocation priorities. The Board also considered the strong M&A pipeline and the optimal capital structure and funding mix to allow the Group to grow to achieve its strategic aims.
Outcome	After consideration of the interests of the relevant stakeholders, the Board approved the issuance of the bond which was successfully launched, priced, and settled in June 2023. The bond was assigned a public investment grade rating by Moody's of Baa2, or stable. The issuance of the bond allowed the Group to repay its existing bridge facility which helped fund the acquisition of Derco, the initial term for which expires at the end of 2023. The high level of interest shown by investors emphasised their confidence in the Group's differentiated market position, strong financial profile, and exciting growth prospects, which will benefit shareholders, customers, mobility company partners, and colleagues in the longer-term.

Acquisitions made during the year

The joint venture acquisitions with CATS in the Philippines and Mercedes-Benz in Indonesia, and the acquisition of Great Lake Motors Distributors Group in New Zealand.

Stakeholders considered	Partners, Customers, Colleagues, Shareholders
Decision made	The acquisitions involved the consideration of the interests of colleagues, mobility company partners, customers, and shareholders in carrying out the growth objectives under the Group's Accelerate strategy. The Board considered key aspects of each acquisition including entering into new markets, mobility company partnerships, government policy requirements, and EV transition.
Outcome	The acquisitions expanded the footprint in APAC, strengthening the Group's geographic reach in the region. **CATS, Philippines** The joint venture strengthens Inchcape's partnerships with key global mobility company partner brands: Chrysler, Dodge, Jaguar, Jeep, Land Rover, Mercedes-Benz, and Ram, as well as Harley-Davidson and Mazda. The newly formed Inchcape Philippines will bring global market knowledge and processes, leadership in digital and data, and EV expertise to the fast growing and dynamic market. **Mercedes-Benz, Indonesia** The acquisition provides the opportunity to strengthen the relationship with Mercedes-Benz globally with the addition of a ninth distribution market and enables Inchcape to move into local assembly which is increasingly becoming an important government policy requirement in many of the emerging markets. It provides an attractive portfolio, with a compelling EV line-up, for an Indonesia marketplace that is positioning itself to be a leading EV production and battery manufacturing hub. The acquisition will provide the potential to add other mobility company partner mainstream brands to create further scale and synergy in Indonesia. **Great Lake Motors, New Zealand** A new mobility company partnership was formed with a strong brand – SAIC – providing access to commercial vehicle BEV product in a market where EV penetration is increasing with pace. The acquisition provides scale and synergy in New Zealand, helping Inchcape achieve market share.

BOARD EVALUATION

2022 Board evaluation outcomes

Board training	The Board broadened the scope of regulatory training for directors to keep abreast of the evolving governance landscape. Updates to the Board in 2023, included disclosure obligations under the Listing Rules and Market Abuse Regulation, the restructuring of the United Kingdom listing regime, and the Secondary Capital Raising Review recommendations. The Board also received updates from external advisors on macro and industry trends as well as risk management.
Environmental, social, and governance (ESG) knowledge and experience	It was agreed that the Board would have an increased focus on ESG-related matters particularly as investor interest evolves in this area. All Board members received external updates on climate scenario analysis and scope 3 emissions. All Committee Chairs now attend one CSR Committee meeting annually to improve ESG synergy when making decisions at Board level.
Skills and diversity	The Board acquired further automotive experience through the appointments of Juan Pablo Del Río and Stuart Rowley, strengthening the Board's understanding of the automotive industry. Continued focus on diversity when considering Board and GET appointments.

2023 Board evaluation process

The 2023 Board evaluation was conducted by an independent external advisor in accordance with the UK Corporate Governance Code 2018. Following a review process, Gould Consulting (Gould) were appointed to carry out the evaluation. Gould provides no other services to the Company and has no prior connection with the individual directors of the Company. The external review process was conducted in the format outlined below.

STAGE 1	STAGE 2	STAGE 3	STAGE 4
Tender and approval of provider The Board agreed the 2023 evaluation would be facilitated by an external provider, in line with the provisions of the UK Corporate Governance Code and conducted a review to select an independent provider.	**Agree process and timetable** Gould met with the Chairman and Group Company Secretary to discuss objectives and agree the timetable and approach.	**Document review** A document review was carried out whereby various relevant materials such as Board and Committee papers, forward agendas, Terms of Reference, and the Annual Report and Accounts were reviewed by Gould.	**Board observation** Observations of a Board meeting was conducted by Gould. This provided an overview of the practical arrangements and meeting dynamics.
STAGE 5	**STAGE 6**	**STAGE 7**	**STAGE 8**
Surveys All members of the Board and Group Executive Team, as well as the Group Company Secretary, completed a confidential survey.	**Interviews** Gould held one-to-one meetings with each member of the Board, the Group Company Secretary, and members of the Group Executive Team.	**Reporting** A focused report was provided to the Chairman explaining how the Board was working and where certain changes may provide improvements. A specific list of recommendations was then provided.	**Feedback** A meeting was held with the Chairman to discuss the draft report. Once finalised, the report was presented to the whole Board for discussion and actions arising from the recommendations were agreed.

2023 Board evaluation outcome

Overall, the Board has been found to be functioning effectively with a strong dynamic, with positive and constructive engagement between the Non-Executive Directors and management across many aspects of the business.

The recommendations made by Gould were practical changes designed to improve engagement, contribution, and governance effectiveness, and fall into three broad areas:

1) M&A and strategy execution – developing a sharper narrative around M&A's role in strategy implementation, and bringing lessons learned to the Board by including more non-financial information in post-investment review papers;

2) Strategic discussion and debate – changing the emphasis of updates to enable more concise and focused discussion; and

3) Board and Committee interactions – reviewing the remit of the CSR Committee.

Following review of the recommendations, the Board approved:

- improvements in M&A reporting on mobility company partners, segment, and geographic priorities;
- greater focus in post-investment reviews on organisation, integration synergies, culture, and risk mitigations;
- increasing the time allowed for discussion on front of mind issues outside of the agenda to allow Board members to give their thoughts which may shape discussions;
- Committee Chairs to report on the significant issues discussed with additional focus on matters requiring full Board consideration;
- a review of the remit of the CSR Committee; and
- increasing focus on emerging risks.

An update on progress against these actions will be given in next year's Annual Report and Accounts.

NOMINATION COMMITTEE REPORT

NIGEL STEIN
CHAIR

Membership

	Number of meetings held/ attendance	Number of ad hoc meetings held/ attendance
Nigel Stein (Chair)	2/2	3/3
Nayantara Bali	2/2	3/3
Jerry Buhlmann	2/2	3/3
Juan Pablo Del Río	2/2	3/3
Byron Grote	2/2	3/3
Alex Jensen	2/2	3/3
Jane Kingston	2/2	3/3
Sarah Kuijlaars	2/2	3/3
John Langston	1/1	2/2
Stuart Rowley	1/1	0/0

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 2023. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities during the year and I hope you find it useful.

The Committee held two scheduled meetings and three ad hoc meetings during the year, discussing its key areas of responsibility: board composition and appointments to the Board, succession planning, time commitments, and diversity. All Non-Executive Directors are members of the Committee.

Chair of the Board

As outlined earlier, I will retire from the Board at the conclusion of the AGM in May 2024. I have been on the Board since October 2015, becoming Chairman in 2018. I have thoroughly enjoyed my years at Inchcape, especially working with so many talented colleagues both on the Board and in the business.

Byron Grote ran the Chair succession process, during which he met with all members of the Board to consider the skills and experience required to lead the Board, and also took external advice from Lygon Group. I am delighted that the Board approved the appointment of Jerry Buhlmann as Chair following my departure. Jerry joined the Board in 2017, becoming Senior Independent Director in 2019. The Board was unanimous in its support for the succession of Jerry and it was agreed that an external search would not be necessary. His appointment will ensure seamless continuity of Board leadership to support the Group, as it continues to deliver on its Accelerate strategy.

Board composition and succession planning

Board composition and succession planning continues to be the main focus of the Committee with four new Directors joining the Board in 2023. Byron Grote and Juan Pablo Del Río joined the Board as Non-Executive Directors in January 2023. Adrian Lewis was promoted to the Group Chief Financial Officer in May 2023, and Stuart Rowley joined the Board in July 2023 as Non-Executive Director.

The assessment of skills, experience, and knowledge is a key element when determining Board composition and carrying out succession planning. Last year, the Committee determined the list of skills which would enhance the Board composition with automotive experience being a key requirement for future appointees, along with a strengthening of multinational and regulatory experience following the departure of John Langston during the year. The appointments made to the Board during 2023 have enhanced these areas considerably, with Juan Pablo Del Río and Stuart Rowley bringing extensive automotive expertise, and Byron Grote bringing a wealth of finance, governance, and international experience gained from a variety of executive and non-executive roles.

I am also delighted that Adrian Lewis was appointed as Group Chief Financial Officer in May 2023. The appointment represents internal succession, as he moves from the role of Group Financial Controller. Following rigorous assessment, it was agreed that he brings the individual and technical attributes required of Group Chief Financial Officer and deemed a highly capable successor possessing substantive financial and automotive experience. Adrian was integral to overseeing many of Inchcape's M&A, in addition to leading teams and working across financial control, corporate finance, treasury, reporting, and operational finance. Adrian had been Interim Chief Financial Officer since November 2022.

I am also pleased that Alison Platt joined the Board in January 2024. Alison brings a wealth of experience across a variety of industries, and I know she will be a valuable member of the Board.

It is usual for Board members to serve a maximum of nine years on the Board, and length of service is a key factor when looking at succession planning. The Committee reviews length of service on an annual basis and recommends to the Board the appointment of NEDs for a further three-year term as and when they arise. However, there may be occasions when 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 Nomination Committee continues to consider suitable candidates should any vacancies arise unexpectedly or where it could be deemed that another NED would enhance the performance and experience of the Board.

The Committee believes the composition enables the Board to optimally perform for the benefit of shareholders and ensures that the Board and its Committees are well equipped with the skills and capabilities needed to drive the future success at Inchcape.

Director independence

The Committee assesses the NEDs' independence on appointment and throughout the year. NEDs 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.

Juan Pablo Del Río is not considered independent as he has a significant shareholding in the Company and has close ties with the Derco business acquired in 2023. The Company acknowledges that Juan Pablo Del Río is not independent but the rationale behind the Derco acquisition, as stated in the 2022 Annual Report and Accounts, is of tremendous benefit to the Company in growing the Americas region and bringing highly complementary mobility company partner relationships, As he is not considered independent, Juan Pablo has no voting authority when it comes to making decisions about the Derco subsidiaries.

Appointments to the Board and induction process

As part of the Board composition and succession planning process, the future skills, experience, and knowledge required by Directors is continually kept under review. When planning to fill future vacancies, an appropriate job specification is developed, along with specification of any other desirable attributes required. A longlist of candidates will be considered after which 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. Lygon Group were appointed to assist with the recruitment of Byron Grote and Stuart Rowley. Lygon Group are signatories of the standard voluntary code of conduct for executive search firms and has no other connection to the Company or any individual Director.

Induction of Non-Executive Directors

The induction process is designed to provide new Directors with a detailed understanding of the business and the Group's future strategic ambitions to enable them to carry out their duties as Directors of the Company. This includes meetings with the Group Executive Team, key management, and the Group's principal advisors. With Inchcape being Juan Pablo Del Río and Stuart Rowley's first United Kingdom listed Board appointments, they received detailed briefings from our external legal advisors on their legal duties as directors of a UK listed company. All Board members are provided with a comprehensive pack of documents setting out key information about the Company, including broker reports on the Company and industry sector.

As part of their induction, Juan Pablo and Byron attended a site visit at our Mercedes-Benz dealership in Oxford, which was led by George Ashford, CEO UK. They also attended site visits in Hong Kong and the Philippines as part of the overseas Board visit. For new Board members, visiting sites and meeting colleagues helps provide an overview of our operations as well as Inchcape's ways of working, culture, and values.

Diversity

The Committee considers gender diversity both at the Board and Group Executive Team level, and the Group is committed to improving diversity throughout the organisation. There are several initiatives in place to support the achievement of diversity targets and further information can be found in the Responsible Business Report on page 35.

As at 31 December 2023, one member of the Board is from a minority ethnic background, however the Company did not satisfy the other diversity criteria under LR 9.8.6(9ai) and (9aii). In January 2024, Alison Platt joined the Board as Non-Executive Director, which resulted in over 40% of the Board being women, and in May 2024 it is intended that Alison will replace Jerry Buhlmann as Senior Independent Director. These changes would result in the Company meeting all diversity targets under LR 9.8.6 from May 2024. Please see page 81 for the Board's Policy on Diversity.

Focus for 2024

Next year the Committee will focus on:

- onboarding of new Directors;
- succession planning; and
- skills matrix to support delivery of the Accelerate strategy.

An update on the Committee's activities will be given in next year's Annual Report and Accounts.

NIGEL STEIN
CHAIR OF THE NOMINATION COMMITTEE

Key activities

What we did	Outcome
Board composition and succession planning	
Used the skills matrix to assess the skills, experience, and knowledge on the Board of the current directors. Used the skills matrix to agree the skills, experience and knowledge required for future appointments taking into account departing Directors' skill set, diversity, and the strategic direction of the Group. Met with potential Non-Executive and Executive candidates to fill vacancies on the Board. Recommended preferred candidates to the Board for approval to be appointed to the Board. Reviewed the latest diversity data published by the Parker Review and agreed to submit diversity data for the Board and senior leadership of the Group for the year ended 31 December 2023.	The skills matrix was updated to identify future succession priorities of automotive/retail, digital/technology, and remuneration. Recommended the appointment of the Directors below to the Board: • Byron Grote • Adrian Lewis • Stuart Rowley • Alison Platt Recommended the appointment of Jerry Buhlmann as Chairman and Alison Platt as Senior Independent Director following the Annual General Meeting in May 2024. The Board has achieved the Parker Review target of having one director from an ethnic minority background.
Director independence	
The Board assessed the independence of directors in accordance with the UK Corporate Governance Code 2018, taking into account: • length of service; • close family ties; • current or former employment by the Company; • material business relationships; • cross directorships; • significant shareholdings; and • additional remuneration.	Over half the Board consists of independent Non-Executive Directors. Juan Pablo Del Río is not considered independent due to his family shareholding and close ties to the Derco business acquired in 2023.
Election and tenure of directors	
Reviewed the contribution of each Director throughout the year. Recommended the re-appointment of all Directors to be put to shareholder vote at the 2023 AGM. Reviewed the performance of Alex Jensen following the completion of three years on the Board. Reviewed Committee membership following the departure of John Langston, and the appointment of three new Non-Executive Directors during the year.	Shareholders voted to appoint or re-appoint all directors with each resolution receiving over 95% in favour. Recommended the re-appointment of Alex Jensen for a further three-year term. Recommended the appointment of Sarah Kuijlaars as Chair of the Audit Committee.
Time commitment and other appointments	
Reviewed the policy on multiple board appointments taking into account the guidance of investors and proxy advisors on overboarding. Assessed external commitments to ensure directors have the necessary time available to fulfil their duties: • Byron Grote took on the role of chairman of a FTSE 100 company on a temporary basis during 2023.	The policy on multiple Board appointments was approved for a further 12 months. The Committee agreed that as this was for a limited time it would not hinder his ability to carry out his duties to Inchcape.

Diversity within Inchcape

We are passionately committed to promoting inclusion, diversity, and equality in the workplace and it is inextricably linked to our strategy. We value diversity in the broadest sense including, but not limited to age, disability, ethnicity, gender, sexual orientation, 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.

We reported that last year's Board evaluation raised the need to accelerate the continued focus on succession planning. 2023 saw women in executive management increase from 22% to 28%, including the appointment of Liz Brown to the GET. The Group has a target of at least 30% of senior leaders to be women by the end of 2025.

The Board and its Committees are subject to the Group's Global Inclusion & Diversity Policy, which is reviewed annually and is available on the Company's website at www.inchcape.com. 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 breakdown of the ethnic and gender identity of Company colleagues as at 31 December 2023 is as follows:

Gender identity	Number of colleagues	Percentage of colleagues	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in executive management	Percentage of executive management
Men	15,460	72%	7	64%	4	58	72%
Women	5,978	28%	4	36%	0	23	28%
Other	2	0%	0	0%	0	0	0%
Not specified/prefer not to say	2	0%	0	0%	0	0	0%

Ethnic background	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	10	91%	4	59	73%
Mixed/Multiple Ethnic Groups	0	0%	0	3	4%
Asian/Asian British	1	9%	0	10	12%
Black/African/Caribbean/Black British	0	0%	0	1	1%
Other ethnic group, including Arab	0	0%	0	3	4%
Not specified/prefer not to say	0	0%	0	5	6%

* Includes Chair, Group Chief Executive, Senior Independent Director, or Group Chief Financial Officer.

The Company satisfied the Parker Review recommendation of at least one Director from a minority ethnic background following the appointment of Nayantara Bali in 2021. The Group has set an ethnic minority percentage target of 23% for the senior management team to be maintained and achieved by 2027. Our goal is to maintain or improve the representation of ethnic minorities in senior management, as well as to improve the proportional representation of ethnic minorities within the ethnic minority categories to better reflect the global communities in which we operate. One of our core themes for our Inclusion & Diversity strategy in 2024 is ethnicity & culture which aims to cultivate an environment that celebrates diverse cultural backgrounds and ethnicities, foster cross-cultural understanding, and explore the nuances of ethnicity within our global community.

As at 31 December 2023, the Board comprised of 36% women with all Committees comprising of at least 40% women. Alison Platt joined the Board on 2 January 2024 as Non-Executive Director and at the publication date of this report, the Board now comprises of over 40% women on the Board. It is intended that Alison will replace Jerry Buhlmann as Senior Independent Director following the AGM in May 2024. If her election is approved by shareholders, this will result in the Company meeting all diversity targets under LR 9.8.6 from May 2024.

Diversity data is collected through our global HR system which enables self-identification through a multiple-choice dropdown with the same definitions as used under LR 9 Annex 2. Colleagues are also invited to submit their disability information, sexual orientation, and religion through the system. We roll out communications and campaigns annually to encourage full disclosure in markets where we can ask and collect data. All Board directors are asked directly to confirm their background information on an annual basis so to complete the above tables.

AUDIT COMMITTEE REPORT

SARAH KUIJLAARS
CHAIR

Membership

	Number of meetings held/ attendance
Sarah Kuijlaars (Chair)	5/5
Jerry Buhlmann	5/5
Byron Grote	5/5
Stuart Rowley	2/2
John Langston	2/2

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 2023. 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.

The Committee plays an important role in the Group's governance framework providing independent challenge and oversight across financial reporting and internal control procedures. The Committee members use their skills, knowledge, and experience to bring an independent mind-set to the deliberations which results in the collective view being expressed to the Board.

The Committee held five scheduled meetings throughout the year discussing its key areas of responsibility: financial reporting, internal control and risk management, compliance, whistleblowing, and fraud in addition to internal and external audit. The Committee consists solely of independent Non-Executive Directors, with the Chairman, Executive Directors, and members of the management team in attendance.

Changes to the Committee

I was delighted to be appointed as Chair of the Audit Committee following John Langston's retirement in May 2023. John's advice and guidance has been invaluable, and he leaves a strong Committee with a clear purpose, and I would like to thank him for his contribution over the last nine years.

I am also pleased to welcome Stuart Rowley, who joined the Board in July 2023, to the Committee. As detailed on page 73 of the Corporate Governance Report, Stuart has over 30 years' experience with Ford in a variety of finance and senior leadership roles and his insight into the automotive sector will be a valuable contribution to our discussions.

With regards to recent and relevant experience on the Committee, I have held several senior finance roles, most recently as chief financial officer of De Beers and I am a Fellow of the Chartered Institute of Management Accountants. Of the other Committee members, both Byron Grote and Stuart Rowley have a wealth of financial knowledge and experience gained in large multinational organisations in various sectors. Byron Grote also serves as the audit committee chair of InterContinental Hotels Group plc and Tesco plc.

External auditor

In line with the Financial Reporting Council's (FRC) Ethical Standard, Anna Marks of Deloitte LLP stepped down as lead audit partner after five years and was replaced by David Griffin. The handover process was managed seamlessly, by both the management and Deloitte teams, with no disruption to the audit process. I would like to thank Anna for her guidance and counsel during her tenure.

During the year, the Audit Quality Review (AQR) team of the FRC selected Deloitte's 2022 audit for an AQR inspection and gave a rating of 'Limited improvements required'. The Committee reviewed the FRC's findings and discussed the outcome and associated actions of the inspection with the external auditor. Further information is given on page 88.

Financial reporting

The significant issues in relation to the financial statements considered by the Committee are given on page 85. The Derco acquisition was a key consideration for the Committee during the year, with the Committee assessing the approach taken by management to determine the fair value of identifiable assets and liabilities acquired, key issues and adjustments, reviewing the completion accounts process, and assessing the progress being made on aligning the Derco accounting policies with the Group's accounting policies.

The Committee also considered the accounting in relation to the acquisitions in Indonesia, New Zealand, and the Philippines, and are satisfied with the assessment that no further adjustments need to be made.

The Committee also spent time reviewing the forecasts, projections and assumptions used in determining whether the Group is able to adopt the going concern basis of accounting in preparing the financial statements.

Internal control and risk management

Following the acquisition of Derco, the integration was also a key consideration for the Committee when reviewing internal control and risk management processes. The Committee received regular updates on the integration plan which was rolled out in a phased approach with phase one key controls designed and implemented soon after completion and phase two key controls embedded by June 2023. In addition, a newly formed controls function was put in place, a Head of Controls appointed, and an Internal Control Academy established to induct and train the new team.

During the year, the Committee also received reports on planned and delivered enhancements to the Internal Control framework. These included revised business control self-assessments, refreshed IT general controls aligned to the National Institute of Standards and Technology (NIST) security framework and digital organisation, and strengthened controls assurance provided by the regional Internal Controls team. The Committee assessed the internal control framework to ensure the controls were appropriately designed to mitigate risks, and reviewed progress throughout the year, taking care to consider if appropriate resources and time was available for management to execute the plan given the significant Derco integration project.

During the year, the Committee reviewed the principal and emerging risks, as well as the appropriateness of the risk management framework and risk assessment process. Further details can be found on pages 86 to 87 and in the Risk Management Report on pages 56 to 64.

Internal Audit

A primary source of assurance for the Committee is through the delivery of the Internal Audit plan (IA Plan) which is structured to align with the Group's strategic priorities. The audit strategy is updated on an annual basis to ensure that it is aligned to the changing risk profile of the Group, the external environment, and the needs of both management and the Audit Committee.

The 2024 IA Plan was prepared and approved by the Committee in November 2023. When approving the IA Plan, the Committee assessed the alignment to the Accelerate strategy and principal risk profile, proposed audits, and audit coverage.

Focus will be on assurance over integration of newly acquired businesses including Derco synergies, Responsible Business (including ESG and climate reporting), digital platforms & programme assurance, and legal and regulatory compliance.

Cybersecurity

Cybersecurity continues to remain one of the most significant risks, and the Chief Information Security Officer, and the Chief Digital Officer provide an update on cybersecurity twice a year, with ad hoc updates as needed. These reports provide the Committee with information on NIST progress, cyber monitoring, and any notable incidents. The Committee also considered the cybersecurity approach to M&A, and the processes and controls in place to integrate new businesses into the Group's systems, which included the plan to integrate the Derco businesses.

Excellent progress has been made on the Group's cybersecurity programme and during the year PwC carried out a Group Cyber Internal Audit review looking at the design, implementation, and operating effectiveness of the cyber remediation solution against the target NIST maturity and the target net risk level of the Cyber principal risk. I am pleased to report that the cyber maturity score is above the 2.6 target and the NIST maturity journey remains on track.

Following several years of positive improvement, a cybersecurity strategy review has been developed, and the Committee will review progress against the priorities during 2024 which include threat intelligence led prioritisation, API data governance, Zero Trust access, and 'self-healing' platforms.

Audit and governance reforms

Following the Governments' decision to withdraw the proposed audit and governance reforms, the Committee agreed to continue the assessment of the control environment which was already at an advanced stage. The Committee received a gap analysis of the internal control and risk management framework as compared to the internal control framework Committee of Sponsoring Organisations (COSO). The Group Internal Control team assessed entity level controls which were mapped against the COSO principles. Further details are given on page 87.

Focus for 2024

Next year the Committee will focus on:

- M&A integration;
- ESG impacts on activities, planning, and disclosure; and
- acquisition accounting.

I look forward to updating you on the progress made in next year's Annual Report and Accounts.

SARAH KUIJLAARS
CHAIR OF THE AUDIT COMMITTEE

Key activities

What we did	Outcomes
Financial reporting Review of the statutory financial statements and interim results ahead of recommendation to the Board for approval. Consideration of key accounting and reporting judgements including disposal of Russian business, impairment, hyperinflation, adjusting items, and acquisition accounting. Assessment of the Annual Report and Accounts as a whole to determine whether it is fair, balanced, and understandable. Review of upcoming corporate reform and other regulatory topics.	Approval of the interim financial statements, and Annual Report and Accounts. Consideration of the impact of climate change on financial planning including impairment – please see note 10 on page 165 of the financial statements and the TCFD Report on pages 40 to 53 for further details. Assessment of the Group's viability and approval of the going concern statement – please see page 64 and page 118 for further details.
Internal Control The Committee reviewed reports provided by management and the external auditor including: • progress InControl Standards (ICS) self-assessed compliance; • outcomes of the regular controls testing programme; • ICS gaps and closure; • new business controls and compliance integration; • the external auditor's control improvement; and • recommendations and other observations from the audit of the Group for the year ended 31 December 2022.	2023 ICS business control self-assessments complete, gaps highlighted are tracked and monitored to completion. New controls relating to data privacy introduced and IT general controls refreshed, including NIST cyber controls. Phase 1 Derco controls integration plan complete for 2023. Phase 2 in progress and tracking to plan. Controls integration plans established and on track for all remaining 2023 acquisitions. All external auditor control improvement recommendation points tested and closed as planned.
Risk management The Committee reviewed the Enterprise Risk Management (ERM) priorities. Considered new risks relating to the integration of Derco and business interuption (pandemic and natural hazards). Reviewed refreshed framework for business resilience and identification of climate change risks and opportunities. Reviewed the effectiveness of the Company's ERM activities. Considered management's assessment of internal control and risk management systems as compared to the Sarbanes-Oxley Act and COSO framework.	Climate risk and opportunities refreshed for 2023 and embedded into ERM processes. Analysis for EV misalignment risk complete. Reviewed and discussed the COSO assessment and principles on which implementation will be based. The Committee will monitor management's development of the framework.
Internal Audit The Committee reviewed: • the 2023 IA Plan; • progress against the IA Plan; • the status of open audit issues; • mitigation plans for any internal control failings; • newly reported and open whistleblowing cases and action plans to resolve; • the Americas Internal Audit plan; and • process and results of the Internal Audit effectiveness review.	Following approval by the Committee, the 2023 plan was delivered in full with 43 reports delivered in the period. The Americas Internal Audit plan was finalised and adopted in full, and the Internal Audit team fully integrated into the business. 363 whistleblowing cases were received during 2023. 210 cases have been investigated and closed. The remaining cases are either awaiting additional information or are in progress. The Internal Audit effectiveness review found that Internal Audit was effective with good ratings across all measures. Recommended actions have been incorporated into the function's continuous improvement plans. Audit of shared service provider completed.
External auditor The Committee reviewed the report from the external auditor, assessing the auditor's approach to, and findings in relation to, the audit to assess independence and objectivity. Updates on upcoming corporate reform and other regulatory topics were regularly received throughout the year.	The Committee also received a report from the external auditor on the control findings highlighted in their report and confirmed that it is satisfied there are no material misstatements and that relevant actions are being taken to resolve and control matters raised.

Significant issues considered by the Committee during the year

Significant issue	How this was addressed
Impairment – see notes 10 to 12 on pages 163 to 170 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 from external sources where relevant, and with appropriate challenge from the external auditor.	• The Committee considered the appropriateness of the cash generating units (CGUs) or groups of CGUs used for impairment and the allocation of assets thereto. • 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. • The Committee also discussed the appropriateness of the disclosures to be made in the Annual Report and Accounts 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 Committee concluded that management's impairment reviews of non-financial assets were appropriate.
Acquisition accounting – see note 28 on pages 192 to 197 Part of the Group's strategy is to invest to accelerate growth. Accounting for acquisitions requires judgement to be exercised in assessing the fair value of assets and liabilities acquired including the identification of intangible assets and the allocation of acquired businesses to cash generating units. During the year, the Committee considered the acquisition accounting for Derco, CATS, Mercedes-Benz in Indonesia, and Great Lake Motors in New Zealand.	• The Committee considered whether the judgements relating to the fair value of assets and liabilities and the adjustments made were appropriate, including the nature of the intangible assets identified and the useful lives assigned thereto. • The Committee discussed the level of assistance provided by external advisors to support the approach taken by management as well as management's oversight of those advisors. • The Committee reviewed the allocation of the acquired assets and liabilities to CGUs and the allocation of goodwill to the relevant group of CGUs. The Committee concluded that it was satisfied with management's valuations of the assets and liabilities, including the degree to which such valuations are supported by professional advice from external advisors and that the acquisitions had been accounted for appropriately.

Financial reporting

The Committee provided oversight by reviewing 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 assurance to support the long-term viability statement.

The Committee carried out its work using information supplied by management, the external auditor, and other advisors as appropriate. During the year, the Committee received reports from the Group Chief Financial Officer and the Group Head of Reporting on impairment, adjusting items, acquisition accounting, and pension scheme liabilities.

Regular updates are also received from the Group Tax Director during which the Committee reviewed the Group's effective tax rate, deferred tax, and tax audits and settlements. In addition, the Committee also received an update on the OECD's Pillar Two framework, how this will impact the Group in the short and long-term, and the processes being developed by the cross functional working group to manage the implementation.

Risk management and internal control

The Board has overall responsibility for the Group's risk management and internal control framework including ensuring:

- there is an appropriate mechanism in place to identify the risks the Group faces;
- management teams focus on those risks and action plans are in place to mitigate or respond to those risks;
- a compliance programme is in place 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.

The Committee receives a report on ERM framework at each meeting from the Group Head of Internal Audit. During the year, the Committee monitored the ERM priorities for 2023, reviewed the assessment of the principal risks including the new risk relating to the Derco integration and assessed the framework in place for business resilience and identification of climate change risks and opportunities.

Further details on how the Group manages risk is given in the Risk Management Report on pages 56 to 64.

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 ICS has been designed to mitigate the most significant risks across the Group providing robust governance and sound controls.

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. 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 are easy to follow.

During the year the Committee considered the self-assessment scores for each market, control gaps identified and remedial action plans, the implementation of key controls in Derco, the bank reconciliation process review, controls automation plans, and new business controls integration.

Main features of the internal control and risks management systems in relation to financial reporting

The key features of the Group's internal control and risk management systems that underpin the accuracy and reliability of financial reporting include: clearly defined lines of accountability and delegation of authority; the Group's Code of Conduct; policies and procedures that cover financial planning and reporting; preparing consolidated financial accounts; capital expenditure; project governance; and information security. Processes and systems in place include:

- annual approval of the Group's budget by the Board with regular updates on actual performance against plan, regional breakdowns, and analysis of variances;
- a comprehensive system of key control and oversight processes, including regular reconciliations;
- updates for the Committee on accounting developments, including draft and new accounting standards and legislation;
- reports from Internal Audit on matters relevant to the financial reporting process, including periodic assessments of internal controls, processes, and fraud risk;
- independent updates and reports from the external auditor on accounting developments, application of accounting standards, key accounting judgements, and observations on systems and controls;
- appointment of experienced and professional colleagues with requisite knowledge and skills to perform their duties; and
- appropriate Board oversight of external reporting.

In addition, the Group has established a dedicated Financial Controls team at Group and regional levels supported by controls testing on a quarterly basis, with progress reported to management and the Audit Committee at regular intervals during the year, including implementation of management actions to remediate issues identified and make improvements.

Monitoring the effectiveness of the risk management and internal control systems

The Board, through delegated authority to the Audit Committee, has ultimate responsibility for the effective management of risk across the Group and for monitoring how each business area implements appropriate internal controls.

The Group's risk management systems are designed to support the business in actively managing risk to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. These systems are also designed to be sufficiently agile to respond to changes in circumstances such as the consequences of new acquisitions, changes triggered by new legislation and significant external events.

The Committee monitors the effectiveness of the internal control and risk management systems through various sources of assurance including reports from the Group Head of Internal Audit on the ICS framework, the ERM framework, and the status of internal audits.

When reviewing the effectiveness of the ERM framework, the Committee considered the design of the ERM process, whether it had been applied to all material areas of the business, whether the process had identified the most material risks to the Group, and any new or additional mitigation actions to address the principal risks. The Audit Committee also receives reports on principal risk descriptions and risk footprint, as well as receiving regular updates on the status of the Group's principal and emerging risks. This year, these reviews have covered areas including cybersecurity and IT resilience.

When assessing the effectiveness of the internal control framework, the Committee considers the independent assessment of the effectiveness of risk management and internal control systems provided by the Group Head of Internal Audit. The Audit Committee also receives regular reports on the status of the controls assurance plan which covers controls in each market and function, and monitors compliance with and effective operation of the ICS framework. The Committee also considered the actions taken to enhance controls design and effectiveness, testing results and trends analysis derived from the Group's integrated risk management system.

In addition, the Committee reviews the report presented by Deloitte during the year on control improvement recommendations and other observations made on the control environment during the audit.

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 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 2023 and to the date of this report. The Board is satisfied that the control environment was materially effective during the course of the year.

Sources of assurance

Internal Audit

The Group Head of Internal Audit presents the IA Plan to the Committee for review and approval on an annual basis. The Committee assesses the IA Plan to ensure that it is fully aligned with the Group's Accelerate strategy and principal risks.

The outcomes of Internal Audit assignments are reviewed by the Committee throughout the year providing details of overall ratings, reasons for the rating, and actions to be taken within a specific timeframe. During the year, the Committee considered the findings of a number of audits including new market integration and synergy achievement, and ERP system and programme assurance in addition to market and functional audits.

The Audit Committee assesses the effectiveness of Internal Audit by reviewing its annual IA Plan at the start of the financial year, monitoring its ongoing quality throughout the year, and assessing completion rates and feedback provided following completion of the annual IA Plan. Having carried out this assessment, the Audit Committee is of the view that the quality, experience, and expertise of Internal Audit is appropriate for the business.

Functional assurance

A broad range of assurance activities have been designed and established across the business to target key risk areas, such as finance, legal and regulatory, digital, cyber, and health, safety & environment (HSE). While reporting lines for these activities are directly to the respective business areas, the processes and controls of these functions are periodically tested by Internal Audit and discussed with the Audit Committee. The Chief Information Security Officer and Group Tax Director provide regular reports to the Audit Committee on their areas of expertise.

Operational oversight

Senior management forums and committees provide oversight and challenge on key risk areas within individual businesses, cross-business programmes, or activities, such as transformation programmes, acquisitions, Responsible Business, Digital, People, HSE, Cyber and other areas of change. The output from these discussions forms part of the updates provided to the Audit Committee or assured through the Internal Audit and ICS programme.

Audit and governance reforms

During the year, management reviewed its approach to assurance in preparation for the proposed audit and governance reforms, and updated UK Corporate Governance Code. A number of the proposed reforms were withdrawn by the Government in late 2023, however the control analysis work had already been completed by that time. A gap analysis of the internal control and risk management framework was compared to the COSO and the findings from this assessment were reported to the Audit Committee to inform their assessment on the effectiveness of risk management and internal control systems and the ability to meet the expectations of the current and revised UK Corporate Governance Code.

Whistleblowing

Colleagues and third-party business partners are encouraged to raise concerns about potential breaches of the Code of Conduct or other policies, either to their line managers, Legal, People, Internal Audit and Risk colleagues, or to Speak Up, a confidential whistleblowing mechanism. Speak Up is a global service administered by an independent provider, accessible online, by QR code or by telephone. Independent Inchcape teams investigate allegations, with progress being monitored by Internal Audit. When allegations are substantiated, appropriate disciplinary and corrective actions are taken.

The Head of Internal Audit provides an update on fraud and whistleblowing cases at each meeting which includes new reports made throughout the year and open cases still under investigation. The cases which are reported to the Audit Committee are those of sufficient significance to warrant attention; however, a list of all reports is also provided to the Audit Committee for its review along with a breakdown by market, report type, and source. The Audit Committee Chair reports to the Board on any significant whistleblowing cases, and remediation plans, as they arise. There were no significant whistleblowing cases reported to the Board during the year.

External audit

The Committee has complied with the FRC's guidance, issued in May 2023, on Audit Committees and the External Audit: Minimum Standard. The activities undertaken by the Committee to meet the requirements of the Standard are given on pages 82 to 89 of this report.

Audit tender

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. David Griffin is the lead Audit Partner and has been in position since July 2023.

The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014, which relates to the frequency and governance of external audit tenders and the setting of a policy on the provision of non-audit services. The Committee reviews and makes a recommendation to the Board with regard to the reappointment of the current external auditor. In making this recommendation, the Committee monitored and assessed their effectiveness, objectivity, independence, lead partner rotation, and any other factors that may impact the Committee's judgement regarding the external auditor.

The Committee has concluded that it remains satisfied with the effectiveness and quality of the audit work. The Committee also remains satisfied with the capabilities of Deloitte, its knowledge of the business, and its relationship with Inchcape. The Committee believes that it is in the best interests of shareholders to continue to recommend Deloitte as the external auditor and it is not currently anticipated that a tender process is immediately required. In line with regulation, the Committee plans to initiate a competitive tender of the external audit contract in 2026.

Auditor effectiveness, independence, and objectivity

A high-quality audit provides stakeholders with assurance that the financial statements give a true and fair view of the business. Assessing whether the external audit process provides this is a key activity of the Audit Committee during the year.

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 also considers interactions with the Head of Internal Audit and external regulators, such as the FRC.

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.

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 it 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 at each meeting.

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. Where the auditor has challenged management the Committee considers the feedback from management, whether the issues are addressed satisfactorily, and whether agreed positions are appropriate.

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, with the audit quality inspection reports being a key source of external evidence of audit quality.

Audit Quality Inspection and Supervision report

During the year, the 2022 audit file was selected by the FRC for an AQR inspection and received a rating of 'Limited improvements required'. The findings raised by the AQR and the audit team actions for the 2023 audit were presented to the Committee for its consideration.

The AQR report noted good practice over Deloitte's oversight of the Derco acquisition and the relevant findings and learnings from the AQR inspection with Deloitte's component teams, as deemed appropriate.

Further, in July 2023 the FRC issued reports on Audit Quality Inspection and Supervision, providing a summary of the findings of its Audit Quality Review team for the 2022/23 cycle of reviews.

The Committee discussed the summary of findings with Deloitte and considered the auditors response and action plan which include incorporating firm-wide learnings into the audit plan, where relevant.

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 an 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.

Auditor independence
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.

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 understand the Group's business can be a benefit and the Committee will consider non-audit services supplied on an ongoing basis.

The Audit Committee review the non-audit services provided by the external auditor twice a year.

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 United Kingdom 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.

Permitted non-audit services carried out during the year
Deloitte acted as reporting accountants for the £350m bond issuance, providing an opinion on the Pro Forma Financial Information that was included in the Offering Circular and comfort letters on Significant Change and data extracted from the Group's Annual Report and Accounts. The work performed in relation to the comfort letters and financial extraction are considered permitted non-audit services.

The following non-audit fees incurred with Deloitte were:

	2023 £'000	2022 £'000
Regulatory services	**120**	5,421
Permitted non-audit services	**279**	819

The ratio of permitted non-audit services to audit fees for the year ended 31 December 2023 was 0.06:1. Full details are shown in Note 3d of the notes to the financial statements on page 152.

The Group remained within the Audit Committee approved ratio of audit to non-audit fees throughout 2023. The non-audit fees were significantly higher in 2022 due to the services provided by Deloitte in respect of the acquisition of Derco.

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

	2023 £'000	2022 £'000
Audit fees	**4,899**	3,524

After considering all of the elements detailed in this report, the conclusion of the Committee is that the auditor carried out its audit effectively and that the auditor is independent and objective.

Fair, balanced, and understandable
The Audit Committee carried out its own assessment of the financial statements, and the Annual Report and Accounts 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 9 and a statement of the Directors' responsibilities is set out on pages 115 to 118 which includes the going concern statement.

During the year, the Committee:

- considered key audit issues, accounting treatment and judgements in relation to the financial statements;
- where risks were identified, either in relation to processes, key transactions, or colleagues, undertook a deeper review of matters, challenging management to improve the control environment and tighten processes;
- challenged management on the assumptions used and the judgements that have been applied, with assurances given from both external and internal sources; and
- assessed whether the Annual Report and Accounts are fair, balanced, and understandable.

CSR COMMITTEE REPORT

ALEX JENSEN
CHAIR

Membership

	Number of meetings held/ attendance
Alex Jensen (Chair)	3/3
Nayantara Bali	3/3
Jerry Buhlmann	2/3
Byron Grote	3/3
Nigel Stein	3/3
Duncan Tait	3/3

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 2023. 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 33 to 39, and the TCFD Report on pages 40 to 53.

The Committee held three meetings throughout the year covering its key areas of responsibility: Responsible Business framework (People, Places, Planet, and Practices), health, safety & environment, and workforce engagement. The Committee consists of four Non-Executive Directors, the Chairman, and the Group Chief Executive.

Responsible Business

The 'Driving What Matters' plan (Plan), our Responsible Business framework, continues to mature as initiatives and action plans are embedded within the organisation under each of the four pillars: People, Places, Planet, and Practices. The Committee received regular updates on each of the pillars. Further information on the initiatives can be found in the Responsible Business Report on pages 33 to 39.

Materiality assessment and new Sustainability Report

During the year, the Group completed a sustainability materiality assessment of the business to improve our understanding of the sustainability priorities of our stakeholders.

The purpose of obtaining the views of stakeholders both external and internal is to gain insight into their perceptions of the Plan, use the findings to further evolve the Responsible Business framework to reflect stakeholder expectations, and to assess our ability to influence change in those areas most important to our stakeholders globally.

The double materiality assessment consisted of:

- best practice assessment using the standards of the Global Reporting Initiative; and
- assessment of sustainability risks and opportunities, as well as positive and negative outward impacts.

The Committee debated the issues and outcomes from the materiality assessment workshop which provided four key themes: doing more of what Inchcape does well; keeping pace with the accelerating mobility transition; bolstering internal knowledge of Responsible Business; and addressing areas of direct control.

The assessment provided context for strategic positioning which will be considered as part of the annual Strategy Day in May 2024, and provided input into the Group's first standalone Sustainability Report which will be published in 2024 and will be available at www.inchcape.com.

Further information is given on pages 33 to 34.

Health, safety & environment (HSE)

The Committee received HSE updates at each meeting, with approval of HSE objectives reviewed by the Board annually. In addition to monitoring progress against plans, the Committee considered the HSE assessments carried out for the recent Derco acquisition in the Americas which was conducted across all 241 sites. The assessment identified what control measures are required, immediate preventive actions and a long-term risk mitigation plan.

Workforce engagement

This year, the annual workforce engagement session was facilitated by Nayantara Bali, who is a member of the CSR Committee, and Jane Kingston, Chair of the Remuneration Committee, as I was unable to attend the overseas Board visit in person.

The session took place in Hong Kong and was attended by colleagues from a wide range of roles within the business.

Colleagues were invited to ask questions on any topic they felt was of importance and the subjects ranged from the regional strategy in the context of electric vehicle transition, how the Board balance environmental, social, and governance (ESG) matters and profit when making decisions, and how the Board approaches Inclusion & Diversity with questions on the approach to equal pay globally.

Feedback was given to the Board and management following the session with management agreeing action plans to respond to the questions raised. These include improved communication on the approach to fair pay structuring, how diversity targets will be cascaded down the organisation, and whether an ESG target will be included in long-term incentive plans.

Jane Kingston also held a virtual reward engagement session and further details are given in the Directors' Report on Remuneration on page 93.

ESG landscape

One of the areas of improvement identified in the 2022 Board evaluation was to increase ESG knowledge on the Board and to support this, the Committee invited external consultants to present in-depth reviews on two ESG topics: the ESG regulatory landscape and ESG from an investor lens.

The ESG regulatory landscape is complex and continues to evolve with companies required to make increasingly detailed ESG disclosures. During the review of the regulatory environment the Committee focused on three main themes: broadening disclosure beyond climate; greater emphasis on quantification; and action focused disclosure. The Committee considered what emerging regulations mean for the Group, the Group's ambitions in this fast-moving market and what the ultimate role of the Committee and the wider Board is.

The Committee also spent time considering ESG from an investor lens to gain a deeper understanding of the interests of this group of stakeholders. The Committee spent time considering how ESG regulation is impacting both investors and lenders and whether the Group's ESG strategy will meet their principles and criteria in the short, medium, and long-term.

These knowledge sessions have been invaluable to the Committee members and have enriched the broader Board discussions as the Responsible Business framework underpins the Accelerate strategy.

Focus for 2024

Next year the Committee will focus on:

- scope 1 and 2 greenhouse gas emission targets;
- ESG metric in long-term incentives; and
- initiatives to achieve diversity targets.

ALEX JENSEN
CHAIR OF THE CSR COMMITTEE

KEY ACTIVITIES

What we did	Outcomes
Responsible Business	
For each of the four Responsible Business pillars, the Committee reviewed and assessed: • the global framework and priorities; and • performance against targets. The Committee reviewed and approved the disclosures made in: • the Responsible Business Report; and • the Task Force on Climate-related Financial Disclosures.	The Committee undertook a deep dive on female leadership recruitment to assess the appropriateness of the target of 30% female leadership by 2025. Scope 1 and 2 emissions reduced by over 21,000 tCO_2 market-based against the revised 2019 baseline. The Committee recommended the outcomes of the materiality assessment to the Board for approval.
Workforce engagement	
The Board engagement session took place in Hong Kong during the overseas Board visit. The Committee also reviewed progress against the issues raised at the previous year's engagement session. Alex Jensen and Nayantara Bali presented at Women into Leadership sessions.	Feedback to the Board for the 2023 session included the approach to pay structuring, and how the process for ensuring this is fair, should be made clear to colleagues, along with any decisions on implementing ESG metrics into the long-term incentive schemes.
Health, safety & environment	
The Committee reviews progress against six HSE priorities: • HSE risk profile reviews; • electric vehicle safety procedures; • cultural HSE survey; • HSE due diligence programme; • HSE contract management system; and • mandatory HSE training.	M&A assessments completed for all new businesses. Executive due diligence programme rolled out. Cultural HSE survey and psychological safety survey completed. Contract Management System implemented globally.

DIRECTORS' REPORT ON REMUNERATION

JANE KINGSTON
CHAIR

Membership

	Number of meetings held/ attendance
Jane Kingston (Chair)	4/4
Jerry Buhlmann	4/4
Byron Grote	4/4
Alex Jensen	4/4
Nigel Stein	4/4

The Group Chief Executive, Group Chief Financial Officer, Chief People 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 for the year ended 31 December 2023. 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.

Changes to the Committee

As announced in January 2024, I will step down from the Board in May 2024, after nearly six years' service. It has been a privilege to serve the Company, and I am delighted to confirm that Byron Grote will assume the role of Chair following my departure. I am also pleased that Alison Platt joined the Committee at the beginning of 2024, bringing a wealth of remuneration experience gained during her career.

Remuneration policy

Following a comprehensive policy review and shareholder consultation in 2022, I am delighted that shareholders overwhelmingly voted in favour of the Directors' Remuneration Policy at the Annual General Meeting in May 2023. The feedback received from shareholders has helped inform the Committee's discussion on several key areas including ESG targets and pension allowance.

Details of the Directors' Remuneration Policy are given on pages 98 to 104.

Reflecting our ESG priorities in our incentive framework

The feedback from shareholders on the introduction of an ESG metric inputted to the Committee's discussion on the most appropriate approach. As a result, it was agreed to delay introducing an ESG target into the long-term incentives schemes for 2023, keeping the metrics within the bonus strategic objectives. Further details of the ESG targets for the Group Chief Executive and Group Chief Financial Officer are given on pages 107 to 108.

The Committee more recently reviewed the position again in respect of the 2024 incentives, agreeing that further consideration was required before setting ESG targets for the long-term incentive awards. In 2024, ESG targets will remain in the annual bonus. This position will be reviewed on an annual basis.

Alignment of pension rates

As disclosed last year, following the standardisation of the defined contribution plan there was a misalignment between the United Kingdom workforce pension contribution and the Group Chief Executive cash allowance. As a result, Duncan Tait volunteered to freeze his allowance as an interim step during 2023 and, from 2024, receives a pension allowance of 7% of salary, in-line with the UK workforce pension rate.

Chief financial officer

Following a thorough recruitment process, I am delighted that Adrian Lewis was appointed as the Chief Financial Officer in May 2023. As part of the appointment process the Committee considered and approved his remuneration package in line with the Directors' Remuneration Policy. To assist in the decision-making process, the Committee considered external benchmarking for base salary and total remuneration.

The package included a salary of £480,000 per annum and benefit entitlements to car scheme, life assurance, and medical plans. His pension contribution is 7% of salary, in-line with the United Kingdom workforce.

Adrian is eligible for a target bonus of 75% of salary and a maximum bonus of 150% of salary. His 2023 bonus will be pro-rated for his time spent as Group Chief Financial Officer during the year. He will also be eligible to participate in the Performance Share Plan (PSP), the Co-investment Plan (CIP), and the Save-As-You-Earn scheme, in-line with the Directors' Remuneration Policy. A minimum shareholding requirement of 200% of base salary will apply during employment and for a period of two years from departure.

Business performance and remuneration

Outcomes for 2023

As detailed in the Strategic Report and Operating and Financial Review on pages 2 to 31, the Group delivered revenue of £11.4bn, adjusted profit before tax of £502m, EPS of 84.8p (basic adjusted), and adjusted ROCE of 26%.

2023 bonus

The 2023 bonus was based on a matrix of profit before tax and revenue. The Group delivered robust financial results, and strong progress was also made on the strategic objectives. As a result, Duncan Tait received a bonus of 99.66% of salary, and Adrian Lewis received a bonus of 94.33%. Please see pages 106 to 108 for further details.

2021 PSP/CIP

The 2021 awards will vest based on EPS, ROCE, and cash performance over the three years ending 31 December 2023. The cumulative EPS (40% of award) was 217p, the average ROCE (40% of award) was 32% and the average cash conversion (20% of award) was 75%, resulting in the 2021 awards vesting at 100% of maximum.

The Committee is satisfied that no windfall gains are likely to arise from the vesting of this award. Please see page 109 for further details.

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 United Kingdom workforce. The Chairman and the Non-Executive Directors received a fee increase of 4%.

The Committee received regular updates and was pleased to support management's approach to the cost-of-living challenges experienced in many markets most acutely affected in 2022 and 2023. Careful consideration was given to inflation forecasts and local market conditions when conducting the annual salary review in April 2023. This included additional one-off payments in some markets, including the UK.

Overall remuneration

The Committee is satisfied that the total remuneration received by the Executive Directors in 2023 appropriately reflects the Company's underlying business performance over the year and three-year PSP/CIP performance period and, as such, no discretion was exercised by the Committee to adjust the bonus or long-term incentive outcomes. The Committee believes that the Policy has operated as intended.

Engagement with the workforce

In 2023, I chaired a colleague forum focusing on Executive and colleague reward at Inchcape which consisted of a range of colleagues from the Europe & Africa region. The forum focused on reward principles, incentive scheme measures, reward structures for Executive Directors, senior leaders, management, and colleagues, and why these differ. In addition, I also attended the annual colleague engagement session during the Board's overseas visit to Hong Kong in October.

Similar themes arose from both engagement sessions with topics discussed including equal pay, Inclusion & Diversity, and sustainability. No concerns were raised by colleagues during the sessions. However, I gave feedback to the Board and management on the themes discussed, agreeing actions to improve colleague communication on how reward is reviewed and managed, how salaries are defined based on role and responsibilities, and how the flexible benefits programme has been defined. It was also clear that colleagues are very interested in how an ESG metric may be incorporated into reward and detailed communication on this will be required in the future.

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 reward at all levels and in all markets. During the year, the Committee reviewed new processes introduced to review pay and conditions across the Group and support the Group's Fair Reward Principles. We also supported the introduction of Regional Remuneration Committees to review and approve reward initiatives for the wider workforce in our regions.

The Committee receives regular updates on the above and is pleased to support management on the approach being taken in a challenging economic environment.

As context for Executive reward decisions, the Committee reviewed the reward landscape for the senior leadership, together with the wider colleague experience of pay and incentives (bonus, PSP, CIP, and commission). Our approach ensures that the whole organisation is treated in accordance with the same principle of fairness.

Looking forward

2024 salary increases

The Committee reviewed the CEO's salary in early 2024 and approved an increase of 2.5% effective from 1 April 2024, below the average United Kingdom workforce 2.8% increase.

Following a strong performance in his new role and to better align with market rate, the Group Chief Financial Officer was awarded a 3% salary increase for 2024.

The Chairman and the Non-Executive Directors received a fee increase of 2.5% with effect from 1 April 2024.

2024 performance targets

Bonus

The 2024 bonus will include an additional metric to reinforce disciplined management of working capital throughout the year, to underpin the Accelerate strategy, our continued growth by acquisition and ensure our ability to invest in line with our capital allocation policy. The working capital metric will apply to all markets and all appropriate levels of the organisation, given the importance of financial discipline. This metric is subject to meeting the threshold for revenue and profit before tax.

The matrix of revenue and profit before tax will continue to account for the majority of the bonus, weighted at 60%, with average working capital weighted at 20% (subject to the revenue and profit before tax thresholds being met) maintaining an overall 80% weighting on financial metrics; strategic objectives will be weighted at 20%, consistent with FY23.

Long Term incentives

The 2024 PSP and CIP performance measures will continue to be based on EPS (40% of the award%), ROCE (40% of the award) and cash conversion (20% of the award).

Awards will be granted at 180% of salary under the PSP and a matching award up to 100% of salary for the CIP. Please see page 110 for further details.

Focus for 2024

In 2024, the Committee will focus on:

- ESG metrics in the incentive framework;
- continuing to monitor best practice; and
- reviewing wider workforce remuneration.

We hope to have your support at the upcoming AGM.

JANE KINGSTON
CHAIR OF THE REMUNERATION COMMITTEE

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KEY ACTIVITIES DURING 2023

What we did	Outcomes
Directors' Remuneration Policy During the year, the Committee finalised the Remuneration Policy which was approved by shareholders at the 2023 AGM. The Committee: • Considered the feedback from proxy advisors and shareholders • Approved the Policy • Recommended to the Board the Policy be put to shareholder vote at the AGM	The Directors' Remuneration Policy can be found on pages 98 to 104. Shareholders voted 96.07% in favour of the Directors' Remuneration Policy.
Bonus and long-term incentives The Committee assessed the outcome of the short and long-term incentive plans and agreed the targets for the coming year. The Committee approved: • The achievement of the financial targets and strategic objectives for the 2022 bonus payable in 2023 • The achievement of targets under the 2021 PSP and CIP award • Financial targets for the 2023 long-term incentive plans • Financial and personal targets for the 2023 bonus plan • The malus and clawback policy. When considering the achievement of targets the Committee takes into account not only the formulaic outcome but also the wider business context.	Please see pages 106 to 109 for details of the 2023 bonus outcome and 2021 PSP/CIP achievement. Please see page 110 for the PSP/CIP targets. Please see page 100 for the malus and clawback policy.
Executive reward and structures The Committee approved the salary, bonus and long-term incentive plan awards for the Executive Directors, the GET, Company Secretary and Head of Internal Audit. The Committee approved: • The 2023 CEO and GET reward • The new CFO appointed in May 2023 • Two new GET members appointed in 2023 • The 2023 Chairman's fees When considering the remuneration for Executive Directors and the GET, the Committee takes into account inflationary forecasts, local market conditions, benchmarking and the wider workforce experience.	Details of the remuneration package for the CFO is given on pages 92 and 93. The CEO was awarded a salary increase of 5% of salary. The Chairman's fee was increased by 4%.
Pension The Committee undertook a review of the pension allowance during the Policy review process.	The Executive Directors pension contribution is 7% of salary, which is in line with the United Kingdom workforce.
Remuneration trends update The remuneration consultants provided an update on remuneration trends, best practice, governance and regulation.	The Committee uses the information provided by the external advisors to inform and guide their deliberations on reward by taking into account the views of shareholders and other stakeholders.
Workforce remuneration outcomes • Gender pay gap • CEO pay ratio • Wider workforce remuneration.	The gender pay gap information can be found at www.inchcape.co.uk. The CEO pay ratio is given on page 112.

REMUNERATION AT A GLANCE

SUMMARY OF GROUP FINANCIAL PERFORMANCE IN 2023

£11.4bn
Revenue

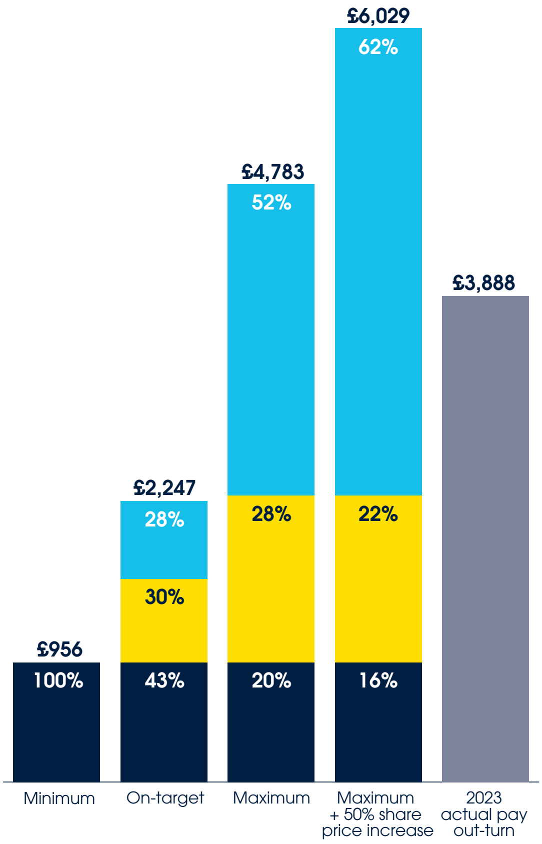
£502m
Adjusted Profit Before Tax

26%
Adjusted ROCE

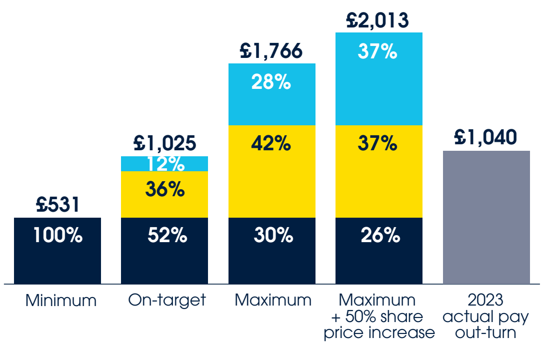
84.8p
EPS (basic adjusted)

PAY SCENARIOS AND OUT-TURN FOR 2023

CEO total remuneration (£'000s)



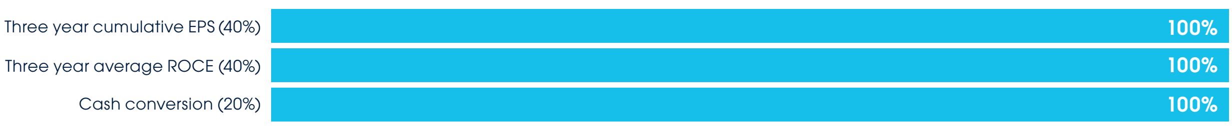
CFO total remuneration (£'000s)



- Fixed remuneration
- Annual bonus
- Long-term incentives (CIP and PSP)
- 2023 actual pay out-turn

2023 BONUS ACHIEVEMENT

2021 PSP ACHIEVEMENT



DIRECTORS' REMUNERATION POLICY SNAPSHOT

Base salary
– attract, retain, and motivate talent

Pension
– to help plan for the future

Bonus
– reward achievement of strategic goals

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

ALIGNMENT WITH BROADER COLLEAGUE REWARDS

c.5,700
colleagues eligible for bonus

c.3,600
eligible for SAYE

c.10,000
eligible for pension

PART 1 — DIRECTORS' REMUNERATION POLICY

We set out below the current Directors' Remuneration Policy (Policy), updated where appropriate to reflect the current composition of the Board and how the Policy will be applied for the forthcoming financial year in the scenario charts. A copy of the Policy as approved by shareholders (at the 2023 Annual General Meeting) is set out in the 2022 Annual Report and Accounts available on the investor relations section of our website www.inchcape.com.

Alignment of the Policy

The Committee has considered the Policy in the context of provision 40 of the UK Corporate Governance Code. See page 69 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 102.
- 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.	United Kingdom employees are able to make monthly savings, in accordance with the terms of the HM Revenue and Customs (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 United Kingdom 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 United Kingdom based Executive Directors, this is currently 7% of salary. The incumbent Group Chief Executive's pension allowance was capped at £82,748 as an interim step, and now receives a pension allowance of 7% of salary (from 31 December 2023) in-line with policy.
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 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 109 to 110 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 a PSP/CIP 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 United Kingdom 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 United Kingdom employees currently to be 7% to 7.5% of salary. At the time of appointment of the current Group Chief Executive the workforce pension was assessed to be 10% of salary. As set out on page 99, 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 Group Chief Executive to the current rate available to United Kingdom 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
Juan Pablo Del Río	4 January 2023	One month
Byron Grote	3 January 2023	One month
Alex Jensen	29 January 2020	One month
Jane Kingston	25 July 2018	One month
Sarah Kuijlaars	21 January 2022	One month
Alison Platt	2 January 2024	One month
Stuart Rowley	17 July 2023	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, Group Company Secretary and Head of Internal Audit. 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 during 2023. Further details are given on page 93.

The 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.

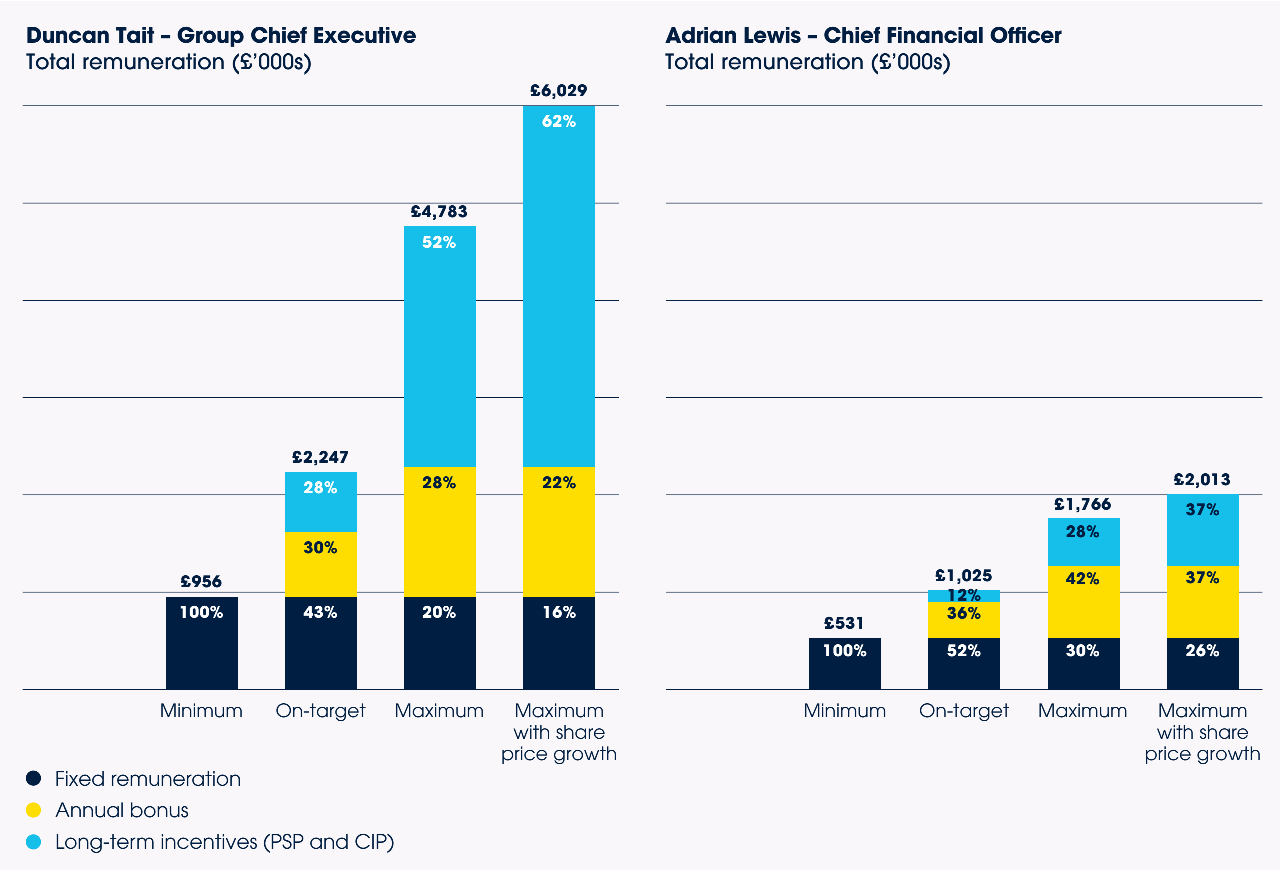
Consideration of shareholder views

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 the Policy and arrangements. During 2022 and 2023, the Company carried out a shareholder consultation in respect of the revised Policy, details of which were given in last year's Annual Report and Accounts.

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 Group Chief Executive and Group Chief Financial Officer 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.



Notes on the performance scenarios:

Element	Assumptions
Fixed remuneration	• Fixed remuneration comprises base salary, benefits, and pensions • Base salary – effective from 1 April 2024 • Benefits – as provided in the single figure table on page 105 • Pension – Duncan Tait received £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 101. 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 below 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 United Kingdom 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
Adrian Lewis	24 May 2023	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 Directors' Remuneration Policy was implemented during the financial year to 31 December 2023 and how it will be implemented in the financial year to 31 December 2024.

Single total figure of remuneration (audited)

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2023:

	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	
Name	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Current Executive Directors*																
Duncan Tait	**859**	820	**4**	4	**866**	1,241	**2,076**	1,951	**83**	82	**3,888**	4,098	**946**	906	**2,942**	3,192
Adrian Lewis	**290**	–	**2**	–	**453**	–	**283**	–	**12**	–	**1,040**	–	**304**	–	**736**	–
Current Non-Executive Directors**																
Nigel Stein	**357**	343	**4**	4	**–**	–	**–**	–	**–**	–	**361**	347	**361**	347	**–**	–
Jerry Buhlmann	**89**	85	**–**	–	**–**	–	**–**	–	**–**	–	**89**	85	**89**	85	**–**	–
Jane Kingston	**85**	82	**–**	–	**–**	–	**–**	–	**–**	–	**85**	82	**85**	82	**–**	–
Alex Jensen	**82**	79	**–**	–	**–**	–	**–**	–	**–**	–	**82**	79	**82**	79	**–**	–
Juan P. Del Río	**67**	–	**15**	–	**–**	–	**–**	–	**–**	–	**82**	–	**82**	–	**–**	–
Sarah Kuijlaars	**73**	62	**–**	–	**–**	–	**–**	–	**–**	–	**73**	62	**73**	62	**–**	–
Nayantara Bali	**68**	65	**5**	–	**–**	–	**–**	–	**–**	–	**73**	65	**73**	65	**–**	–
Byron Grote	**67**	–	**–**	–	**–**	–	**–**	–	**–**	–	**67**	–	**67**	–	**–**	–
Stuart Rowley	**31**	–	**–**	–	**–**	–	**–**	–	**–**	–	**31**	–	**31**	–	**–**	–
Former Directors***																
John Langston	**32**	82	**–**	–	**–**	–	**–**	–	**–**	–	**32**	82	**32**	82	**–**	–
Total	**2,100**	1,618	**30**	8	**1,319**	1,241	**2,359**	1,951	**95**	82	**5,903**	4,900	**2,225**	1,708	**3,678**	3,192

* Adrian Lewis' base salary, taxable benefits, bonus, and pension contributions have been calculated pro rata starting from his appointment to the Board on 24 May 2023.

** Byron Grote joined on 3 January 2023, Juan Pablo Del Río joined on 4 January 2023, Sarah Kuijlaars became Audit Committee Chair on 18 May 2023, and Stuart Rowley joined on 17 July 2023.

*** John Langston retired on 18 May 2023.

Notes to the single total figure of remuneration

a. Base salary/fees.

b. Taxable benefits for the Executive Directors comprise car allowance, medical cover, mileage allowance. For the Non-Executive Directors taxable benefits include accommodation, subsistence, and travel in connection with the attendance of Board and Committee meetings, which are deemed taxable by HMRC. The Group meets the associated tax costs. Non-taxable expense reimbursements have not been included.

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

d. The 2023 figure incudes to 2021 PSP and CIP which will vest in June 2024 based on performance over a three-year period from 1 January 2021 to 31 December 2023. These awards are subject to a two-year holding period and will therefore be released in 2026. The figures have been valued using the three-month average share price from 1 October 2023 to 31 December 2023 of 679p. Actual performance against targets is given on page 109. The value for the Group Chief Executive includes a movement of -£314,616 due to a decrease in the share price over the period and £151,668 in respect of dividend shares accrued over the performance period. The value for the Group Chief Financial Officer includes a movement of -£42,932 due to a decrease in the share price over the period and £20,662 in respect of dividend shares accrued over the performance period.
The 2022 figure for the Group Chief Executive includes the 2020 PSP and CIP which vested 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 figure has been restated using the actual share price on date of vesting of 751p. The value includes a movement of £576,402, due to an increase in the share price over the period and £137,147 in respect of dividend shares accrued over the performance period.

e. Duncan Tait received a pension allowance of £82,748 during 2023. Adrian Lewis is a member of the Company's defined contribution scheme and received a pension contribution of 7% of salary. See page 102 for further details.

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 considered the remuneration arrangements for the wider workforce and, in particular, the salary increases for other United Kingdom colleagues.

The salaries for 2022, 2023, and 2024 are set out below:

Name	01-Apr-22	01-Apr-23 (or date of appointment if later)	01-Apr-24	% increase in 2024
Duncan Tait	£827,483	£868,900	£890,623	2.5%
Adrian Lewis	–	£480,000	£494,400	3%
United Kingdom average workforce increase	–	–	–	2.8%

Chairman and Non-Executive Directors' fees

Role	01-Apr-22	01-Apr-23	01-Apr-24	% increase in 2024
Chairman	£346,270	£360,120	£369,123	2.5%
Senior Independent Director	£85,930	£89,367	£91,601	2.5%
Non-Executive Director	£65,774	£68,405	£70,115	2.5%

When considering the fee increase, benchmarking and the current inflationary environment were considered. Additional fees are paid 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.

2023 bonus

For 2023, 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 matrix anchor points as shown on the next page.

Matrix of revenue and profit before tax

Revenue		Profit before tax: Threshold	Profit before tax: Target	Profit before tax: Stretch
Stretch	£11.6bn	20%	60%	100%
Target	£10.8bn	13%	50%	80%
Threshold	£10.0bn	10%	30%	60%
		£438m	£487m	£536m
		Threshold	Target	Stretch

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

In 2023, revenue performance was £11.4bn and adjusted profit before tax was £502m. 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	Weighting	Duncan Tait	Adrian Lewis
Revenue	£10bn	£10.8bn	£11.6bn	40%	83.16%	83.16%
Adjusted profit before tax	£438m	£487m	£536m	40%		

Adjustments made during the year

The revenue and profit before tax targets for 2023 were adjusted to consider strategic acquisitions and disposals during the year, to ensure target and performance outcomes were assessed on a like for like basis. This is consistent with the approach the Committee has used previously for M&A activity.

Achievement of strategic objectives (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 2023 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
Successfully execute the Derco integration. 10%	To deliver the cost-related synergy benefits and overall business plan in year one and to retain all new mobility company partners.	Synergy benefits were delivered ahead of plan at £21m. Operating margins were delivered in line with expectations against a backdrop of challenging conditions in certain markets. All new mobility company partners were retained following the acquisition, with a further eight contract wins in the Americas during the year.	9%
Ensure VLS is on track with our external commitments. 5%	To deliver at least £50m incremental profit per annum and an additional 80k used cars sales per annum towards the end of the planning period.	Excellent progress has been made on the VLS ambitions however a significant reset was required in 2023 resulting in the reduction of retail operations in a number of markets.	0%
Bring Inchcape's Planet commitments to life. 5%	Ensure the Group is on track to achieve the CO_2 scope 1 and 2 reduction targets: • CO_2 emissions by 2,000 tCO_2 in 2023 • Develop plan to reduce scope 1 and 2 emissions in Derco Develop a climate transition plan consistent with TCFD requirements.	Carbon emissions were reduced by over 3,000 tCO_2 market-based in 2023, this being a 6.6% reduction when compared with 2022. The Group's plan to transition is given on pages 50 to 51.	7.5%

Adrian Lewis

Strategic objective and % weighting of bonus	Objective details	Outcome	Outcome % of salary
Optimising group cashflow. 10%	To define the Group's funding strategy and put in place controls, measures, and processes to ensure the Group delivers a sustainable liquidity structure and improved leverage through the year.	Group funding strategy approved by the Board. Clear goals and processes for subsidiary funding. Closing Liquidity <0.9x.	9%
Develop GHG emissions reporting framework. 10%	Establish a robust reporting framework that underpins our ESG reporting requirements.	A robust set of KPI's was developed and implemented against scopes 1, 2, and 3. Reporting framework in place across the Group to allow continuous monitoring of progress against reduction targets.	15%

Overall 2023 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 2023 bonus as follows:

	2023 base salary	Max bonus opportunity (% of salary)	Bonus outcome (% of salary)	Bonus amount £	Deferred into CIP
Duncan Tait	£868,900	150%	99.66%	£865,946	n/a
Adrian Lewis*	£480,000	150%	94.33%	£452,792	n/a

* The bonus paid to Adrian Lewis has been pro-rated from date of appointment to Group Chief Financial Officer.

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

Annual bonus for 2024

The maximum annual bonus opportunity in 2024 will remain unchanged from previous years at 150% of salary. For the Executive Directors, 60% of the bonus will be based on a financial performance matrix, linked to revenue and profit before tax, 20% will be based on working capital, and 20% 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. Any payments of the working capital and strategic objectives is subject to the revenue and profit before tax thresholds being met. See page 94 for further details.

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 2024 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 exercised during the year

Duncan Tait exercised his 2020 PSP and CIP awards on 8 September 2023. He sold sufficient shares to cover costs and tax and retained the remaining shares in line with policy.

	Plan	Awards exercised	Dividend shares	Share price*	Shares sold	Shares retained
Duncan Tait	PSP	150,805	11,408	7.61	76,394	85,819
	CIP	83,809	6,329	7.61	42,450	47,688

* Share sale price.

PSP and CIP awards vesting in respect of the year

In 2021, awards were granted under the PSP and CIP schemes which vested dependent on certain performance targets measured over three years to 31 December 2023. These awards are also subject to an additional post-vest two-year holding period.

Consistent with the Committee's previous approach for material M&A activity, the Committee considered adjustments to the targets to take account of the disposal of the Russian business in 2022 and the acquisition of the Derco group in 2023. The cumulative impact of the two transactions on the targets set for the 2021 LTIP cycle was negligible and therefore no adjustment was made to the targets for 2021 LTIP award.

2021 PSP/CIP performance targets

Three-year EPS cumulative growth p.a. (40% weighting)	Vesting %
Less than 133p	0%
133p	25%
150p	100%
Between 133p and 150p	Straight line basis

Three-year average ROCE (40% weighting)	Vesting %
Less than 19%	0%
19%	25%
23%	100%
Between 19% and 23%	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

Vesting of 2021 PSP/CIP awards

Over the 2021–2023 performance period, cumulative EPS[1] of 217p, three-year average ROCE of 32%, and cash conversion of 75% were achieved, which resulted in the following vesting outcomes:

Award	Performance measure	Wtg.	Vesting outcome (% of element)
PSP/CIP	EPS[1]	40%	40%
	ROCE	40%	40%
	Cash conversion[2]	20%	20%
Total (overall vesting outcome)			100%

1. Consistent with the Committee's policy, cumulative EPS has been adjusted to take into account the difference between actual share buy-back activity during the performance period and that envisaged when the targets were originally set to ensure the assessment is conducted on a like-for-like basis.
2. The Committee reviewed the cash conversion to ensure target was achieved without the one off benefit of Derco inventory reduction.

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

	Grant date	Number of awards granted	Number of awards vesting	Number of awards lapsing	Vesting date	Estimated value of awards vesting*
Duncan Tait						
PSP	7 June 2021	182,210	182,210	0	7 June 2024	£1,238,044
CIP	7 June 2021	101,228	101,228	0	7 June 2024	£687,804
Adrian Lewis**						
PSP	7 June 2021	26,778	26,778	0	7 June 2024	£181,946
CIP	7 June 2021	11,900	11,900	0	7 June 2024	£80,856

* Estimated value calculated using the three-month share price average from 1 October 2023 to 31 December 2023 of 679.46p. The average share price is below the prevailing share price at the time the 2021 awards were granted (790p). As such, the Committee is satisfied that no windfall gains are likely to arise from the vesting of the 2021 PSP/CIP awards.

** Adrian Lewis was granted his 2021 awards before his appointment as Group Chief Financial Officer.

PSP and CIP awards granted during the year

During 2023, PSP awards were granted to the Group Chief Executive at 180% of salary. Under the CIP, the Group Chief Executive invested 50% of salary (including mandatory bonus deferral) and was granted a matching award of 100% of salary. The performance targets for the PSP/CIP are detailed below.

2023 PSP/CIP

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)	Vesting %
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

Threshold level performance will result in 25% of the 2023 PSP and CIP awards vesting.

	Date of grant	Share price (p)[1]	Awards granted	Face value at grant[2]	Performance period	Exercise period[3]
Duncan Tait						
PSP	11 Apr 2023	751p	206,880	£1,553,669	Jan 2023 – Dec 2025	Apr 2026 – Apr 2027
CIP	11 Apr 2023	751p	114,934	£863,154	Jan 2023 – Dec 2025	Apr 2026 – Oct 2026
Adrian Lewis[4]						
PSP	11 Apr 2023	751p	76,190	£572,187	Jan 2023 – Dec 2025	Apr 2026 – Apr 2027
CIP	11 Apr 2023	751p	26,087	£195,913	Jan 2023 – Dec 2025	Apr 2026 – Oct 2026

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).
4. Awards granted to Adrian Lewis before his appointment as Group Chief Financial Officer.

Long-term incentives for 2024

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 were determined based on a range of inputs, including internal forecasts, market consensus, historical growth, and peer performance.

Three-year cumulative EPS (40% weighting)	Vesting %
Less than 264p	0%
264p	25%
295p	100%
Between 264p and 295p	Straight line basis

Three-year average ROCE (40% weighting)	Vesting %
Less than 20%	0%
20%	25%
27%	100%
Between 20% and 27%	Straight line basis

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

The target assumes no share buy backs and is on a constant currency basis. Adjustments to targets will be made for the impact of currency movements and share buy backs.

Pension

Due to the mis-alignment of pension rates as reported in last year's Directors' Remuneration Report, Duncan Tait volunteered to freeze his allowance at £82,748 in 2023 and now receives a pension allowance of 7% of salary (from 31 December 2023) in-line with policy. Adrian Lewis is a member of the Company's defined contribution scheme and receives contributions of 7% of salary, in line with the wider United Kingdom workforce.

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 2023 or at the date of leaving if earlier. There have been no changes to this between 31 December 2023 and 4 March 2024.

		PSP/CIP awards held		SAYE options held			
	Shares held at 31 December 2023	Subject to performance conditions	Subject to deferral	Subject to performance targets	Subject to deferral	Vested but not yet exercised	Guideline met
Duncan Tait	280,238	944,305	0	0	0	4,774	Yes
Adrian Lewis	32,841	187,353	0	0	2,731	0	No
Nigel Stein	77,834	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
Juan Pablo Del Río*	12,837,702	n/a	n/a	n/a	n/a	n/a	n/a
Byron Grote	50,000	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
Jane Kingston	3,500	n/a	n/a	n/a	n/a	n/a	n/a
Stuart Rowley	2,400	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
Nayantara Bali	0	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

* Juan Pablo Del Río was appointed to the Board following the Derco acquisition in January 2023. As part of the agreement, the Del Río family acquired 38,513,102 shares of which Juan Pablo Del Río is the beneficial owner of 12,837,702.

** John Langston retired from the Board on 17 May 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. As at 31 December 2023, using the average share price from 1 October 2023 to 31 December 2023 of 679p, Duncan Tait held 219% of salary (his date of appointment was June 2020) and Adrian Lewis held 46% of salary (his date of appointment was May 2023).

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 resigned from the Group on 27 November 2022 and is required to hold 19,493 shares until 7 May 2025. These shares were subject to mandatory deferral into the CIP from his 2021 bonus and, as such, are required to be held until the normal vesting date of the linked CIP award which lapsed on the date of his resignation.

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. The increase for Non-Executive Directors relates to base fees only, not additional fees for chairing a committee.

	% change for 2020			% change for 2021			% change for 2022			**% change for 2023**		
	Salary	Benefits	Bonus	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%	**5%**	**0%**	**(30)%**
Adrian Lewis	–	–	–	–	–	–	–	–	–	**n/a**	**n/a**	**n/a**
Non-Executive Directors												
Nigel Stein	2%	0%	n/a	2.5%	0%	n/a	3.5%	0%	n/a	**4%**	**0%**	**n/a**
Jerry Buhlmann	0%	n/a	n/a	2.5%	n/a	n/a	3.5%	n/a	n/a	**4%**	**n/a**	**n/a**
Alex Jensen	0%	n/a	n/a	2.5%	n/a	n/a	3.5%	n/a	n/a	**4%**	**n/a**	**n/a**
Jane Kingston	0%	n/a	n/a	2.5%	n/a	n/a	3.5%	n/a	n/a	**4%**	**n/a**	**n/a**
John Langston	0%	n/a	n/a	2.5%	n/a	n/a	3.5%	n/a	n/a	**4%**	**n/a**	**n/a**
Nayantara Bali	n/a	n/a	n/a	0%	n/a	n/a	3.5%	n/a	n/a	**4%**	**n/a**	**n/a**
Sarah Kuijlaars	–	–	–	–	–	–	3.5%	n/a	n/a	**4%**	**n/a**	**n/a**
Juan P. Del Río	–	–	–	–	–	–	–	–	–	**4%**	**n/a**	**n/a**
Byron Grote	–	–	–	–	–	–	–	–	–	**4%**	**n/a**	**n/a**
Stuart Rowley	–	–	–	–	–	–	–	–	–	**0%**	**n/a**	**n/a**
Average senior manager pay	3.2%	0%	82.9%	3.3%	0%	73.2%	5.8%	0%	9.5%	**7.7%**	**0%**	**(35.2)%**

As Inchcape plc has no direct employees, colleagues 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 colleagues 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 colleague population, a large proportion of whom are in customer-facing roles in retail centres 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 colleague pay variability will be primarily driven by United Kingdom market conditions.

The ratios have decreased due to the decrease in share price (used for valuing PSP and CIP awards) and bonus performance.

Financial year	Calculation methodology	P25 (Lower quartile)	P50 (median)	P75 (Upper quartile)
2023	C	128:1	95:1	70:1
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 United Kingdom colleagues as at 31 December 2023 using the single total figure valuation methodology, with two amendments: using 2022 bonus outcomes as a proxy for 2023 bonus outcomes and excluding SAYE grants. The colleagues at the 25th, 50th and 75th percentile (P25, P50, P75) were identified. The total remuneration for 2023 of the three colleagues 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 colleagues are representative.

The table below sets out the remuneration details for the individuals identified:

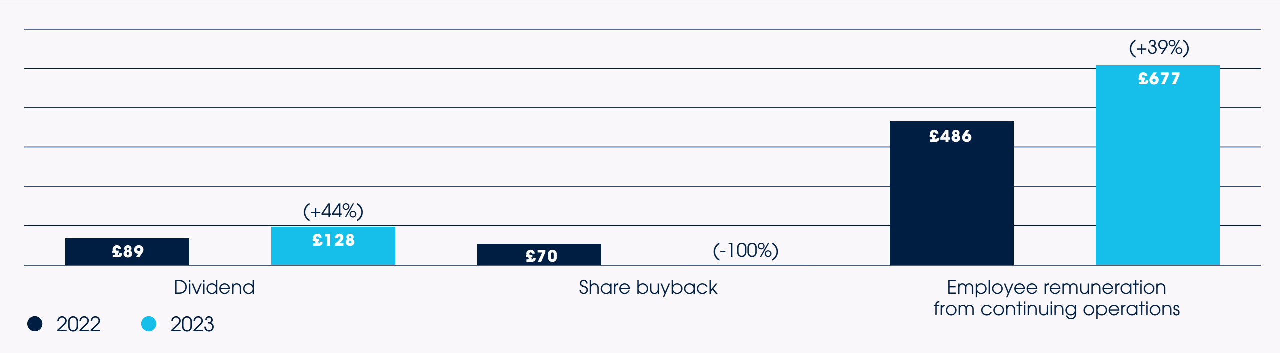
Year	Salary	CEO	P25	P50	P75
2023	Basic salary (£'000)	£859	£28	£31	£32
	Total remuneration (£'000)	£3,888	£30	£41	£55
2022	Basic salary (£'000)	£820	£23	£16	£41
	Total remuneration (£'000)	£4,098	£26	£38	£55
2021	Basic salary (£'000)	£799	£22	£26	£21
	Total remuneration (£'000)	£2,054	£28	£37	£54
2020	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 2023, the colleague at P50 is a Level 3 Service Advisor which typically has a lower variable earning opportunity. The Committee is satisfied that the overall picture presented by the 2023 pay ratios is consistent with the reward policies for Inchcape's United Kingdom colleagues. The Committee considers 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 colleague pay expenditure and shareholder distributions (i.e., dividends and share buybacks) from 2022 to 2023.

Relative importance of spend on pay (£m)



The Directors are proposing a final dividend for 2023 of 24.3p per share (2022: 21.3p).

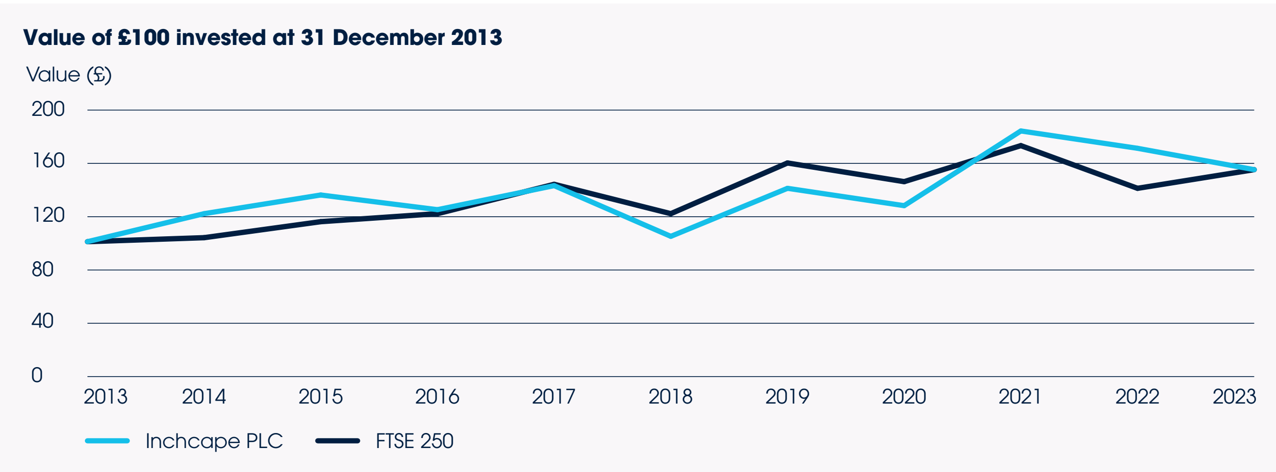
Pay for performance

The graph below shows the total shareholder return (TSR) of the Company over the 10-year period to 31 December 2023.

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 2023.



	Group Chief Executive	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CEO single figure of remuneration (£'000)	André Lacroix	5,265	294[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Stefan Bomhard	n/a	2,906	1,403	3,006	2,430	1,522	471[2]	n/a	n/a	n/a
	Duncan Tait	n/a	n/a	n/a	n/a	n/a	n/a	468	2,054	4,098	3,888
Annual bonus outcome (% of maximum)		100%	56.8%	40.3%	67.6%	38.5%	n/a[6]	0%	98%	100%	99%
LTI vesting[3] outcome (% of maximum)		68%	n/a[4]	n/a[5]	79.6%	58%	40%	n/a[7]	n/a[8]	60%	100%

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 Directors' Remuneration Report at the 2023 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	359,565,195	98.89%
Against	4,031,486	1.11%
Total votes cast (excluding votes withheld)	363,596,681	100%
Votes withheld	194,832	
Total votes cast including votes withheld	363,791,513	

The table below shows the binding vote on the Directors' Remuneration Policy at the 2023 AGM:

	Total of votes	% of votes cast
For (including discretionary)	349,306,482	96.07%
Against	14,288,011	3.93%
Total votes cast (excluding votes withheld)	363,594,493	100%
Votes withheld	197,020	
Total votes cast including votes withheld	363,791,513	

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

As disclosed in last year's report, Gijsbert de Zoeten received payment of salary and benefits in accordance with the terms of his contract until 27 November 2023. These payments were made on a monthly basis.

Payments to past Directors

No payments were made to past Directors in 2023.

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 2023.

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 £82,540 for its services relating to directors' remuneration during 2023. 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 Directors' 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 2023 comprises pages 115 to 118 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 55; principal risks and uncertainties on pages 56 to 64; a description of the Board's activities and the structure of its Committees is given on pages 70 to 71; and a description of the Group's internal control framework is given on pages 86 to 88.

Corporate governance statement

The statement of compliance with the UK Corporate Governance Code 2018 (Code) is given on pages 67 to 69. 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 66 to 118.

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
- Jerry Buhlmann
- Juan Pablo Del Río (joined January 2023)
- Byron Grote (joined January 2023)
- Alex Jensen
- Jane Kingston
- Sarah Kuijlaars
- John Langston (left May 2023)
- Adrian Lewis (joined May 2023)
- Alison Platt (joined January 2024)
- Stuart Rowley (joined July 2023)
- Nigel Stein
- Duncan Tait

In accordance with the Code, all current Directors except for Nigel Stein and Jane Kingston will stand for election or re-election at the Annual General Meeting (AGM) on 9 May 2024. 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 66% of the business, shareholder consultations, such as the Directors' 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, judgement is given against the Director. The indemnity has been in force for the year ended 31 December 2023 and until the date of approval of this report. The indemnity also covers the statutory directors of the Group's subsidiaries.

Results and dividends

The Group's audited consolidated financial statements for the year ended 31 December 2023 are shown on pages 120 to 220. The level of distributable reserves is sufficient to pay a dividend.

The Board recommends a final ordinary dividend of 24.3p per ordinary share. If approved at the 2024 AGM, the final ordinary dividend will be paid on 17 June 2024 to shareholders registered in the books of the Company at the close of business on 3 May 2024.

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 2023, the Company's issued share capital of £41,300,713 comprised 413,007,132 ordinary shares of 10p. Holders of ordinary shares are entitled to receive the Company's Annual 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 18 May 2023, the Company was authorised to make market purchases of up to 41,300,713 ordinary shares (representing approximately 10% of its issued share capital).

In the year ended 31 December 2023, the Company did not purchase any shares for cancellation.

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 2023		As at 4 March 2024	
Shareholder	Number of voting rights held	Percentage of voting rights held	Number of voting rights held	Percentage of voting rights held
Cerro Mayo SpA*	12,837,700	3.11%	12,837,700	3.11%
DT Huillinco SpA*	12,837,700	3.11%	12,837,700	3.11%
Peñuelas Corp SpA*	12,837,702	3.11%	12,837,702	3.11%
JPMorgan Asset Management Holdings Inc	Not disclosable	<5%	Not disclosable	<5%
Polaris Capital Management LLC	15,762,376	3.82%	15,762,376	3.82%
BlackRock Inc	Not disclosable	<5%	Not disclosable	<5%
The Capital Group Companies Inc	20,597,812	4.99%	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 colleagues 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 2023, the Trust's shareholding totalled 1,008,058 ordinary shares.

All authorised requests to exercise shares are processed by the Trust on behalf of the relevant employees.

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 2023 is shown in the Directors' Report on Remuneration on page 111. There have been no changes to the interests or number of shares held by each Director between 31 December 2023 and 4 March 2024.

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 22 to the financial statements on pages 179 to 180.

The Group's relationships with its mobility company 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 contracts may terminate on a change of control of the local contracting company.

The Company does not have agreements with any Director or colleague 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 colleagues 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 2023, or was entered into during the year for any Director and/or connected person other than lease payments of £7m (2022: £nil) which were made to companies connected with Juan Pablo Del Río.

Streamlined Energy and Carbon Reporting Regulations

The annual quantity of emissions of carbon dioxide equivalent from activities for which the Company is responsible, and the methodologies and ratios used to calculate this, are shown on page 53.

Principal financial risk factors

These risks are shown on pages 56 to 64.

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	113 (historical TSR performance)
4	Details of long-term incentive schemes	108 to 110
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	116
13	Shareholder waiver of future dividends	116
14	Agreements with controlling shareholders	Not applicable

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 23 to the financial statements on pages 181 to 188.

Branches outside the UK

The Company does not have any branches outside the UK.

Events after the reporting period

None.

Business relationships

Having positive relationships with our mobility company partners, our main suppliers, and our customers is imperative for the long-term success of the Company. Our mobility company partner relationships are key to every part of our value chain and the length of these relationships, which are given on page 7, 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.

Political donations

The Company did not make any political donations in 2023 and does not intend to make any political donations in 2024.

Colleagues and colleague 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 colleagues, 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 colleague 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. United Kingdom colleagues are eligible to join the SAYE scheme, which is offered annually. Further details can be found in the Directors' Report on Remuneration on pages 92 to 114.

Colleague 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 colleagues with information on the Group's performance and an opportunity for consulting colleagues on new initiatives or other matters that concern them. The Group's global intranet also provides a means of communicating important issues to colleagues.

The colleague experience survey is the primary tool for obtaining the views of colleagues 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 colleagues 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 colleague experience is perceived and what actions can be taken to enhance this experience so colleagues feel challenged, excited, engaged, and supported in their roles. Further details can be found in the CSR Committee Report on pages 90 to 91.

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' Report on Remuneration 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 64, 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. As 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 9 May 2024 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS. 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