DRIVING WHAT MATTERS

Being a responsible business is reflective of our purpose and a fundamental part of our strategy, mapping the way Inchcape creates sustainable value for all our stakeholders.

Being a responsible business provides measurable benefits to society as a whole and to Inchcape: it makes Inchcape a more rewarding and safer place to work; it helps us recruit, engage, and retain the best talent; and it ensures we remain a trusted business to the mobility company partners with whom we work. All are fundamental to the successful delivery of our Accelerate strategy and to ensuring Inchcape's sustainability for the long-term.

For Inchcape, being a responsible business extends into other key areas of our operations where we seek to make a positive difference for our stakeholders:

- by improving inclusion and diversity in our businesses;
- by providing full accessibility for our customers;
- by ensuring the safety and supporting the health and wellbeing of our colleagues; and
- in supporting mobility and economic development in the communities in which we operate.

Being a responsible business is reflective of our purpose and a fundamental part of our strategy. To deliver this, our 'Driving What Matters' plan has been designed collaboratively with our markets, for ownership and delivery by our teams locally. The plan concentrates on our four pillars of Responsible Business – Planet, People, Places, and Practices.

Mindful of the need to reflect the different laws, regulations, and cultures where we operate, we have designed a global framework with workstream charters that local markets use to respond to what is important to meet the needs of their local stakeholders.

ENGAGING STAKEHOLDERS IN 4 STEPS

STEP 1	STAKEHOLDER EXPLORATION
STEP 2	STAKEHOLDER ANALYSIS & MAPPING
STEP 3	STAKEHOLDER COMMUNICATION STRATEGY
STEP 4	INSPECT AND ADAPT

MATERIALITY ASSESSMENT

Prioritising sustainability issues

In 2023, we undertook a materiality assessment in order to determine the sustainability issues that matter most to our business and stakeholders. As a global business, Inchcape impacts, and is impacted by, a wide range of potential environmental, social, and governance-related issues. Assessing, prioritising, and understanding our role in addressing these issues is important to the ongoing success of our business, and is essential to guiding our Responsible Business strategy.

The assessment allowed us to capture the views of our stakeholders, their expectations of us as an organisation, and how their requirements and concerns have evolved. The outcomes of the assessment will help ensure that we are taking action on issues most important to our business and stakeholders.

Our process

Conducted with the support of an external sustainability partner, we undertook a robust evaluation process in line with the standards of the Global Reporting Initiative (GRI). The GRI is a leading, internationally recognised framework that guides disclosures around the inward and outward impacts of an organisation that will become financially material over time.

We began by assessing sustainability standards, benchmarking against peer organisations, and researching current and emerging sustainability issues in order to create a shortlist of 14 key issues that are potentially material to our business. We then mapped these issues to the GRI and Sustainability Accounting Standards Board frameworks in order to align with best practice for reporting.

To build on and contextualise this work, we undertook an extensive programme of surveys and interviews with key internal and external stakeholders, in order to gather qualitative and quantitative insights on the importance of these topics to Inchcape's global colleagues and stakeholders. We included five key stakeholder groups in the materiality process, tailoring our approach to Inchcape senior leadership, colleagues, mobility company partners, investors, and industry bodies.

We asked survey respondents to give both absolute and relative importance, risk, and opportunity scores for key issues across our four Responsible Business pillars. We also asked qualitative questions about each stakeholder's perception of our current performance on each issue, as well as its strategic importance to our business.

We conducted 33 interviews with a representative sample of key stakeholders to contextualise and further review the findings of our survey. Additionally, we conducted focus groups with customers in Australia and Chile focusing on automotive sustainability, including perspectives on electric vehicles (EVs), which fed into our positioning.

Our materiality surveys received nearly 1,300 total responses, representing 34 countries in which we have a presence. After gathering and analysing all of our assessment data, we mapped the findings onto several matrices to inform decisions and action – most notably our double materiality matrix, presented below. Double materiality considers both inward and outward impacts on and of our business over time. We discussed and reviewed the findings in workshops with senior leaders from within the business and finalised the matrix with the Board and Group Executive Team.

We also built a prioritisation matrix, which mapped issues by their importance to our stakeholders and our ability to influence. This will support future considerations around which sustainability issues we prioritise through our Responsible Business strategy, and how we allocate time and resources. This matrix will also be used to inform how we mitigate or capitalise on our key risks and opportunities.

Our stakeholders

Inchcape engages with internal and external stakeholders to inform our Responsible Business framework. We engage with stakeholders both at a Group level and in our markets. The long-term success of the business and the effectiveness of our engagement on sustainability issues are dependent on the continued trust and support of all our stakeholders. Further information on stakeholder engagement can be found on pages 20 to 22.

The materiality assessment involved:

1,271
survey respondents

4
Inchcape regions

34
countries

33
interviews conducted

Results: Materiality Matrix

People

- 1 Wellbeing, health, and safety
- 6 Learning and development
- 12 Inclusion, diversity, and equity

Places

- 2 Direct community impact
- 4 Road safety
- 9 Shared value systems
- 14 Indirect community impact

Practices

- 3 Cybersecurity
- 7 Responsible governance
- 8 Partners' ESG performance

Planet

- 5 Sustainable mobility
- 10 Circularity
- 11 GHG emissions (direct)
- 13 GHG emissions (indirect)

PEOPLE

Our colleagues are at the heart of the People pillar of our 'Driving What Matters' plan, which aims to ensure we have a safe operating environment with an inclusive and diverse culture as well as the best talent and skills to deliver our future success. The People pillar encompasses the three main themes: Inclusion & Diversity; safety, health, and wellbeing; and talent & skills.

A breakdown of the Group's gender diversity can be found on page 81

650+ leaders engaged in the Inclusive Leadership Programme

118 sites completed the Accessibility Analysis

8 cohorts of the Women into Leadership Programme

808 colleagues on an Early Careers Programme

Inclusion & Diversity (I&D)

In our ongoing commitment to I&D, our Inclusive Leadership Programme has successfully engaged over 650 colleagues globally since 2021, which includes all senior leaders. Plans are underway for the next phase of the programme with our senior leaders which will involve a practical learning session focused on navigating non-inclusive behaviour and an action planning session to create their I&D plans for 2024 and beyond.

In 2023, we globally launched our first I&D e-learning module, which has been completed by c.8,800 colleagues, with implementation ongoing into 2024. Additionally, an Inclusive Hiring Training Programme was created, with pilot workshops involving 100+ colleagues and managers across all regions laying the foundation for a global rollout in 2024.

Our disability inclusion group, Inchcape Enabled, hosted impactful webinars with 4,000 participants and rolled out the Accessibility Project across Australia and the United Kingdom, completing audits at all 118 sites. The project aims to understand and review the experience for colleagues and customers with disabilities across our sites. Recommendations for site accessibility are being formulated for 2024, with further audits planned in additional markets.

Safety, health, and wellbeing

We have prioritised colleagues' safety, health, and wellbeing by establishing global minimum standards, encompassing our colleague assistance programme, flexible working, life insurance, and parental leave. These standards, alongside health and wellbeing roadmaps, are being rolled out across markets to cater to the diverse needs of our communities.

The launch of the health and safety culture survey in 2024 is a proactive measure to continue cultivating a workplace culture and collective sense of responsibility for everyone's safety and wellbeing. The findings will provide valuable insights and improvements to enhance existing protocols, ensuring continuous improvement in our overall health and safety practices.

Talent & skills

We are tracking and refocusing our Early Careers Programmes to align with future strategic skills. Currently 808 colleagues are on an Early Careers Programme and the structured feedback process we are introducing will enhance their experience and amplify their voices.

Through the launch of eight cohorts of the Women into Leadership Programme since 2021, we have had over 100 female colleagues at Inchcape graduate from the programme and we continue to track their progression in the business. Our Non-Executive Directors and senior leaders of all genders have actively contributed as speakers, providing invaluable personal insights and mentorship within this transformative initiative.

Feedback from the Women into Leadership Programme participants demonstrates how important this development is for early on in women's careers. Therefore, we are in the process of building the Aspire Women Programme focused on the careers of our junior female talent.

DRIVING BRILLIANT COLLEAGUE ENGAGEMENT

Be Heard 2023 colleague experience survey

Be Heard

In 2023, Inchcape launched its new global colleague experience survey – Be Heard.

The survey approach was developed on an industry-leading platform and methodology. Members of the global People team collaboratively designed it to measure colleague views and sentiment, as well as support the behaviours needed to deliver our Accelerate strategy.

Over 16,000 colleagues completed the survey, including the colleagues who joined the business in January 2023 from the Derco acquisition.

Across the business, the results have been shared and discussed openly and teams are now focused on the development and delivery of action plans. These plans, designed by leaders in partnership with colleagues, prioritise the actions needed to enhance colleague experience and support better business performance.

The survey will run annually from 2023 onwards.

Global areas of focus:

- **Our strengths**
  Strong levels of engagement and high levels of advocacy and confidence in the future. Core elements of Inclusion are at high performing levels.
- **Our areas of development**
  Enhancing communication of change, build understanding of reward and benefits, and improve line manager capabilities around career development and wellbeing.

Be Heard 2023 in numbers

88%
of colleagues completed the survey

72%
of colleagues intend to stay for three years or more

89%
would recommend Inchcape products or services to people they know

82%
Inclusion score – a standout strength and industry-leading performance

81%
would recommend Inchcape as a place to work

3%
above external benchmarks for confidence in senior leadership to make the right decisions for Inchcape

PLACES

At Inchcape we want to make a positive contribution to our communities. The Places pillar focuses on improving mobility and quality of life in the communities in which we operate by working in three areas: Safe Mobility, Inclusive Mobility, and Social Mobility.

88
initiatives across Safe Mobility, Inclusive Mobility, and Social Mobility

6,500+
colleagues enrolled in supporting Places initiatives locally

40,000+
members of our communities positively impacted through educational programmes, volunteering, and donations

Safe Mobility

We have implemented 21 safe mobility initiatives across all regions, collaborating with our brand partners and collectively influencing thousands of lives within our communities. These range from toolkits on safe driving in poor conditions in the UK, rolling out safety mobility training across Europe & Africa, promotion of safe driving online in the Americas, and safe driving pledges in APAC.

Inclusive Mobility

We proudly support and sponsor initiatives across various markets, aimed at enhancing physical mobility and fostering better access for individuals living with disabilities. In our Americas region, our prosthetics programme has not only supported our environmental efforts but has also resulted in tangible benefits for our local communities. Through these innovative recycling practices, we have repurposed materials to provide 156 prosthetic donations to members of the community with disabilities, offering them a renewed sense of independence and inclusivity. Accessibility audits were also completed across all of our Australia and United Kingdom sites.

Social Mobility

We have undertaken more than 20 initiatives globally, fostering partnerships with educational institutions, collaborating with local industries to uplift underprivileged and underrepresented groups, and actively participating in recycling projects across vulnerable communities. Our collective projects have reached over 40,000 members of the community and further increases social inclusivity and the promotion of upward mobility for all.

PRACTICES

As a global business we have huge opportunities, but also a great sense of our responsibilities. Being an ethical organisation depends on everyone, and at Inchcape we will continue to update and strengthen our practices to ensure our colleagues always do what is right.

95%
completion of Code of Conduct training by colleagues

25
policy summaries contained within the launched Global Policy Statement Handbook

Success
in integration & onboarding

Code of Conduct

Training for our Code of Conduct has seen good progress, with 95% completion achieved. In 2023, we reviewed and updated our Code of Conduct to include additional guidance on our Planet commitments and outline our evolved responsibilities in addressing climate change and energy efficiency management to ensure we can meet our climate change targets. The updated Code of Conduct was cascaded to all colleagues.

Global Policy Statement Handbook

We launched our Global Policy Statement Handbook which provides the highest standards of governance to help strengthen the decisions we make and so that our colleagues, mobility company partners, customers, shareholders, suppliers, and communities in which we operate are clear on our values and how they underpin the company we want to be. The handbook provides summary statements of all our global policies, training requirements, and where to go for more information.

Integration and onboarding

The success of our integration and onboarding processes for our newly acquired businesses and joint ventures reflects our collaborative and inclusive culture at Inchcape. Our approach empowers our new colleagues to excel in their roles from the beginning. It incorporates activities on our One Inchcape Values and Behaviours, Q&A sessions with senior leaders, tailored training modules, and opportunities for personal development. This includes fundamental learning on our Code of Conduct and Speak Up processes, maintaining the highest standards, and ensuring alignment with our ethical principles across the business.

PLANET

Understanding the impact our industry has upon the environment and also the likely impact of climate change upon our business means that we can be well prepared for the future challenges. Our journey to become the lowest carbon route to market is underway supported in three areas: understanding, reporting and acting upon climate-related risks and opportunities; reducing our scope 1 and 2 emissions; and, addressing our value chain emissions.

Further information on pages 40 to 53

32%
sites covered by renewable tariffs

21,000
CO_2 tonnes reduced against 2019 revised baseline on a market-basis

22%
of vehicles sold are new energy vehicles

Understanding, reporting, and acting upon climate change risks and opportunities
We undertake Group-wide exercises to understand our climate change risks and opportunities. This includes hotspot analysis in each market, which helps determine direction on where to focus efforts as regions develop costed five-year plans. Quantifying the potential impacts of the most important risks are then incorporated into the Group's financial planning.

Scope 1 and 2 emissions
We have set science-based targets for scope one and two emissions with the aim of halving emissions by 2030 and achieving net zero by 2040. The key programmes to achieve this include reducing energy usage, electrification of new sites, onsite generation of solar panels, and switching to green tariffs at the first opportunity. Toolkits and training are provided to markets, including on energy management and sub-metering guidance.

Addressing our value chain emissions
The Group has mapped its value chain emissions which provides the baseline to address scope 3 emissions, using the Group's influence, where possible, to help to reduce them. The Group continues to work on identifying the routes to market where Inchcape really has control over emissions and has a realistic chance of making meaningful reductions.

OUR APPROACH TO CLIMATE CHANGE

The automotive sector is a significant contributor to global greenhouse gas emissions. Man-made climate change, and the actions that societies and policy makers are taking to seek to minimise its effects, will have material impacts upon our business. We incorporate consideration of those impacts into the development of our strategy and into our risk analysis. We set relevant and appropriate metrics and targets and operate within a robust governance framework.

The climate-related financial disclosures made by Inchcape plc comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

This year, our disclosure is consistent with the TCFD recommendations except for the disclosure of an Internal Carbon Price (ICP), which we explain in the metrics and targets section on page 52. We have also not quantified the potential financial impact for Risk 4 and Opportunities 1 and 2 in this disclosure because the data is not yet sufficiently robust. We have therefore concluded that such analysis would not lead to better informed decision making at this stage, but we expect to build on these strong foundations in future disclosures.

TCFD Index

TCFD Disclosure	Description of progress	Page reference
Governance	a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 41 to 42 ✔
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	Page 43 to 44 ✔
Risk Management	a) Describe the organisation's process for identifying and assessing climate risk. b) Describe the organisations processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 44 to 49 ✔
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose scope 1, 2, and, if appropriate, scope 3 greenhouse gas emissions and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 50 to 52 ✔

Aligned

✔ aligned ✔ partially aligned ✖ unaligned

GOVERNANCE

a) Board's oversight of climate-related risks and opportunities

Inchcape considers climate change to be a critical strategic issue and it is considered by the Board during its discussions on strategy, risk management, remuneration, financial performance, and ESG matters. The Board is also responsible for approving and monitoring strategic programmes and expenditure. Further information on the Board's consideration of climate change in relation to strategy is given on page 43.

At the beginning of the year the Board considered the work undertaken to quantify the Group's principal climate-related risks and opportunities (CROs) and the Group's scope 3 emissions including the degree of control that the Company has over those emissions. The Board followed a three-step approach to assess the potential to set scope 3 emissions targets. The Board considered the level of control the Company has in relation to different scope 3 categories and the assessment of emissions trajectories to 2030 under different scenarios. The Board determined that the Company would not be able to set emissions targets in line with the requirements of the Science Based Targets Initiative that it would have a realistic prospect of being able to achieve. Recognising, however, the need to address its scope 3 emissions, the Board undertook to:

- do everything in our control to reduce scope 3 emissions, at the fastest pace possible;
- take into account scope 3 emissions in the context of its choices about mobility company partners and portfolio considerations; and
- support customers, teams, and mobility company partners in the transition.

Whilst the Board has responsibility for overseeing strategic climate-related matters, other climate-related matters, such as reviewing progress against climate-related reduction targets, are delegated to other Board and management committees.

The CSR Committee is responsible for ensuring the 'Driving What Matters' plan (Plan) is fit for purpose and appropriate metrics and targets are in place and reported upon. The Plan consists of four pillars: People, Places, Practices and Planet. It is the Planet pillar that has responsibility for considering the impact the industry has on the environment, and the likely impact of climate change upon the business. The Planet pillar remit includes:

- understanding, reporting, and acting upon climate change risks and opportunities;
- reducing the Group's controllable emissions; and
- defining our approach towards value chain emissions.

The CSR Committee meets three times a year and reviews progress of the Planet pillar against its action plans and emissions reduction targets. Further information on the activities of the CSR Committee are given on pages 90 and 91, and the Planet pillar is given on page 39.

The Audit Committee is responsible for reviewing the Group's principal and emerging risks, including those impacted by climate change and provides advice to the Board to enable it to carry out its annual review of the Group's risk profile. The Audit Committee also considers the impact of climate change when assessing significant accounting judgements and the ongoing viability of the Group. The Audit Committee meets four times a year, with risks being considered at every meeting and significant accounting judgements considered twice a year. Further information on the activities of the Audit Committee is given on pages 82 to 89.

The Remuneration Committee has responsibility for considering the inclusion of climate-related metrics in the Group's incentive plans. Scope 1 and 2 emissions reduction targets were included in the 2023 bonus plan for the Group Chief Executive (CEO), and the Committee reviewed progress against targets when approving outcomes for the year. Further information is given in the Directors' Report on Remuneration on pages 107.

b) Management's role in assessing and managing climate-related risks and opportunities

The Group Executive Team (GET) has primary responsibility for assessing and monitoring climate related risks and opportunities as part of the:

- development, and implementation of the Accelerate Strategy; and
- implementation of the Group's enterprise risk management (ERM) framework.

In developing the Accelerate strategy, the OEM Pipeline Committee considers entering into relationships with new mobility company partners taking into account the risk of misalignment between our product portfolio in a given market and the pace of EV adoption in that market.

Detailed ERM plans to mitigate short-term climate-related risks are developed by each region with approval and oversight on progress by the GET. In addition, the members of the GET are responsible for identifying and managing risks in their own business areas and the GET as a whole determines the Group's principal risks at both the half year and year end following a comprehensive risk management review process.

Regional scope 1 and 2 emissions reduction plans are regularly assessed by the CEO, Group Chief Financial Officer (CFO), and Chief Sustainability Officer, while the Investment Committee approves any material capital expenditure required to help to achieve the targets.

The Sustainability Reporting and Disclosure Committee (formerly the TCFD Working Group) consists of the CFO, Group General Counsel & Chief Sustainability Officer, Chief Strategy Officer, Head of Internal Audit, and Group Company Secretary. The Group meets quarterly to monitor the main climate-related risks and opportunities, in the context of strategy, governance and financial performance. Functional leaders from Finance, Legal, Strategy, Risk, and the Planet pillar, monitor:

- GHG emissions – progress against scope 1 and 2 reduction targets, and assessment of scope 3 footprint;
- impact on impairment;
- existing and emerging climate-related regulatory requirements;
- integration of climate-related risks into ERM framework; and
- implementation of policies, tools, and best practices throughout the Group.

Please see the Governance Framework on page 42 for further information

GOVERNANCE FRAMEWORK

THE BOARD

The Board has ultimate responsibility for overseeing strategic climate-related matters and oversight of the Group's strategy, which includes consideration of climate-related risks and opportunities and the impact on the long-term sustainable success of the Group.

The Board's responsibilities include:

- Overseeing the Group's strategy.
- Ensuring maintenance of effective risk management and internal control system, including approval of the Group's Principal Risks.
- Approving risk appetite and risk policy.
- Approving the Group's emissions reduction targets for scopes 1 and 2, considering scope 3 emissions, and the implications on strategy.
- Approving TCFD disclosure and other sustainability related disclosures.

CSR COMMITTEE

- Oversight of the Planet pillar of the Responsible Business framework.
- Agrees emission reduction targets and monitors progress against plans for each region.
- Reviews TCFD disclosure.

AUDIT COMMITTEE

- Oversight of risks management and internal control frameworks, including CROs.
- Ensures CROs are effectively managed, and emerging climate risks are identified and monitored.
- Reviews impact of CROs on significant accounting judgements such as impairment.

REMUNERATION COMMITTEE

- Ensures alignment of the Group's remuneration policies and procedures to achieve sustainability related goals.
- Reviews and approves level of emissions reduction targets in CEO and CFO bonuses.
- Consideration of climate-related target for long-term incentives schemes.

GROUP EXECUTIVE COMMITTEE

Responsibilities include:

- Design of strategy – considering strategic choices through a climate change lens.
- Implementation of risk management framework – related oversight of how climate-related risks are being continually assessed at regional level.
- Financial performance – impact of climate on future cash flows and impairment.
- Business development – assessment of current and future mobility partners, and market infrastructure.
- Customers – consideration of changing consumer preferences in relation to new energy vehicles (NEVs).

SUSTAINABILITY REPORTING AND DISCLOSURE COMMITTEE

(previously TCFD working group)

- Engage with functional teams in developing KPIs, risk assessment and management, data collection, and climate-related disclosures.
- Led the quantification of the CROs and oversees an annual review to ensure the assessments remain appropriate.

OEM PIPELINE COMMITTEE

- The committee consists of all members of the GET.
- Considers new mobility partners and business development, taking into account misalignment risk analysis and mitigations against this.

INVESTMENT COMMITTEE

- The committee consists of the Group Chief Executive, Group Chief Financial Officer, and the Group General Counsel and Chief Sustainability Officer.
- Approves capital expenditure in relation to climate-related projects, such as the purchase of solar panels.
- Reviews energy efficiency designs of new sites and refurbishments.

FINANCE

- The Group-wide emissions reporting framework.
- Consideration of the financial impact of climate change on impairment assessment.

STRATEGY

- Monitor changing EV environment in terms of mobility partners, customers, and infrastructure in the markets in which the Group operates.

RISK

- Integration of CROs into the Group's ERM framework.
- Monitor and escalate principal and emerging climate risks.

LEGAL

- Review existing & emerging regulatory requirements.
- Consideration of mobility company partners approach to climate-change risks and opportunities.

SUSTAINABILITY

- Review progress against scope 1 and 2 targets for each region.
- Monitoring the implementation of policies, tools, and best practice.

STRATEGY

a) Climate-related risks and opportunities over the short, medium, and long term

The impacts of man-made climate change are material and are being felt today by the customers and communities that we serve. Those impacts will only grow over time. The automotive sector recognises this and is on a journey to decarbonise. This journey will bring risks and opportunities for our business; consideration of those risks and opportunities is therefore an integral part of the process to define and execute our strategy.

Transition and physical risks can manifest over different time horizons. We have evaluated the implications of climate risks and opportunities over the following time periods:

- Short term (up to 2026): a three-year period aligns with our viability assessment and incorporates the actions needed to achieve our short-term targets;
- Medium term (up to 2030): this time period aligns with our interim climate-related targets; and
- Long-term (2030 to 2050): this time period aligns with our long-term climate-related targets.

To identify our climate-related risks, we have looked at transition and physical risks. Transition risks are risks associated with changes to the way markets operate that may result from regulation or consumer habits as we transition to a low carbon economy. Physical risks are the exposure of our assets or value chain to physical hazards caused by the effects of climate change.

Transition risks bring the most material climate-related impacts to our business. We identify these risks and opportunities through:

- regulatory horizon scanning. Senior leadership and their teams are accountable for identifying regulatory risk and incorporating these into the existing risk register; and
- assessment of key external forces such as market, technology, and political and social trends that could affect the business or our reputation. Our Strategy team specifically recognises climate change as an external force linked to market and technology risks.

Our exposure to physical risk is identified and monitored through our scenario analysis. We assess the impact of six different acute hazards against our assets out to 2050. We screen our sites for insured value, stock value and exposure to physical hazards using climate models.

b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning

The most material climate-related risks to the Group's business, strategy, and financial planning are given in the table on page 48. Impacts include loss of market share in the markets in which we operate, reduction in aftersales revenue, pressure on distributor margins and financial loss due to damage caused by extreme weather events.

To reduce the potential impacts of climate risks and take advantage of opportunities, the Board considers:

- the misalignment risk analysis is used to inform mobility partner participation and consolidation strategy;
- new aftersales revenue streams to develop aftersales strategy;
- identification and development of alternative value pools to offset margin risk; and
- incorporation of transition and physical risk considerations in acquisitions and future growth plans.

During the Strategy Day in May, the Board carried out a deep dive into the following areas in addition to its broader discussion on strategy:

Powertrain	Impact of BEV adoption on global emissions Alternative EV powertrains Regional EV adoption EV batteries
Market	Regulation Impact of subsidies EV adoption forecasts
Mobility company partners	Mobility company partner landscape Mobility company partner commitments
Key risk	Misalignment

The Board also considered portfolio choices in the context of climate change which considers the Group's participation strategy through the lens of sustainability and guiding principles on businesses we own today and businesses that we may acquire in the future.

This has led to a considered approach to M&A as evidenced by the recent acquisition of Great Lake Motor Distributors (GLM) in New Zealand. The New Zealand automotive market is going through a dramatic shift away from internal combustion engine (ICE) vehicles towards electric vehicles (EVs), driven by Government legislation and supported by a strong charging network and consumer appetite. The Group's mobility company partner in the market prior to the acquisition of GLM consisted of an ICE product line-up only with EV models not likely to be available for some time.

The acquisition of GLM gives the business access to commercial battery electric vehicle (BEV) product in a market where EV penetration is increasing at pace. The addition of LDV (MAXUS, the commercial arm of SAIC) and SsangYong strengthens Inchcape's product portfolio across several key segments, including electric vehicles, light commercial vehicles, and SUVs, ensuring Inchcape is poised to offer mobility solutions to meet the full range of customer requirements in New Zealand.

The Board and the Group Executive Team review climate change factors that could impact the business plan in the short, medium, and long term, and the scenario analysis around the potential impacts of climate change, such as expectation of the pace of change, and how transition to BEVs will impact the operations carrying out servicing or repairs. Key steps undertaken in financial planning is to ensure that the base case forward cashflow assumptions remain appropriate in light of the scenario analysis and to ensure that the sensitivity analysis performed covers all the reasonably probable outcomes identified through the scenario analysis. Further information is given in the Financial Statements on pages 165 to 166.

c) Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario
In order to limit global warming to less than 2°C above pre-industrialised levels, there would need to be an acceleration in the energy transition, including faster adoption of battery electric vehicles (BEVs). Our mobility company partners are developing their BEV offerings at pace and we play an important role in helping them to understand the speed and characteristics of the transition in the markets in which we operate. This ensures we have a resilient strategy by ensuring that we have the right product available for our customers at the right time and in the right place.

Chinese mobility partners are likely to play an increasingly important role in the global automotive market, not least as a result of their leading position in BEV technology. We are continuing to develop our relationships with Chinese mobility company partners, in particular those that have a strong BEV offering. This includes BYD, SAIC, Changan, and Great Wall Motors.

As a result of our approach, breadth of mobility partner relationships and flexible business model, we believe that we have a high degree of resilience to a range of different climate-related scenarios and are well placed to respond to the risks and take advantage of the opportunities.

RISK MANAGEMENT

Further information on identifying and managing risks can be found in Risk management section on pages 56 to 63.

a) Describe the process for identifying and assessing climate risk
On a quarterly basis our risk management team holds a risk review with each market to understand their risks, monitor movements and determine if risks are pervasive across markets, which may require aggregation of risk impacts. We then overlay how climate change will affect the risk. Our risk thresholds are defined by geography (market, region, and Group) or strategic importance (project, programme, and portfolio). Risks are categorised dependent on their impact, considering more than just financial risk and each criteria overlaps so risks are escalated/demoted accordingly. The Group defines risk appetites as risk-averse, risk tolerant and risk seeking. The appetite for each specific risk is decided by the Group.

b) Describe the process for managing climate-related risks
Our organisation manages and monitors climate related risks and opportunities (CROs) through both a top-down and bottom-up process. For each risk, our markets consider the impact and risk appetite to determine the target risk level. To monitor and manage risks, each risk is assigned to a risk owner and action owners. This risk owner is accountable for the risk and holds action owners to account for progressing action that move the risk to its target level.

c) Describe how processes for identifying and managing climate-related risks are integrated into overall risk management
During the year, all markets and regions provided more detail on the specific climate-related risks and opportunities in their market (the CRO assessments), which were then added to the risk register to be monitored. Consideration was given to the factors which may influence the level of EV transition risk in each market. These factors include government legislation, market EV infrastructure, mobility company partner ambitions, and the level of competition. Additional information was provided in 'timing' to indicate the earliest year when the risk might materialise.

The CRO assessments identified the key risks as EV transition; freight costs; tax and regulatory change and extreme weather as main (downside) risks. The key opportunities are favourable tax incentives and regulation; new mobility partnerships; new revenue streams and energy efficiency.

The Market and Regional Risk Committees used the outputs from the CRO assessments to develop mitigation action plans, which included more explicit incorporation of an assessment of carbon tax risk. The CRO assessments will be updated in 2024, ensuring close alignment of business risk analysis with strategy-setting, GET action-planning, and external scenario analysis. Outputs from CRO assessments will also provide inputs to strategic planning activity.

The key CROs are linked to several of our principal risks:

- EV transition – remains a moderate risk to the Group as we continue to seek alignment between supply of EVs and changing market conditions (Principal Risk B – page 58;
- HSE – physical risks – extreme weather events, wildfires, typhoons, flood (Principal Risk E – page 59); and
- Business interruption – our ability to recover (page 60).

In addition, several emerging climate-related risks have been identified and are monitored on the watchlist.

Risk title	Definition
Climate activism	Impact of climate activism such as potential litigation, protests, or digital disruption.
Climate reporting	Increasing demands of external regulation relating to CO_2 reduction targets and other aspects of climate change.
EV: battery supply shortage	Shortage of rare earth materials disrupts the supply of EV batteries, leading to a shortage of available EV vehicles.
Government action to reduce car ownership	Government legislation discouraging car ownerships/use.
Extreme weather – property damage	Increased frequency and intensity of property damage and business interruption arising from flooding, wildfires, and hailstorms.

RISK IDENTIFICATION AND ASSESSMENT PROCESS

192 POTENTIAL CROS IDENTIFIED

10 CROS CONTINUED

5 CROS SHORTLISTED

In 2021 we undertook a full value chain analysis at a business unit level and from 2022 all markets complete a risk questionnaire every six months, which considers new legislation, mobility company partner ambitions, competitor capabilities, and the market EV status.

Key exposures were reviewed and assessed by conducting workshops and interviews with a range of stakeholders across strategy, finance and risk management.

Using the outputs of our assessment we reviewed the long list of CROs to develop a short list of key CROs for the business. Each risk and opportunity is qualitatively rated for likelihood, velocity, and potential impact (see below).

In 2022, we carried out a quantified scenario analysis on the key CROs identified. This process concluded that some CROs have a low financial impact and others can be combined with adjacent risks.

COMPARATIVE IMPORTANCE OF RISKS

Likelihood
To assess the likelihood of a CRO, we considered the alignment between the outcome under a 1.5°C scenario, 4°C scenario and an intermediate scenario in which temperatures are more likely than not to exceed 2°C. Each risk is then categorised as very high, high, medium, or low.

Velocity
Our assessment at the time in which the exposure to each CRO is expected. The purpose of this measure is to assess how fast external pressures are changing. Velocity was assessed across the defined short, medium, and long-term horizons.

Potential impact
The potential impact was determined which qualitatively categorised CROs and considered technology trends, supply/demand projections, impact to revenue and impact to our cost base.

RISK ASSESSMENT APPROACH

SCENARIOS	**CLIMATE CHANGE SCENARIOS**		
CROs: CLIMATE RISK & OPPORTUNITIES	**TRANSITION RISKS** Tax, legal, regulatory, EV market transition, supply chain, reputational risks.	**PHYSICAL RISKS** Flooding, heat, cyclones, wildfire, rising sea levels, drought.	**OPPORTUNITIES** New markets, products, services, income streams, lower operating costs, access to finance.
ASSESSMENT METHOD	Integrated into **existing enterprise risk management assessments.** Supplementary analysis for EV transition risks (supply & demand).	Centralised, **natural catastrophe modelling** using property values and insurance data at Group.	Evaluate opportunities: use risk register criteria or existing investment appraisal procedures.

SCENARIO ANALYSIS

Climate scenario analysis was carried out in 2022 to help us understand the potential financial impacts to our business, in its current state, from our short-listed CROs under two scenarios.

Our 1.5°C scenario is characterised by accelerated intervention and is used to assess our exposure to higher impacts from a transition to a low carbon economy. Our 4°C scenario assumes greater impacts from physical risks. Combining the outputs of both will inform the key areas where our response must focus. Please see the below table which outlines our scenario assumptions.

SCENARIOS			
IPCC RCP 2.6	**IEA NZE**	**NGFS NET ZERO**	**IPCC RCP 8.5**
1.5°C aligned • Higher transition risk • Lower physical risks • Strong government intervention	**1.5°C aligned** • Additionally to RCP 2.6, includes a granular accelerated EV transition	**1.5°C aligned** • Additionally to RCP 2.6, includes disorderly and orderly carbon price assumptions	**4°C aligned** • Low government intervention • BAU emission increases • Lower transition risks • Higher physical risks

Key: IEA NZE: International Energy Agency Net Zero, NGFS Net Zero: Network for greening the financial system, IPCC: Intergovernmental Panel on Climate Change RPC: Representative Concentration Pathway

Representative Concentration Pathways (RCP) were chosen because they are defined emissions pathways which can be input into global climate models to derive the physical climate futures. The IEA NZE scenario was selected due to the additional detail specific to the transport sector. This granularity is critical because the transition from ICE to EVs is significant to our business. The NGFS Net Zero scenario was used to assess our exposure to carbon taxes because it includes regional carbon prices which vary significantly across our markets. It enables comparison between orderly and disorderly scenarios using the same sources, and there is transparency over the key policy changes that drive modelling assumptions. Further details of the NGFS Net Zero scenarios are publicly available.

Scope of analysis

Transition risks

To scope markets for our analysis we set a financial threshold for coverage. We included the markets with a significant contribution to our operating profit until we had coverage which was >70% of overall operating profit. This helped us filter markets and compare the relativity of these financial impacts.

CROs were assessed at either:

- a market-level and aggregated up to determine the financial exposure; or
- due to data constraints, we assessed the risk exposure at a global level.

We are taking steps to enable detailed quantification in future reporting.

Climate risk	Level of granularity	Markets included
Misalignment	Market-level (>10% of operating profit by market coverage in scope)	Australia, Belgium, Chile, Hong Kong, Luxembourg, Singapore, and UK
Aftersales	Global level	A shift from conventional ICE to BEV could potentially develop new aftersales services specifically targeted for BEV. Despite uncertainty over how new revenue streams could evolve over time, our analysis showed potential cashflows are expected to be more significant for BEV than for ICE vehicles due to additional weight and cost of electric components, albeit less regular in occurrence.
Carbon tax	Market-level	All markets
Margin pressure	Analysis of potential impacts performed on a qualitative basis	

BEV (battery electric vehicles).
ICE (internal combustion engine).

Physical risks

Physical risk analysis considered the impact of six key acute hazards, including coastal inundation, surface water flooding, riverine flooding, extreme wind, forest fire and extreme heat. A screening of 590 sites by hazard type, insured value, stock value and gross profit was completed to determine those sites that are financially significant. The screening filtered the sites down to 23. For these sites we investigated the likelihood and severity of each hazard to provide an overview of the potential asset and stock value at risk, and the impact on operations.

The map below identifies the most material sites and the relative exposure under the RCP 8.5 pathway, which represents a high emissions scenario, exceeding 4°C.

RISKS

Risk Description	Summary	Scenario	Financial impact			Strategic response and resiliency	Measurement
			Short	Med	Long		
1 Misalignment between mobility company partners and markets on BEVs leads to market share decline	Misalignment between the speed at which our mobility company partners transition their model line-up to BEVs and the pace of adoption in the markets in which we operate. This misalignment may mean that we lose market share. Analysis showed the risk of misalignment is greatest in the short to medium term in the APAC region but is expected to disappear by 2050.	IEA NZE 1.5°C	Med	High	N/A	• As part of our broader strategy, our ambition is to form new partnerships with pure EV entrants to expand our mobility company partner portfolio. We have taken proactive steps to achieve this by joining with mobility company partners such as BYD and Ora. This will help offset any potential misalignment identified with our current portfolio. • We are actively taking measures to facilitate the EV transition through: – providing consumers with the option of a BEV alternative for every ICE model; – facilitating EV charging through product packages to enable customers to switch to EVs; and – providing consumers knowledge of quantified carbon footprint savings for choosing BEV.	Metric: NEV sales as a % of new vehicle sales Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	Low	Low			
2 Reduction in aftersales revenue for BEVs	Due to a reduced number of moving parts in a BEV compared to an ICE vehicle, we may experience a reduction in revenue generated from the existing aftersales services we offer around repair, maintenance, and replacement of parts. Our analysis indicated this may affect our retail businesses more than our distribution businesses.	IEA NZE 1.5°C	Low	Low	N/A	The low-impact outcome from this risk is largely driven by the relatively low global BEV volume in comparison to ICE in 2030 in a 1.5°C scenario. However, this exposure may affect us in the long term as global BEV volumes increase. Therefore, we are considering an expansion of our proposition for aftersales services to include new BEV-specific services. Potential services could include battery diagnostics and transportation for end-of-life (EoL) batteries. These additional services could help offset any potential impact to revenue reduction from aftersales services.	Metric: % of AFS revenue attributable to NEV Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	Low	Low			
3 Carbon tax costs	Governments are likely to use carbon taxation as a mechanism to decarbonise the economy. Despite expected variation in carbon tax policy across countries we anticipate carbon taxation will affect all markets. We analysed this risk across our scope 1 and 2 emissions.	NGFS 1.5°C orderly	Low	Med	High	Our analysis considers our targets and presents reduced impact if we take action. Based on these findings we are actively implementing decarbonisation levers across scope 1 and 2 to ensure we meet our interim target of 46% reduction by 2030 and net zero by 2040 (please see pages 50 and 51). This includes switching to renewable electricity supply and installation of solar panels at our larger sites. Our strategy acknowledges a faster decarbonisation can help avoid the risk of high carbon tax costs.	Metric: Scope 1 and 2 absolute Sensitivity: % Revenue CAGR % Gross margin
		NGFS 1.5°C dis-orderly	Med	High	High		
		4°C	Low	Low	Low		
4 Transition to BEVs leads to pressure on distributor margins	An accelerated EV transition could affect certain cost drivers for our mobility company partners until cost parity is reached between BEVs and ICE vehicles, which in turn could lead to potential downwards pressure. on distributor margins. However, where there is the potential for current prices to be maintained for BEV vehicles, the impact on gross margins can be mitigated or maintained.	IEA NZE 1.5°C	N/A	N/A	N/A	Our analysis indicates that the impacts of margin pressure may be offset due to the disparity of price between BEVs and ICE vehicles. We actively monitor margins at the market level and our Accelerate Strategy is designed to address this risk by providing a compelling offering to our mobility company partners (Distribution Excellence), capturing additional vehicle profit pools (Vehicle Lifecycle Services) and enabling expansion into new, margin-accretive markets through M&A. We have not quantified the potential impact as the data is not sufficiently robust, and therefore we concluded that such analysis would not lead to better informed decision making.	Metric: Gross margin Sensitivity: % Average gross margin
		4°C	N/A	N/A	N/A		
5 Physical risk – direct impact to property and inventories from extreme weather events	Exposure to climate-related physical risks can expose our property and inventory to potential damage. It can also lead to business interruption at our sites causing lost revenue. Our 590 sites were screened against six acute physical hazards. We then calculated our exposure for our 23 most material sites.	RCP 2.6 1.5°C	Low	Low	Low	Our analysis showed low impacts across our physical assets with the highest risk exposure from surface water floods in Singapore. However, this resulted in low impact due to the low financial significance and existing insurance policies in place to mitigate the risk. To mitigate risk for future sites from new acquisitions. We will include physical risk assessments in our consideration of organic and inorganic growth opportunities.	Metric: % sites at risk from physical hazards Sensitivity: % Revenue CAGR
		4°C	Low	Low	Low		

OPPORTUNITIES

Opportunity Description	Summary	Scenario	Financial impact Short	Med	Long	Strategic response and resiliency	Measurements
1 Alignment between mobility company partners and markets on EVs leads to market share increase	In markets where there is a rapid shift towards EVs, there is potential to capture market share where supply of EVs from our mobility company partners keeps pace with BEV adoption rates. In a 1.5°C scenario, the accelerated EV transition increases this potential opportunity, with our analysis showing this opportunity is most significant in the near-term where the disparity between different levels of EV supply from mobility company partners is greatest.	IEA NZE 1.5°C	N/A	N/A	N/A	As part of our broader strategy, our ambition is to consider forming new partnerships with pure EV entrants to add to our mobility company partner portfolio. We have not quantified the overall opportunity from alignment due to a lack of robust data, however we assess the financial opportunity presented from new mobility company partners within specific markets on a case-by-case basis.	Metric: NEV sales as a % of new vehicle sales Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	N/A	N/A			
2 Increase in aftersales revenue for BEV	A shift from conventional ICE to BEV could potentially develop new aftersales services specifically targeted for BEV. Despite uncertainty over how new revenue streams could evolve over time, our analysis showed potential cash flows are expected to be more significant for BEV than for ICE vehicles due to additional weight and cost of electric components, albeit less regular in occurrence.	IEA NZE 1.5°C	N/A	N/A	N/A	We are facilitating the choice of a BEV among consumers in our retail business by increasing consumer knowledge of the benefits of BEVs and expanding our aftersales services to facilitate BEV adoption for the customer. The potential size of opportunity has not been quantified due to a lack of robust data and significant uncertainties in how the aftersales market could evolve. However work is ongoing to consider how we can expand our aftersales proposition with new BEV-specific services and we will continue to monitor changes to aftersales market dynamics.	Metric: % of AFS revenue attributable to NEV Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	N/A	N/A			

The sensitivities applicable to each of the risks and opportunities can be found on pages 165 and 166 (note 10) of the financial statements.

Key:
- Distribution Excellence
- Vehicle Lifecycle Services

Financial impact key:

Low impact:	impact to revenue <£100m
Medium impact:	impact to revenue £100m – £200m
High impact:	impact to revenue >£200m

Time Horizon key:

Short term (up to 2026):	three-year period aligns with viability assessment
Medium term (up to 2030):	aligns with interim climate-related targets
Long term (2030 to 2050):	aligns with long-term climate-related targets

We have disclosed the financial impact, up to 2030, of our CROs as low, medium, and high impact, which is aligned to our risk rating criteria as defined by our risk management framework. We have not specifically quantified the long-term impacts of EV transition due to the inherent uncertainty of the extent of the CRO. In comparison, data sets and assumptions for carbon taxes and physical risks are more readily available so have been disclosed to 2050.

Estimates for the potential financial impact of climate risks are indicative at this stage, with significant uncertainties in their underlying assumptions. We aim to build on this analysis going forward, improving on the robustness of data and assumptions where available. The likelihood of all risks manifesting concurrently is very low, so the aggregation of potential impacts would represent an extremely unlikely scenario.

There have been no material changes to the structure of our markets which would indicate a change to the profile of the key climate-related risks, therefore further analysis was not carried out in 2023. The misalignment risk analysis is used to inform the judgement on impairment, further details can be found in the financial statements on pages 165 to 166.

HOW WE ARE DRIVING ACTION TO REDUCE EMISSIONS

During the year we developed a plan to reduce emissions supported by short, medium, and long-term actions. The plan is commensurate with the Accelerate strategy and demonstrates how we will continue to grow a sustainable and climate resilient business.

EFFICIENCY MANAGEMENT

77% of our scope 1 and 2 emissions come from our buildings (location-based): our dealerships, our warehouses, our offices, and our call centres. Reducing the amount of energy that we use in our premises is therefore a key element of our decarbonisation programme. As well as reducing our carbon footprint, this also reduces cost and mitigates the impact of future energy price rises.

Achievements to date:
- LED upgrades in 20 markets across the four regions
- HVAC systems upgrades
- Metering & sub-metering in the UK, saving an average of 10% per site
- Energy audits undertaken in Australia, Ethiopia, Guam, Kenya, and Singapore
- Colleague awareness programmes in every region

ELECTRIFICATION

National grids are steadily decarbonising as they become increasingly reliant upon renewable sources of electricity. Using electricity rather than fossil fuels therefore helps us to reduce our emissions footprint.

Achievements to date:
- Switch to air source heat pumps in Oxford, UK
- Electric paint booth retrofit in Chile and Latvia
- Doubled EV vehicles in proportion of UK demo stock
- 42% of pool cars in Singapore are either EV or hybrid

ONSITE GENERATION

Onsite generation enables an immediate reduction of site CO_2 emissions. The benefits include the production of CO_2 free electricity, reduction in electricity costs and moderates impact of future electricity price rises. Onsite generation also provides security of supply.

Generating renewable electricity at our premises means that we do not need to draw electricity from the grid. It reduces our carbon footprint, saves us money, and provides energy security for the future.

Achievements to date:
- Solar panels installed across markets in all four regions
- Across a full year of operating, the solar panels are forecasted to avoid 3,000 tonnes of CO_2 emissions per year, reducing emissions and utility costs
- Future installations being investigated

GREEN TARIFFS

Buying electricity on green tariffs contributes to a reduction in carbon emissions.

Achievements to date:
- 32% of all sites are on green tariffs

MINIMUM REQUIREMENTS FOR ALL INCHCAPE BUSINESSES

ENERGY EFFICIENCY

- Identifying opportunities to reduce energy consumption through efficient running of our buildings and investing in energy efficiency

GREEN TARIFFS

- To maintain and extend our green tariff procurement programme
- Identify other opportunities for renewable electricity procurements, such as Power Purchase Agreements

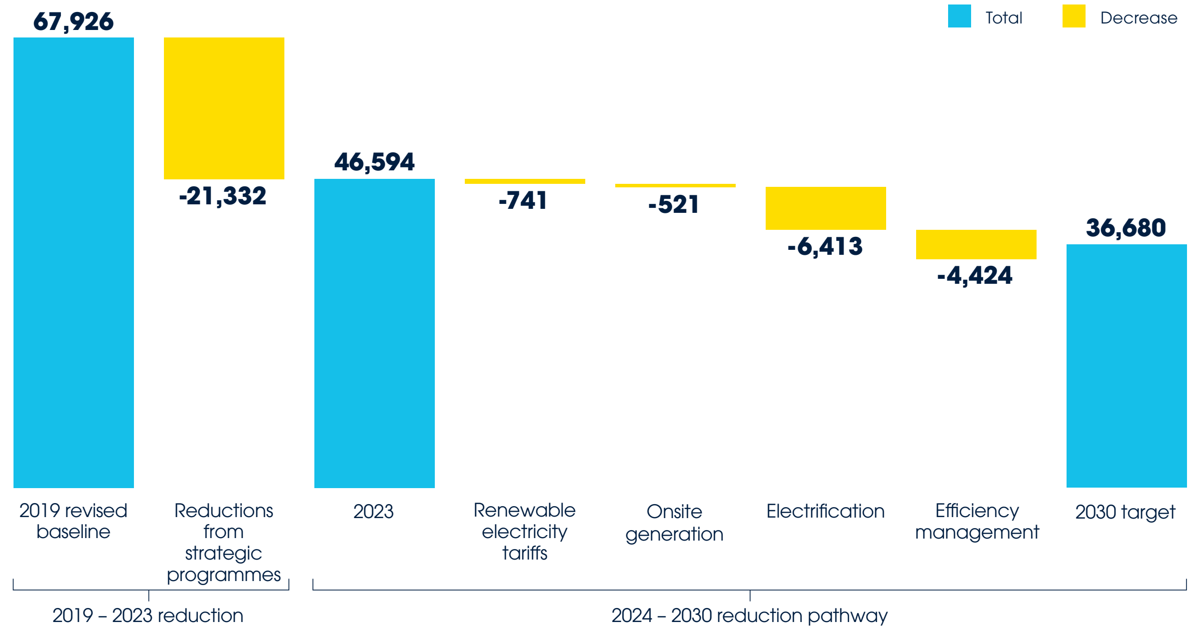
ELECTRIFICATION

- To plan for our locations to be all electric with the removal of fossil fuels, in normal operations
- To move our company car fleet to new energy vehicles

ONSITE GENERATION

- To identify more opportunities to install solar panels as well as identify other onsite renewable technologies, such as ground source systems where possible

PATHWAY TO 2030 SCOPE 1 AND 2 TARGET (MARKET-BASED)



METRICS AND TARGETS

The Group uses a variety of metrics to measure the current and potential impact of our climate-related risks and opportunities, including greenhouse gas (GHG) emissions and business specific metrics. Our metrics are laid out across the seven cross-industry metric categories defined by the TCFD.

In 2021, we established our GHG reduction target to reduce our scope 1 and scope 2 emissions by 46% by 2030 and in the longer term we are committed to reaching net zero by 2040. The GHG emissions, capital deployment and remuneration metrics are used to measure our progress to net zero. Pages 50 to 51 sets out the actions being taken across the Group to reduce emissions. We measure the number of new energy vehicles (NEVs) sold to monitor the impact of misalignment risk and misalignment opportunity.

During the year the GET assessed the appropriateness of using an internal carbon price within the business. This analysis is still being reviewed and a further update will be given next year.

Key metrics used to measure progress

Metric category	Status	Metric	2023 actual	Objective
GHG emissions		Scope 1 and 2 emissions (tCO_2e)	46,594	To track the reduction in our emissions, improvements in our energy efficiency and generation of our own renewable power.
		% of sites at 100% renewable electricity	32%	
		Energy intensity by revenue (tCO_2e/£m)	3.7	
Physical risk		We do not have physical risk metric in place		
Capital deployment		% of capex towards climate initiatives	6.6%	To demonstrate the level of investment we are committing towards climate to achieve our strategy
Remuneration		Scope 1 and 2 emissions (tCO_2e)	46,594	Incentivising leadership to deliver emissions reductions. Included in the short-term incentives
Transition risk		% of NEV sold	22.26%	-% of NEV sold
Opportunities		% of NEV sold	22.26%	-% of NEV sold
Internal carbon pricing		We do not have an internal carbon pricing in place		

Key ■ Metric in place ■ No metric in place

All data is market-based.

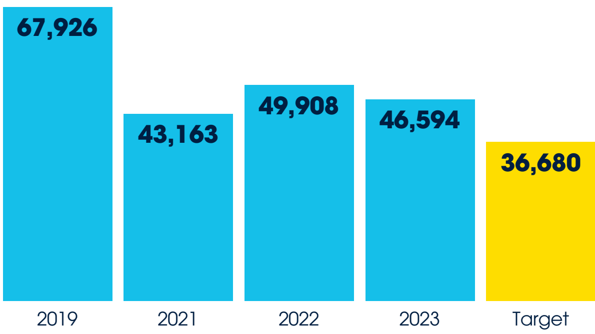
Greenhouse gas (GHG) emissions

Direct GHG emissions are from our operations through combustion of fuels (scope 1). We also purchase energy from the grid (Scope 2) and have indirect GHG emissions throughout the value chain mainly because of our purchase of goods, consumer use of vehicles, and transportation, which together make up more than 95% of our total scope 3 emissions. We are acting across all three scopes and working closely with our partners to reduce GHG emissions for our business, our customers, and our value chain. We report our greenhouse gas emissions according to the Greenhouse Gas Protocol, published by the World Business Council for Sustainable Development, and the World Resources Institute. Please see page 53 for our Streamline Energy and Carbon Emission reporting (SECR).

SCOPE 1 AND 2 EMISSIONS (tCO_2e)

The target is to reduce scope 1 and scope 2 emissions by 46% by 2030. The 2019 baseline has been adjusted in line with Inchcape policy derived from GHG Protocol Corporate Standard 'Tracking Emission Over time' for a) structural changes in the business including M&A and divestitures, and b) amendments for data gaps above the significance threshold.

Emissions reductions have been driven by the switch to renewable energy tariffs, reduced electricity consumption and lower emission factors driving decreases in the Americas and APAC, and reductions in refrigerant emissions due to management schemes put in place in Australia and Belgium.



tCO_2e (market-based)

SCOPE 3 FOOTPRINT

We have calculated the Group's scope 3 emissions profile for the 2019 baseline, the vast majority of which are directly related to our mobility company partners activities and account for 99.97% of our total emissions footprint at a total of 18.7m tCO_2e. The Group's 2023 scope 3 emissions is 15.2m tCO_2e, which includes all scope 3 categories except for: upstream leased assets, downstream transportation and distribution, processing of sold products, and franchises.

STREAMLINED ENERGY AND CARBON REPORTING REGULATIONS (SECR)

We collect data for all material emissions for which we deem ourselves to be responsible and look for ways in which to minimise our footprint. Data is collected for two key performance indicators: scope 1 – our use of gas and fuel in vehicles we own and scope 2 – our global energy usage. The below does not include scope 3 intensity ratios or emissions data.

Data collection and reporting period

Data has been collected for all markets from 1 January 2023 to 31 December 2023. The level at which we report is by business unit for each market. This covers our retail operations, distribution operations and business service operations, which fall within our operational control boundary.

Intensity ratio

The Group's intensity ratio compares emissions data by dividing total tonnes of CO_2e by revenue, an appropriate financial indicator. This allows for a fair comparison over time of CO_2e emissions given the growth trajectory envisaged for the Group and cyclical variations in business activity. As required under the SECR regulations the following information relates to the energy consumed in our operations. The list of United Kingdom entities is given on page 219.

	2023		2022	
	UK & Offshore	**Global**	UK & Offshore	Global
Total Energy Consumption (kWh)	**32,392,786**	**199,320,469**	31,174,666	139,657,792
Scope 1 (tCO_2e)	**3,598**	**27,066**	3,617	27,298
Stationary Combustion (tCO_2e)	**2,117**	**9,663**	1,702	9,403
Vehicle Fuel Combustion (tCO_2e)	**1,278**	**15,733**	1,698	15,895
Fugitive Emissions (tCO_2e)	**203**	**1,671**	216	2,000
Scope 2 (Location-based, tCO_2e)	**3,088**	**32,581**	2,886	33,205
Scope 2 (Market-based, tCO_2e)	**5**	**19,528**	8	22,610
Total scope 1 & 2 (Location-based, tCO_2e)	**6,686**	**59,647**	6,503	60,503
Scope 1 & 2 emissions intensity ratio (Location-based, tCO_2e/£m)	**6.3**	**4.8**	3.2	7.5
Total scope 1 & 2 (Market-based, tCO_2e)	**3,603**	**46,594**	3,624	49,908
Scope 1 & 2 emissions intensity ratio (Market-based, tCO_2e/£m)	**3.4**	**3.7**	1.8	6.2
Revenue (£m)	**1,065**	**12,498**	2,029	8,112
Methodologies used in calculation of disclosures	GHG Protocol Corporate Accounting and Reporting Standard GHG Protocol Corporate Value Chain Accounting and Reporting Standard GHG Protocol Scope 2 Guidance			

Emissions data previously published in the 2022 Annual Report and Accounts has been restated. This is because the prior year has been adjusted for structural changes in the business and amendments for data gaps.

Carbon efficiency measures

The Group's Controllable Emissions management team developed its strategic programmes to reduce carbon emissions, focusing on four key areas: energy efficiency, onsite renewable energy generation, electrification, and renewable electricity purchasing. Our markets are implementing the programmes to identify opportunities to reduce our carbon emissions. Carbon efficiency measures introduced in 2023 included:

- Energy audits undertaken in Australia, Ethiopia, Guam, and Singapore, identifying opportunities to reduce energy consumption and carbon emissions;
- Automatic metering and monitoring installed in the United Kingdom, saving an average 10% energy consumption across sites;
- Installing solar panels in 11 countries across all regions. When operating for the full year, the panels installed in 2023 are forecasted to avoid over 2,000 tCO_2e per year;
- Increasing our share of hybrid and electric vehicles in Bulgaria, Estonia, Hong Kong, Philippines, and Singapore; and
- Expanding the number of green electricity contracts in Bulgaria, Estonia, Finland, Latvia, Lithuania, Poland, Romania, and Uruguay.

In 2024, focus will be on implementing opportunities that the four strategic programmes identify, such as further rolling out of automatic metering solutions, LED lighting, building controls, increasing the number of hybrids and electric vehicles in our company car fleets, and considering a green roof for new United Kingdom sites to increase biodiversity net gain.

NON-FINANCIAL & SUSTAINABILITY INFORMATION STATEMENT

ENVIRONMENTAL MATTERS

Environmental matters are considered as part of the Planet pillar of the 'Driving What Matters' plan, including:

- our health, safety & environment (HSE) framework, which is designed to ensure colleagues comply with relevant environmental legislation;
- the Group has set science based targets for scope 1 and 2 emissions. Each region has developed its own action plans in order to achieve these targets; and
- energy efficiency plans are also implemented at local level.

The Planet Charter is set out on page 39 and manages climate-related issues, carbon performance metrics, and responsible resource use. Our framework and policies are designed to help pursue activities that influence us and our suppliers to reduce their carbon footprints.

The Group's first standalone Sustainability Report will be published in 2024 and will be available at www.inchcape.com.

Primary Principal Risks
EV transition; Business interruption (pandemic, natural hazards).

Associated Policies
Code of Conduct; Travel Policy.

COLLEAGUES

We aim to ensure we have a safe operating environment with an inclusive and diverse culture and the best talent and skills for our future success, including:

- our Inclusion & Diversity (I&D) framework, which demonstrates our commitment to helping address the barriers preventing full participation for marginalised groups;
- our HSE framework, which is designed to protect the health and safety of colleagues;
- our Code of Conduct, which provides guidance on the ethical behaviour we expect from all colleagues; and
- our Whistleblowing Policy, which provides guidance to colleagues on how to raise concerns without fear of reprisal.

The People Charter is stated on page 35 focusing on HSE, training, culture, reward, and Inclusion & Diversity. All colleague related policies were reviewed and updated where necessary during 2023.

Primary Principal Risks
People: engagement and retention; HSE; People: future skills.

Associated Policies
Code of Conduct; Global Anti-Discrimination Policy; Global Inclusion & Diversity Policy; Speak Up Policy.

HUMAN RIGHTS

We embrace, support, and respect the human rights of everyone we work with and we comply with appropriate human rights legislation in the countries in which we operate, including:

- employment policies are implemented at local level and are designed to protect colleagues' human rights; and
- our Modern Slavery Statement describes the actions taken in respect of our supply chain.

Our policies set out our commitment to human rights and the steps taken to assess the risk of slavery.

Modern slavery training has been rolled out to colleagues whose roles and remit require additional focus in this area reinforcing an ethical business culture.

Our Modern Slavery Statement is available at www.inchcape.com.

Primary Principal Risks
Political risks; Legal, regulatory compliance.

Associated Policies
Code of Conduct; Modern Slavery Statement

Non-financial information

People	Practices	Places	Planet
Where to find more information			
Responsible Business – page 35 **CSR Committee Report** – pages 90 to 91 **Directors' Report** – pages 115 to 118	**Responsible Business** – page 38 **Risk management** – pages 56 to 64 **Audit Committee Report** – pages 82 to 89	**Responsible Business** – page 37	**Responsible Business** – page 39 **TCFD** – pages 40 to 53 **Risk management** – pages 56 to 64 **Directors' Report** – pages 115 to 118

The non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed in this section and by means of cross reference. The Group's business model is given on pages 4 to 7. The Group's KPIs are stated on pages 24 to 25. Principal risks are given on pages 57 to 61.

COMMUNITIES AND SOCIAL MATTERS

Social matters cover a vast range of potential issues including Responsible Business related policies. Our policies set out our commitment to high social standards and the requirements for our supply chain. We have in place the following Group-wide policies:

- Tax strategy;
- Data protection/data privacy;
- Competition/anti-trust;
- Privacy policy; and
- Conflicts of interest policy.

The Group's tax strategy is available at www.inchcape.com.

We do not have a global policy covering community matters as any initiatives are championed at local level. Social matters form part of the Places pillar of our 'Driving What Matters' plan.

Our Places Charter is set out on page 37 outlining sustainable procurement, responsible approach to tax, and supporting vulnerable customers.

Primary Principal Risks

Macro-economic conditions;
Margin pressure.

Associated Policies

Anti-Trust Policy; Conflict of Interest Policy; Data Privacy Policy; Procurement Policy; Tax Policy.

ANTI-BRIBERY AND ANTI-CORRUPTION

It is important that the Group operates to high ethical standards and complies with all applicable laws. Colleagues and supply chain partners are made aware of the Group's strategy and how their behaviours affect delivery and they are expected to work in line with the Group's values.

To support this the Group has in place the following policy statements which detail the expected conduct of our colleagues and supply chain:

- Anti-bribery and corruption; and
- Anti-money laundering.

The policy statements are available at www.inchcape.com and set out the risk assessment, procedures, due diligence, communications, and monitoring involved from any instances of bribery, corruption, or fraud being reported. The findings of any investigations are then reported to the Audit Committee.

Primary Principal Risks

Legal, regulatory compliance;
Loss of distribution contract.

Associated Policies

Anti-Bribery & Corruption Policy; Anti-Money Laundering & Counter Terrorist Financing Policy; Gifts and Entertainment Policy.

CLIMATE-RELATED DISCLOSURES

The climate-related financial disclosures comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022:

- **The governance arrangements in relation to assessing and managing risks and opportunities** – pages 41 to 42;
- **How risks and opportunities are identified, assessed, and managed** – pages 44 to 45;
- **How processes for identifying, assessing, and managing risks are integrated into the overall risk management process** – pages 44 to 45;
- **The principal risks and opportunities arising in connection with operations, and the time periods by reference to which those risks and opportunities are assessed** – pages 48 to 49;
- **The actual and potential impacts of the principal risks and opportunities on the business model and strategy** – pages 48 to 49;
- **An analysis of the resilience of the business model and strategy, taking into consideration different scenarios** – page 46;
- **The targets used to manage risks and to realise opportunities and of performance against those targets** – page 52; and
- **The KPIs used to assess progress against targets used to manage risks and realise opportunities and of the calculations on which those KPIs are based** – page 52.

STEERING A COURSE THROUGH VOLATILE TIMES

Well-managed risk-taking lies at the heart of our ambition to be the undisputed number one distribution partner for automotive manufacturers, the employer of choice for current and future colleagues, and the stock of choice for our investors.

There are many market forces which underlie and drive our risk profile. Geopolitical tensions have led to cost inflation, suppressed economic growth, and the increased cost of cash as central banks curb inflation. New mobility company partners are challenging existing players with new electric vehicle products. A changing climate and our response to it presents transition and physical risks that give rise to a range of risks and opportunities for our business. The extent and severity of risks will vary depending on the actions taken at an international level. A Group-wide business continuity strategy has been designed to address these risks should they eventuate. We set out in this report how our risk profile is changing and how we are responding.

Through 2024, we expect to see margin pressures increase as vehicle supply normalises, demand softens, and our mobility company partners are increasingly challenged to seek the lowest cost route to market. Historically high levels of interest rates across our markets are softening demand and increasing the cost of cash. Cost inflation may remain for a period through 2024 increasing the risk of supply chain disruption, macro-economic conditions, and margin pressure.

The transition to electric vehicles (EVs) is underway and we are navigating this change, which presents us with considerable opportunity as well as downside risk. Most important is the need to align with mobility company partners who themselves have accurately aligned their product offering to market demand. If our mobility partners cannot produce at scale when EV-demand accelerates, we may lose market share. Equally, we will grow market share where alignment is strong. Due to a reduced number of moving parts in battery EVs (BEV) compared to ICE vehicles, the Group could experience a reduction in revenue generated from existing aftersales services. This can be offset by the generation of new revenue streams and from new aftersales products and services.

We respond to these challenges through delivery of our Accelerate strategy and maintaining a resilient business. We remained focused on our transformation agenda and managing the associated risks while continuing to successfully integrate significant investments – our most important to date being the acquisition of Derco. The combination of our two businesses is bringing both opportunity and risk. The exposure to operational risk in particular is augmented during integration: health and safety, financial reporting, and fraud risks among them. We have closely monitored these and other risks, including risks to the achievement of expected synergies during the transition. This will continue into 2024 and beyond.

People, technology, and operational excellence underpin our future success and we continue to progress our multi-year health, safety & environment (HSE), and cybersecurity improvement programmes. Although we have made significant progress to equip ourselves with over 1,000 digital specialists, we continue to plan for our future workforce needs, to ensure we have the digital, change, and EV skills we need. Our business operations are exposed to risks which cannot be fully prevented – including the recent pandemic and other natural perils such as earthquakes and flooding. We are upgrading existing business continuity capability to respond. Derco has increased the concentration of property and stock in Latin America which is exposed to natural hazards, such as Chilean earthquakes and flooding in Peru. We have also experienced flooding at our Jaguar Land Rover site in Derby, United Kingdom. We are taking action to ensure these risks are mitigated to these increased exposures including reviewing and updating insurance and business continuity arrangements.

CLIMATE TRANSITION

Embracing the risks and opportunities presented by climate change

For the second year, leadership teams across our markets have been assessing 33 headlines categories of risk and opportunity. Physical risks such as flooding and heatwave, as well as the legal, market, and supply chain challenges presented by the transition to the new drivetrains which will characterise low-carbon mobility. Opportunities to connect with a new generation of mobility company partners, new revenue streams, and cost saving through energy efficiency are just some of the possibilities evaluated. These assessments are supplemented by specialist external assessments of physical risk exposures and market opportunities.

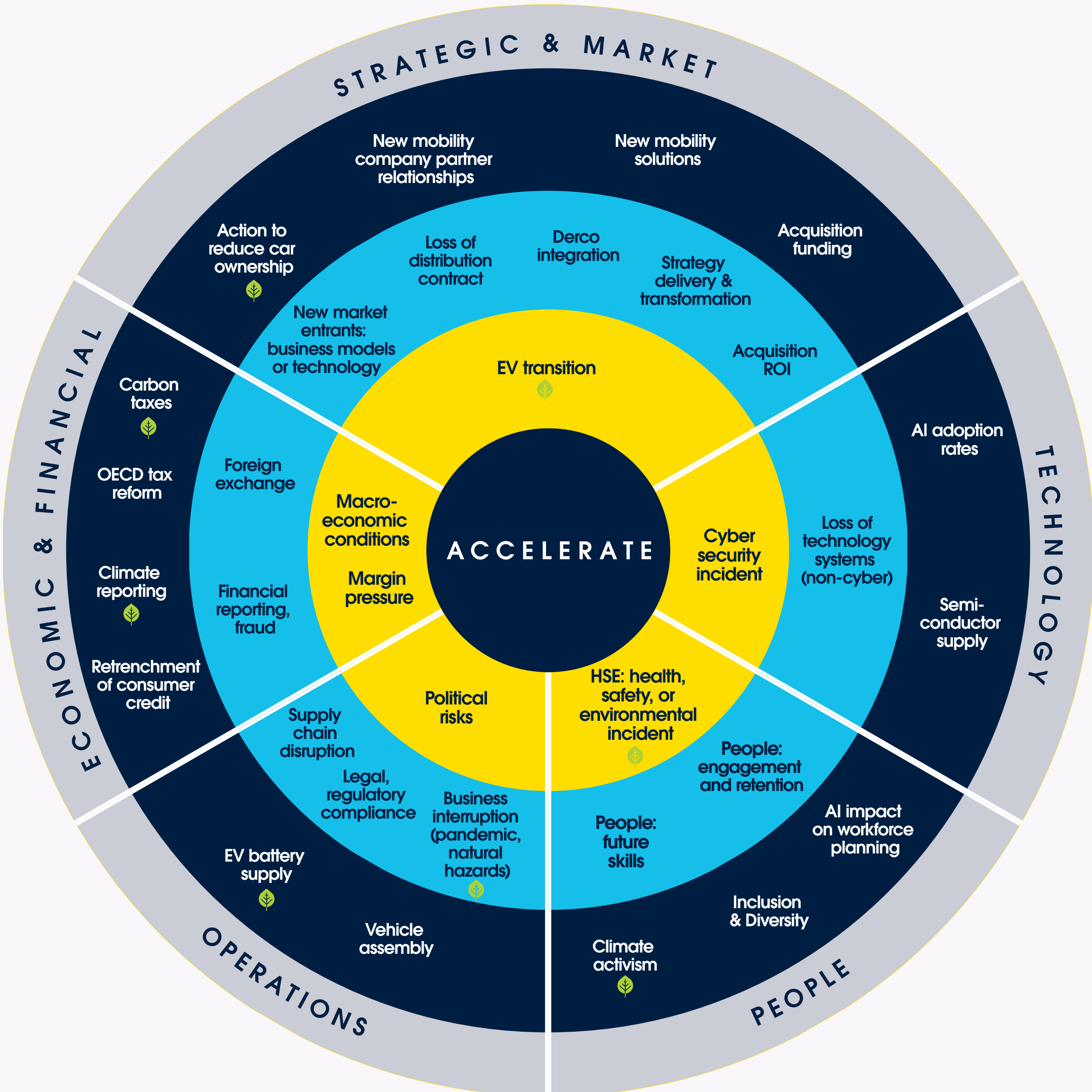
Regional strategy teams build this information into strategic planning, driving changes to existing practices. Risks are tracked in existing enterprise risk management processes to drive mitigation action and the strengthening of business resilience activity.

Principal risks facing the Group

The Group's principal risks, and their relation to strategy, are shown below. Further details on impact, likelihood, and trend are given on pages 58 to 61.

Changes to principal risks in 2023

Business interruption replaced Covid-19 as a principal risk during the year. This risk relates to the Group's ability to successfully respond to and recover from a further pandemic or other natural hazard (e.g. windstorm, flooding, earthquake, or hailstorm).



Key

Tier 1 risk | Tier 2 risk | Emerging risk | Climate-related

PRINCIPAL RISKS

PRINCIPAL RISKS (TIER 1)

Of the principal risks assessed, the Tier 1 risks have the highest relative impact or likelihood scores and are assessed as the most significant 'net' risks, after mitigation has been applied. Risks are rated by impact (minimal, minor, moderate, major, or critical) and by likelihood (rare, unlikely, possible, likely, or almost certain). Impact is estimated in terms of financial, HSE, reputational, operational, and strategic criteria. Data is used to inform assessments where available, which are largely qualitative, drawing on the insight and experience of leadership teams across the business.

A) CYBERSECURITY INCIDENT

Development of new technology platforms and digital capabilities form an integral part of our Accelerate strategy. These initiatives continue to be delivered at pace and benefits are already being realised by the business. However, geopolitical tensions and the continued digitalisation of our business also increases the likelihood of cyber attacks, which, if successful, could result in confidential data being compromised, significant business disruption, reputational damage, and/or financial loss.

Mitigating actions

- a multi-year security improvement programme underway as an integral component of the Accelerate strategy; and
- existing cybersecurity measures, including policies and controls, asset management, risk assessment, access control, protective technologies, and disaster recovery plans.

Strategic impact

DE, M&A, VLS

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Likely**	↔

B) EV TRANSITION

The transition from the internal combustion engine (ICE) to new power trains, such as BEVs, is underway. This transition introduces the risk of lost market share if the Group and its mobility company partners fail to align product supply to the market uptake of EVs. Some mobility company partners may be unable to produce EVs at scale, which could lead to periods of stagnant sales growth.

Mitigating actions

We address these changes through:

- monitoring of emerging EV-related legislation in each market;
- market-level risk assessment of EV infrastructure, legislative plans, mobility company partner, and competitive capability;
- close liaison with mobility company partners to understand their ambitions and feedback on the EV readiness of individual markets, and to ensure optimal EV allocation;
- brand diversification – contracts with new mobility partners; and
- operational changes to marketing, pricing, customer service, and vehicle technician training.

Strategic impact

DE, VLS

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Likely**	↑

C) MARGIN PRESSURE

The transition to new power trains, such as BEVs, has introduced new competitors for our mobility company partners and has increased their research, development, and production costs. Achieving the lowest cost route to market is one tool to offset these challenges and will increase the pressure on margins for all distributors, including Inchcape. This risk is closely linked to, and exacerbated by, the macro-economic conditions risk.

Mitigating actions

The Group's Accelerate strategy is designed to address this risk in three ways through:

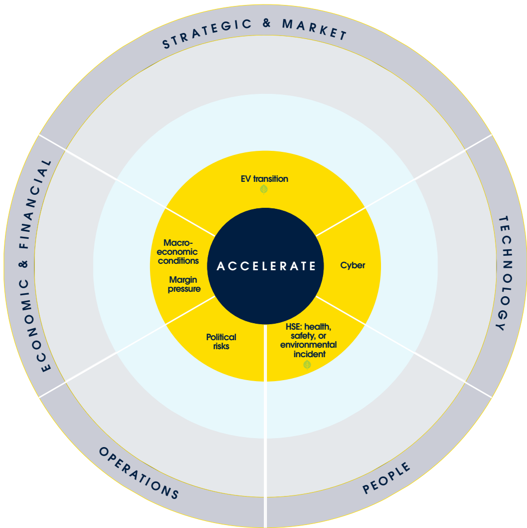
- a compelling offering to our mobility partners, known as Distribution Excellence, by transforming the route to market via the development of a consistent, technologically advanced, low-cost, low-carbon distribution and retail offering;
- Vehicle Lifecycle Services (VLS) – enabling the Group to capture new sources of value throughout the vehicle and customer lifetime, as well as exploring new EV-related profit pools; and
- expanded M&A, enabling our growth into new, margin-accretive markets and with potentially new mobility company partners.

Strategic impact

DE, VLS

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Likely**	↑



Key

Trend

↔	STABLE
↓	DECREASING
↑	INCREASING

Strategic Impact

DE	Distribution Excellence
M&A	Mergers & Acquisitions
VLS	Vehicle Lifecycle Services

D) MACRO-ECONOMIC CONDITIONS

Failure to react quickly to changing macro-economic conditions and financial volatility could erode consumer confidence and adversely impact financial performance. Historically high interest rates increase the cost of cash and might make financing for new cars less affordable and dampen sales growth.

Geopolitical tensions have driven high inflation and high interest rates which increase our operating costs and have slowed demand in some markets.

Mitigating actions

We address these changes through:

- management and monitoring of cost base;
- financial budgeting and forecasting;
- cash flow and margin management;
- reviews of potential cost base efficiencies; and
- maintaining and increasing our geographic diversification as well as our diversified mobility company partner portfolio (origin, segments, positioning and more) to offset downturns in any particular market.

Strategic impact

DE, VLS

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Moderate	**Almost certain**	↔

E) HSE: HEALTH, SAFETY, OR ENVIRONMENTAL INCIDENT

The operation of vehicles, machinery, and other manual activities across all of our operations worldwide exposes our colleagues, customers, and the public to risks of serious injury or fatality. The use, and disposal, of harmful substances and chemicals poses a risk to the environment. These risks are exacerbated by the introduction of new technologies, such as BEVs, and as we bring new businesses and contracts into the Inchcape group. The pressures of remote working, transformation projects, and organisational restructuring impact the mental and physical wellbeing of our colleagues.

Mitigating actions

- introduction of a dedicated safety risk management programme for BEVs;
- ongoing implementation of HSE programmes, including mental health support;
- monitoring the progress of that implementation;
- roll-out of executive due diligence programme;
- mandatory annual HSE training;
- regular review of performance by the Board and Group Executive Team; and
- evaluation and remediation of risks related to EVs underway.

Strategic impact

DE, VLS

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Likely**	↑

F) POLITICAL RISK

The Group operates in markets where there may be greater volatility in the political, economic, and social environment (ESG), for example in, and adjacent, to: Ethiopia, Hong Kong, and Latin America. This may threaten the safety of our colleagues and property and disrupt business operations. 40 countries representing 41% of the world's population will be holding elections in 2024, including India and the United States, as well as markets where Inchcape operates, such as Belgium, Indonesia, and the United Kingdom, or neighbouring Inchcape markets (e.g. Mexico, South Sudan, and Venezuela). This may indirectly increase the risk of social unrest as new political parties reset relationships with neighbouring countries.

Mitigating actions

- close monitoring of political situation in higher-risk markets;
- business continuity planning and insurance in selected countries;
- collaboration with mobility company partners on stock allocation flexibility; and
- expansion of digital trading capabilities.

Strategic impact

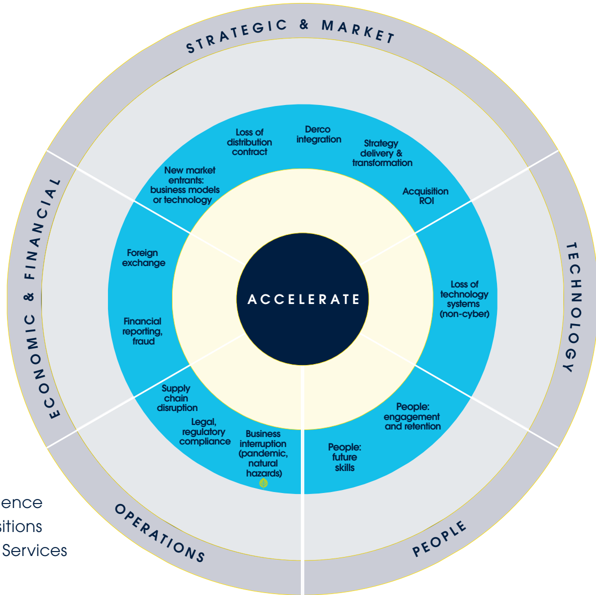
DE, VLS

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Likely**	↔

OTHER PRINCIPAL RISKS (TIER 2)

The Tier 2 risks are listed in alphabetical order ratings after current mitigation. Rating scales are the same as those applied to Tier 1 risks.



Key

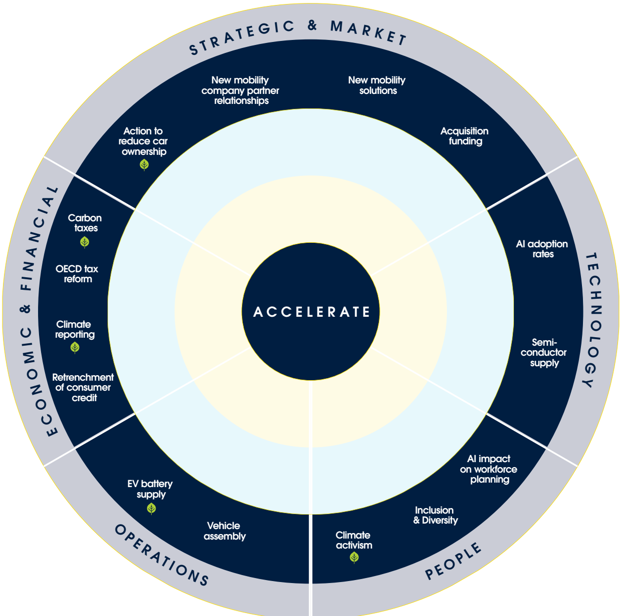
Impact	Likelihood	Trend	Strategic Impact	
MINOR	RARE	↔ STABLE	DE	Distribution Excellence
MODERATE	UNLIKELY	↓ DECREASING	M&A	Mergers & Acquisitions
MAJOR	POSSIBLE	↑ INCREASING	VLS	Vehicle Lifecycle Services

Risk title	Strategic impact	Description and impact	Trend	Key mitigating actions
Acquisition return on investment (ROI) MODERATE POSSIBLE	M&A	Inorganic growth continues to underpin the significant role in growing the Group's profit before tax. As we continue to accelerate M&A activity, we recognise the risk of failure to optimise value creation and ROI targets through effective integration of new acquisitions into the Group.	↔	• Pipeline of opportunities • Experienced M&A teams at Group and regional levels • M&A playbook • Integration playbook • Post-merger reviews and audits • Board review of larger transactions • Monitoring of risks and issues post-completion
Business interruption (pandemic, natural hazards) MODERATE POSSIBLE	DE, M&A, VLS	A significant interruption to our business due to external events, a global health emergency, or other natural hazard could restrict access to our sites, negatively affect our operations and brands, or pose a threat to the safety of our colleagues; any of which could have a negative impact on our commercial and financial performance.	NEW	• Financial headroom and balance sheet strength • Technology response and disaster recovery plans • Operational resilience framework (in progress), including business continuity plans and lessons learned • Supply chain management • Property risk assessments and loss control measures • Insurance
Derco integration MODERATE UNLIKELY	M&A	We may experience unforeseen difficulties in integrating Derco and the Group may not realise, or it might take the longer than expected to realise, the benefits and synergies of the deal.	NEW	• Due diligence/integration strategy – two year plan • Post-integration specialist advisor project management support continuing into H2 • Integration Committee • Mobility company partner engagement strategy • HSE Derco site audit • Internal controls integration
Financial reporting, fraud MODERATE UNLIKELY	DE, M&A, VLS	The Group may be subjected to the risk of inaccurate or delayed financial reporting or fraud. These risks may be increased as we integrate new acquisitions or transform established ways of working.	↔	• Group Code of Conduct and relevant training • Established financial control framework • Monthly monitoring of control performance • Change management and staff retention arrangements to enable a smooth transition • Internal Audit assurance reviews • Group and regional controls oversight • Integration of financial controls into new businesses, with training, support, and hyper-care assurance
Foreign exchange MODERATE UNLIKELY	DE, M&A, VLS	The Group operates a geographically diverse structure with transactions occurring in multiple currencies, therefore the Group is exposed to the risk of adverse currency fluctuations which can impact financial results and asset values.	↔	• Treasury policy and hedging strategies • Central treasury function and regional treasury centres (in relevant regions) • Monthly monitoring of foreign exchange impacts and hedging positions
Legal, regulatory compliance MODERATE POSSIBLE	DE, M&A, VLS	The Group must comply with a diverse range of laws and regulations in the markets in which it operates, including those relating to anti-bribery and corruption, data protection, competition, anti-money laundering, and the distribution and sale of Finance and Insurance. In that context we note the FCA investigation into certain historical finance commission arrangements and the risks associated with the outcome of that investigation. The Group must also meet the terms of its distribution and retail contracts and contractual risks assumed during acquisitions.	↔	• Group-wide Code of Conduct, with associated training • Updated Group policy framework, supported by market-level policies and procedures • Nominated legal representative and/or retained counsel in major markets to monitor existing and emerging legislation • Online training for specific regulations • Arrangements in place to comply with FCA requirements with regards to responding to complaints from customers pending the outcome of its investigation and to comply with all requests for information that may arise as a result of the review.

Risk title	Strategic impact	Description and impact	Trend	Key mitigating actions
Loss of distribution contract MAJOR RARE	DE	The Group has individual distribution contracts, several of which have been in place for many years. The loss of such contracts would have a significant impact on revenue and profit, as well as future growth opportunities. The cancellation of a number of smaller contracts at the same time could have a similar impact.	↔	The Group's Accelerate strategy is designed to mitigate this risk in the following ways: • through a compelling offering to our mobility partners known as Distribution Excellence; • through VLS which enables us to capture more value from the vehicle lifecycle while reducing dependency on specific contracts; and • maintaining and increasing (through M&A) our geographic diversification as well as our diversified mobility company partner portfolio (origin, segments, and positioning).
Loss of technology systems (non-cyber) MODERATE UNLIKELY	DE, M&A, VLS	There is a risk that we do not have timely or reliable access to business-critical information or information systems. This could be due to issues such as systems outages, software glitches, hardware failure, system complexity, and capacity or ineffective change management.	↔	• Consolidation of existing systems into Software as a Service with availability service level agreements • Cloud-hosting, physical and technical security in place with active system monitoring • Incident management, disaster recovery and continuity plans • Back-up and restoration procedures in place • IT general controls in place and audited • Crisis management training and simulations undertaken
New market entrants: business models or technology MINOR POSSIBLE	DE	There is a risk that new or existing competitors may enter our markets with new business models and/or new technology which could result in a decline in revenue or a gradual reduction of margins.	↔	• Existing value proposition: digitalisation and enhanced omni-channel offering • Monitoring of competitor activity • Brand profile and service levels • Diversification of brand relationships, geographies, and revenue streams
People: engagement and retention MODERATE POSSIBLE	DE, M&A, VLS	Relatively low-levels of unemployment, post-Covid-19 growth and the pressures and pace of business transformation expose Inchcape to the loss of talented colleagues and teams.	↔	• Colleague experience surveys followed by analysis and action planning at senior management level • Colleague wellbeing frameworks, programmes, and support • Global leadership and enhanced career development programmes and talent reviews • Reformed change management and retention initiatives • Pay and reward reviews and benchmarking
People: future skills MODERATE POSSIBLE	DE, M&A, VLS	Appropriate skills and knowledge required to deliver on objectives. This risk may become more significant as we venture into new parts of the value chain; new ways of working become increasingly dependent on people with business-critical skill sets which are in demand and may become harder to recruit and retain.	↓	• Strategic resource planning • Future skillsets defined; current gaps identified • Specialist recruitment agencies used • Reward and compensation packages • Recruitment targets • Established key skill sets • Recruitment procedures • Company profile and branding • Development programmes, e.g. digital academy, digital literacy programmes, internal moves, and project opportunities • Digital Delivery Centres
Strategy delivery and transformation MODERATE POSSIBLE	DE, M&A, VLS	Success of the Group's strategic transformation priorities are dependent on the delivery of a number of key enabling programmes. There is a risk that we lack the capacity and risk mitigation to deliver on these key enabling programmes on time, with quality, within budget while realising the expected benefits.	↔	• Oversight by the Group's Transformation Committee, supported by Portfolio Management tool to track status • Ongoing reviews and reprioritisation of initiatives and resourcing to ensure focus on strategic imperatives • Risk and issue management
Supply chain disruption MINOR POSSIBLE	DE	The risk of interruption to the normal supply of vehicles and parts to our Distribution or Retail businesses has reduced significantly as supply chains return to normal post-Covid-19 and demand softens.	↓	• Sales and operation planning (S&OP) procedures • Inventory management and planning processes • Close management and monitoring of margins • Portfolio management and close liaison with our mobility company partners

EMERGING RISKS

Emerging risks are those uncertain events which timing, impact, or probability are difficult to quantify. We identify emerging risks in various ways: through the strategic replanning process; external publication analysis (including peer reviews and mobility company partner risk disclosures); review of risk studies and publications; the regular cadence of risk committees and Board meetings; and risk-related discussions and analysis. Through regular consideration and monitoring of these emerging risks early on, we can effectively respond to potential threats by preparing contingency plans, implementing mitigants, or adjusting our operations and Group strategy as required.



- A changing climate brings a range of emerging risks, including the potential for higher carbon taxes and levies, government action to reduce car ownership, a shortage of raw materials to maintain battery supply, and increased climate-related reporting and activism. Global trends in our marketplace are creating new mobility solutions and the growth of new mobility partners.
- A rapid growth of M&A opportunities may challenge our ability to fund investment in all opportunities. A prolonged economic downturn may also restrict the availability of consumer credit.
- Emerging technology-related risks include the potential for geopolitical risks to disrupt the supply of semiconductors to the auto industry and the impacts of the rapid adoption of artificial intelligence (AI). Consumer expectations regarding AI capability are rapidly increasing; and the rapid adoption of AI will disrupt existing workforce arrangements and plans.
- We continuously seek greater inclusion and diversity across our businesses worldwide, which we see as a source of competitive advantage. Failure to drive these programmes of work successfully would result in an erosion of that benefit.
- Although a non-material source of Group revenue, vehicle assembly may increase the Group's public and product liability exposures.

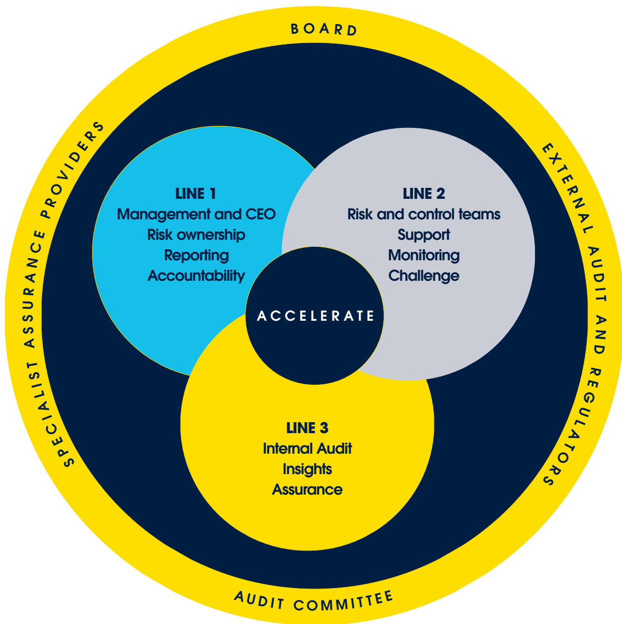
APPROACH TO RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management is essential to executing our Accelerate strategy and achieving sustainable shareholder value. We believe that effective risk management starts with the right conversations to drive better business decisions. Our primary focus is to identify and embed mitigating actions for significant risks that could affect our current or future performance, and/or our reputation. Our risk management efforts aim to be holistic and integrated, bringing together risk management, internal controls, and Responsible Business, ensuring that our activities across this agenda focus on the risks that could have the greatest impact.

Inchcape deploys three lines of defence to manage risk which is overseen by the Board and its Committees. Accountability for managing risk is, however, fully embedded across our business. Each region and function undertake quarterly risk assessments, establishes mitigation plans, and monitors risk on a continual basis. These risks are consolidated into our Group's principal risks, emerging risks, and risk appetite and are reviewed by the Group Executive Team and Board twice per year. The Audit Committee at least annually review the effectiveness of the risk management and internal control systems.

The three lines in practice – accurate and timely financial reporting.
Timely and accurate financial reporting forms the bedrock of delivering Accelerate successfully and protecting shareholders' investment. Management teams (line 1) implement and monitor 130 key financial reporting controls, designed by the central controls team (Line 2). The central controls team objectively checks management's self-assessment on an ongoing basis. Finally, the Group's internal audit function (Line 3) periodically tests both the design and implementation of the controls to provide management with a holistic view of risk and control performance.

Risk management framework



The Board is ultimately accountable for the system of risk management and internal control, and for managing risks to be within acceptable levels. During 2023, the Board, Audit Committee, and Group Executive Team reviewed the following topics relating to the Group's principal risks:

	Board	Audit Committee	Group Executive Team
Q1	CROs quantification and scope 3; legal and regulatory; risk policy; capital structure; viability; M&A; and Derco integration	Internal controls (financial reporting, fraud, technology systems risks); viability; and Derco integration	EV transition (scope 1 & 2, EV strategy); political (high risk markets); HSE due diligence (M&A); principal and emerging risks; business continuity; people (leadership); VLS; and Distribution Excellence
Q2	Strategy: macro and industry trends; EV and industry decarbonisation; Distribution Excellence; VLS; mobility company partners; EV transition; and climate change	Cybersecurity; internal controls (financial reporting, fraud, and technology systems risks); and Derco integration	Cyber; EV transition (portfolio choices); people (health & wellbeing); digital (S&OP, and data analytics platform); Responsible Business; business resilience; VLS; Distribution Excellence; Global Business Services (GBS); principal and emerging risks; and strategy
Q3	Half-year risk review; Derco integration; Responsible Business; and cybersecurity	Half-year risk review; internal controls (financial reporting, fraud, and technology systems risks); GBS; and Derco integration	Digital (enterprise resource planning, and digital experience platform); people (health & wellbeing, Inclusion and Diversity, and leadership); ESG; and financial reporting (transfer pricing)
Q4	HSE; digital; people; strategy; supply chain disruption; principal and emerging risks; and risk appetite	Cybersecurity; internal controls (financial reporting, fraud, and technology systems risks); GBS; Derco integration; and risk management effectiveness	Cyber; AI; EV transition (materiality assessment, and EV procedures); principal and emerging risks; people (colleague engagement); global policy standards; M&A; strategy; distribution agreements; legal & regulatory compliance (Code of Conduct); and Responsible Business (Planet)

Risk appetite

Risk appetite is the level of risk Inchcape is willing to accept in delivering our Accelerate strategy. It is a cornerstone of the Group's approach to risk management and is determined by the Board. This definition provides direction to all areas of the Group on acceptable levels of risk and where further remediation is required to reduce the risk to acceptable levels. Acceptable levels are determined by the target risk rating for each principal risk. The Board has considered its risk appetite in relation to the Group's principal risks in July and November 2023. Risks were allocated to one of three acceptable levels of exposure (aligned to the risk heatmap), indicating tolerable levels of risk:

RISK-SEEKING/ ACCEPTANCE

We are prepared to (or may have to) accept elevated levels of risk in these areas.

- Cybersecurity incident
- Macro-economic conditions
- Political risk
- Supply chain disruption

RISK-TOLERANT

We have a moderate appetite for these areas of risk. We will take action to reduce risk levels if they reach elevated levels.

- Acquisition ROI
- Business interruption (pandemic, natural hazards)
- Derco integration
- EV transition
- Foreign exchange
- Loss of distribution contract
- Loss of technology systems (non-cyber)
- Margin pressure
- New market entrants: business models or technology
- People: engagement, retention
- People: future skills
- Strategy delivery and transformation

RISK-AVERSE

We have a low or very low level of tolerance for these risks. We will take action to keep them as low as reasonably practicable.

- HSE incident
- Financial reporting, fraud
- Legal, regulatory compliance

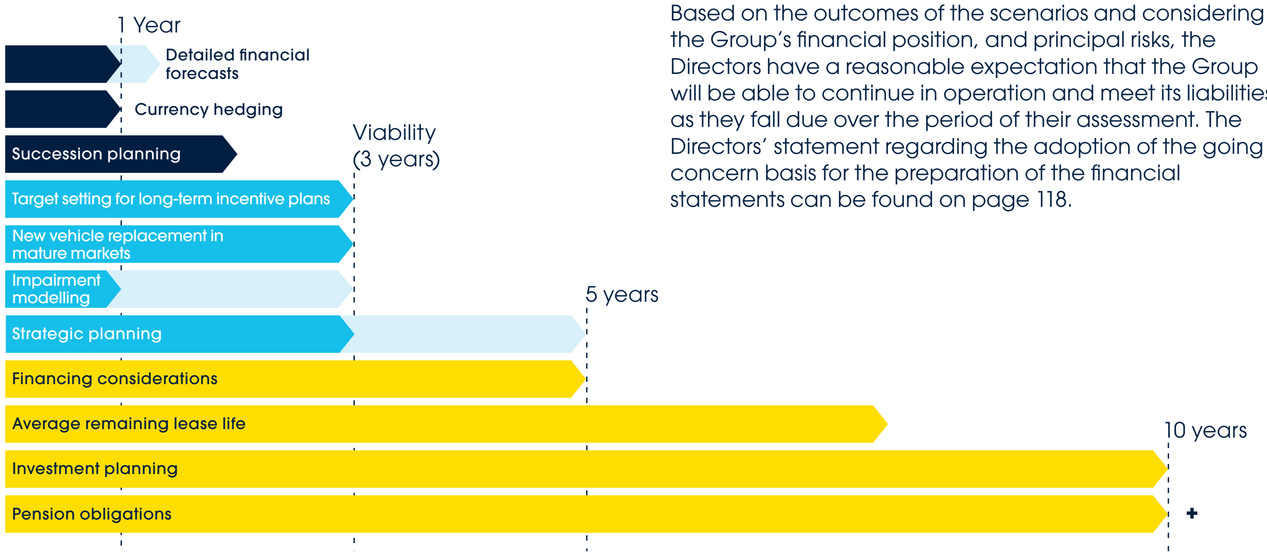
VIABILITY STATEMENT

The Directors have assessed the viability of the Group by reference to the Group's current financial position, its recent performance and forecasts of future performance, its business model (pages 2 to 7), strategy (pages 8 to 9), and the principal risks and mitigating factors (pages 56 to 63). The Group's continued viability is dependent upon the continuation of its relationships with mobility company partners. With many mobility company partner contracts covering three-year terms, three years is considered a key timeline for new car changeover in mature retail markets with good personal finance penetration. In addition to this, the number of Units in Operation up to three years old is also a key driver of our Aftersales business. However, as illustrated in the diagram below, a variety of other time horizons are also relevant to the management of the business.

The Directors have determined three years to be the most appropriate period for the viability assessment as they believe that it strikes a balance between the different time horizons which are used to manage the business and is a reasonable period for a shareholder to expect a distribution business to be assessed over.

Process and scenarios considered

Our financial planning process incorporates an Annual Operating Plan for the next financial year (2024), together with financial forecasts/models for the remaining years covered by the viability assessment. These financial forecasts consider the Group's profitability, gearing, cash flows, and other key financial metrics over the period to December 2026. These metrics are subjected to sensitivity analysis, in which a number of the main underlying assumptions are adjusted and tested to consider alternative risk-based scenarios. Using the Group's most significant risks, unlikely but realistic worse-case scenarios are created, and their impact projected onto the three-year projections.



These risks are: (i) loss of a material distribution contract; (ii) a major cyber incident; (iii) digital disruption to our markets and pricing; (iv) macro-economic conditions incorporating the impact of a reduction in inventory conditions financing; and (v) foreign exchange risk. These risks have been modelled individually and concurrently, i.e. assuming all five materialise during the three-year period. Modelling these risks tests the Group's ability to withstand a material reduction in revenue (distribution contract and macro-economic conditions); a material degradation in margins (digital disruption); a material reduction in performance (foreign exchange risk); and the impact of an unexpected operational expense (cyber attack).

The models assume that a portion of uncommitted inventory financing facilities is also withdrawn. The testing recognises that some mitigating actions would remain available to management to partially mitigate the impact of these risks, including reductions in operational and capital expenditure.

In the most severe scenario modelled, the test indicates that the Company would not breach the single financial (interest) covenant on its committed facilities. Details of the Company's financing arrangements can be found in note 22 to the financial statements on pages 179 to 180.

Longer-term prospects

The following factors are considered both in the formulation of the Group's strategic plan, and in the longer-term assessment of the Group's prospects:

- the principal risks and uncertainties faced by the Group, as well as emerging risks as they are identified, and the Group's response to these;
- the prevailing economic climate and global economy, and changing customer behaviours; and
- any opportunities through operational simplification and leveraging technology.

Viability statement

Based on the outcomes of the scenarios and considering the Group's financial position, and principal risks, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Directors' statement regarding the adoption of the going concern basis for the preparation of the financial statements can be found on page 118.