

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

# OUR APPROACH TO CLIMATE CHANGE

Companies have a duty to do all they can to mitigate the impacts of climate change. Understanding the impact the automotive industry has on the environment and the likely impact on our business means that we can be well prepared for future challenges.

We consider these impacts in the development of our strategy and into our risk analysis. We set appropriate metrics and targets that operate within a robust governance framework.

This supports our purpose of bringing mobility to the world’s communities for today, for tomorrow, and for the better.

As one of the most disrupted industries worldwide, the automotive sector faces transformative shifts driven by consumer trends, regulatory pressures, emerging technologies, and evolving supply chains. The need to reduce global emissions produced by the industry is being met by new low carbon technologies, changes to infrastructure, and shifts in the modes through which transport is delivered. This mobility transition has acknowledged risks but also brings unique opportunities for Inchcape.

This Report sets out how we assess and report on climate-related risks and opportunities which are embedded into our governance, strategic, and risk management process and our targets and associated metrics.

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 48. 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. This will be reviewed in 2025 and an update provided in the next Annual Report and Accounts.

TCFD index

Key

A

ALIGNED

U

UNALIGNED

TCFD disclosure	Description of progress	Pages
<b>Governance</b> <div>A</div>	<div>a) Describe the Board’s oversight of climate-related risks and opportunities.</div> <div>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</div>	36 to 37
<b>Strategy</b> <div>A</div>	<div>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.</div> <div>b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.</div> <div>c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</div>	38 to 39
<b>Risk management</b> <div>A</div>	<div>a) Describe the organisation’s process for identifying and assessing climate risk.</div> <div>b) Describe the organisation’s processes for managing climate-related risks.</div> <div>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.</div>	40 to 45
<b>Metrics and targets</b> <div>A</div>	<div>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</div> <div>b) Disclose scope 1, 2, and, if appropriate, scope 3 greenhouse gas emissions and the related risks.</div> <div>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</div>	48 to 49

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

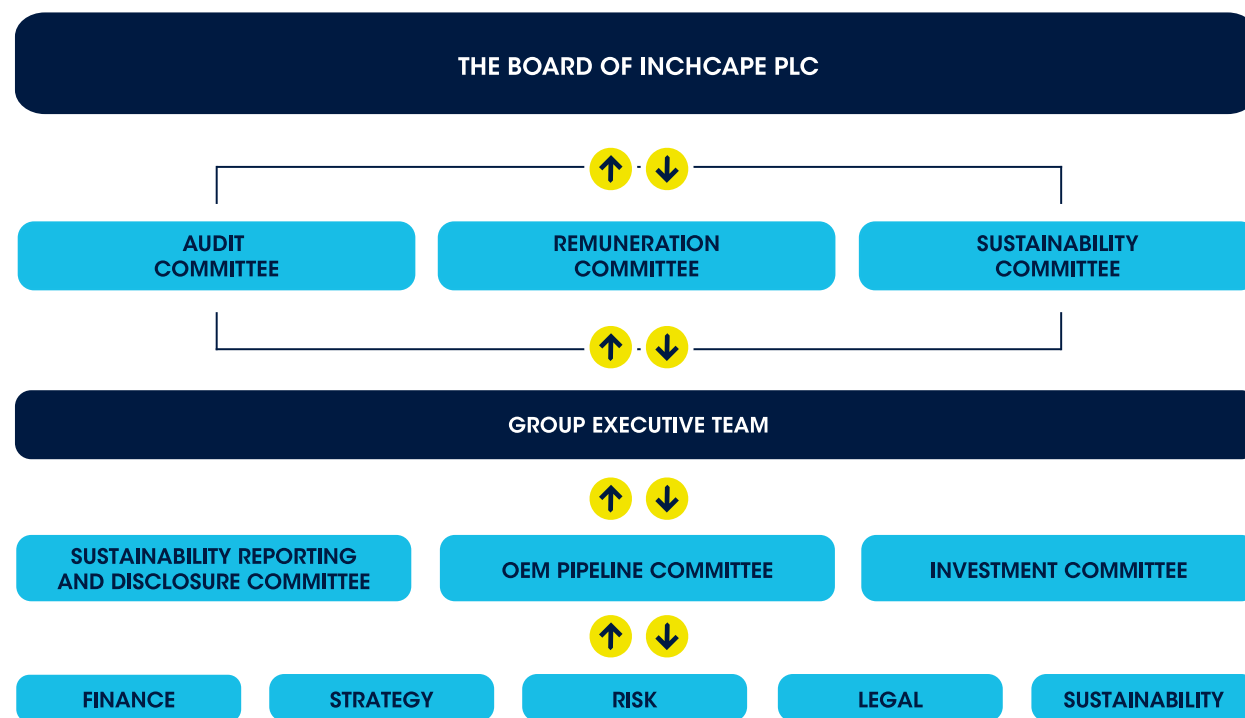
# GOVERNANCE

- a) Describe the Board's oversight of climate-related risks and opportunities
- b) Management's role in assessing and managing climate-related risks and opportunities

The Board has ultimate responsibility for the management and oversight of climate-related issues which are considered by the Board during its discussions on strategy, risk management, remuneration, financial performance, and environment, social, and governance 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 [38](#).

The Board delegates certain climate-related responsibilities to the Audit Committee. This includes responsibility for reviewing the Group's principal and emerging risks, including those impacted by climate change. 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 five times a year, with risks being considered quarterly and significant accounting judgements considered twice a year. The Audit Committee provides an update to the Board following each meeting. Further information on the activities of the Audit Committee is given on pages [81](#) to [88](#).

## Governance framework



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

The Sustainability Committee also has delegated climate-related responsibilities from the Board. In addition to responsibility for the Group's overall sustainability strategy, the Sustainability Committee oversees climate-related reporting and monitors the setting and achievement of climate-related targets. The Sustainability Committee meets three times a year and provides an update on its activities to the Board following each meeting. The Sustainability Committee Report is given on pages 89 to 90 and further information on climate-related activities are given on page 46 of this Report and in the standalone Sustainability Report which can be found on the Company's website at [www.inchcape.com/sustainability](http://www.inchcape.com/sustainability).

The Remuneration Committee has responsibility for considering the inclusion of climate-related metrics in the Group's incentive plans and approving and assessing achievement of targets for Executive Directors. Further information is given in the Directors' Report on Remuneration on pages 98.

The Group Executive Team (GET) has primary responsibility for assessing and monitoring climate-related risks and opportunities, which are embedded into the day-to-day operations through a combination of:

- the development and implementation of the Accelerate+ strategy; and
- the design and implementation of the Group's enterprise risk management (ERM) framework.

The GET has several sub-committees which assist it in assessing climate-related risks and opportunities, including:

- The OEM Pipeline Committee consists of all GET members. Its remit is to consider new OEMs and M&A opportunities whilst taking into account the risk of misalignment between our product portfolio in a given Market and the pace of EV adoption in that Market; and
- The Investment Committee consists of the Group Chief Executive, Group Chief Financial Officer, Group General Counsel & Group Sustainability Officer, and members of the finance, strategy, and legal teams. Its remit includes the review of capital expenditure in relation to climate-related projects, and the review of energy efficiency designs for new sites and refurbishments.

The GET also has responsibility for the Group's ERM framework. Detailed ERM plans to mitigate short-term climate-related risks are developed by each Region with approval and oversight on progress by the GET on a quarterly basis. 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.

The Sustainability Reporting and Disclosure Committee (SRDC) consists of the Group Chief Financial Officer, Group General Counsel & Chief Sustainability Officer, Chief Strategy Officer, Head of Internal Audit, and Group Company Secretary. The SRDC meets quarterly to monitor the main climate-related risks and opportunities, in the context of strategy, governance, and financial performance. It monitors:

- regulations impacting the Group's operations including the Corporate Sustainability Reporting Directive, International Sustainability Standards Board, and Transition Plan Taskforce, establishing a global approach to implementation;
- the climate-related risk assessments carried out by the Markets and Regions evaluating the impact of current and emerging climate-related risks;
- the impact of the Accelerate+ strategy including new OEM partners and new geographies in the context of misalignment;
- the view of investors on climate-related risks and opportunities and how they see them impacting the business;
- progress against emissions reduction, and the implementation of energy efficiency measures across the Group; and
- the communication of climate-related risks and opportunities throughout the Group via colleague training, webinars, and other sustainability related programmes.

The Board, its Committees, and the GET are supported by colleagues throughout the organisation whose day-to-day actions contribute towards reducing the impact the business has on climate change. The SRDC also plays a key role in ensuring the flow of information within the business.

The Group's functions are also critical in the measuring, monitoring, and implementation of climate-related processes:

- finance functions - responsibility for the Group-wide emissions reporting framework, and assessment of the financial impact of climate change on impairment;
- strategy functions - monitor changing EV environment in terms of OEM partners, customers, and the infrastructure in the markets in which the Group operates;
- risk functions - responsibility for the integration, monitoring, and review of climate-related risks into the Group's ERM framework. Monitoring and escalating Tier 2 and emerging risks as appropriate;
- legal and compliance functions - review existing and emerging regulatory obligations, and consideration of OEMs' approach to climate-related risks and opportunities; and
- sustainability functions - monitor progress against scope 1 and 2 emission reduction targets, monitor implementation of policies, tools and best practice, and design and roll out the Group's energy efficiency plan.

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## STRATEGY

- a) Climate-related risks and opportunities over the short, medium, and long-term
- b) Describe the impact of climate-related risks and opportunities on the organisation's business, 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

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.

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; and
- physical risks are the exposure of our assets or value chain to physical hazards caused by the effects of climate change.

In 2022, we 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.

Transition risks bring the most material climate-related impacts to our strategy. 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.

The table on pages 43 to 45 sets out:

- a description and summary of the most significant climate-related risks and opportunities to the Group's strategy;
- the financial impact over the short, medium and long-term;
- the Group's strategic response and resiliency; and
- metrics used to measure the impact and achievement of strategy.

Climate-related risks and opportunities are considered during the strategic, operational, and financial planning process as this ensures decisions are aligned with the Group's purpose and sustainability framework.

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

- the misalignment risk analysis is used to inform OEM 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.

 FURTHER INFORMATION ON THE ACCELERATE+ STRATEGY CAN BE FOUND ON PAGES 18 TO 22.

 FURTHER INFORMATION ON THE SUSTAINABILITY STRATEGY CAN BE FOUND ON PAGES 32 TO 34.

 FURTHER INFORMATION ON THE FINANCIAL IMPACTS CAN BE FOUND ON PAGES 157 TO 158.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

The Accelerate+ strategy has been designed to drive scale in new and existing Markets through acquisitions and contract wins, and optimise our global Distribution operations through Value Added Services to deliver sustainable and profitable growth. These services include our opportunity to grow in vehicle parts and Finance & Insurance to support the new energy vehicle (NEV) transition and to continue to develop our used car proposition.

Our refreshed strategy has been derived based on an unbiased outlook into 2035 and with strategic guidelines in mind. To prioritise strategic opportunities, we use ‘future-back’ scenarios taking into consideration different dimensions, including sustainable technology driven economies, social importance, effects on aspects of life, importance in decision making, government intervention, and zero emission vehicles penetration.

One of the strategic guidelines under Accelerate+ is the route to decarbonisation which paves a clear route to lowering Inchcape’s emission intensity and helps to enable the NEV transition. In particular, the Scale pillar of Accelerate+ aims to increase portfolio diversification, which will assist with mitigating climate-related risks.

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) and misalignment between the adoption of BEVs, and the pace of adoption remains the most significant risk to the delivery of the Accelerate+ strategy.

If not planned for appropriately this could lead to loss of market share in the Markets in which we operate. This has led to a considered approach to M&A and contract wins with misalignment risk analysis inputting into the Board’s consideration of OEM partners and consolidation strategy.

When making strategic decisions the Board considers:

Powertrain	Impact of BEV adoption on global emissions
	Alternative EV powertrains
	Regional EV adoption
	EV batteries
Market	Regulation
	Impact of subsidies
	EV adoption forecasts
OEM partners	OEM landscape
	OEM partner commitments

The Group has focused on strengthening its strategic partnerships with OEMs who are well placed to succeed in the global mobility transition in order to mitigate the risk of misalignment.

Chinese OEM partners are playing 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 OEMs, in particular those that have a strong BEV offering. This includes BYD, SAIC, Changan, and Great Wall Motors.

During 2024, Inchcape continued to build a resilient strategy with several new contract wins which address the misalignment risk in our Markets. These included two in Australia, in adjacent vehicle categories: Deepal, an all-electric brand from Changan Automobile; and, Foton, a light commercial vehicle brand whose product range for Australia will also feature electrified Foton SUVs and vans.

With EVs projected to grow in the Australian market over the coming years, the partnerships serves a growing demand and supports the Accelerate+ strategy in delivering the mobility transition. Inchcape also strengthened its partnership with BYD, winning the distribution contracts in Estonia and Ethiopia in 2024. This builds on our existing agreements with BYD in Belgium and Luxembourg, and BYD commercial vehicles in Singapore.

All our OEM 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.

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 cash flow 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 [158](#) and [159](#).

When choosing with which OEMs to focus our growth, the Company considers how future-proof the OEM is, including its NEV commitments and line-up, among other parameters. When prioritising specific growth opportunities for both Markets and OEM partners, we consider the impact every choice has on our sustainability goals and on our ability to influence and support sustainability in Markets.

As a result of our approach, breadth of OEM 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.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

RISK MANAGEMENT

- a) Describe the process for identifying and assessing climate risk
- b) Describe the process for managing climate-related risks
- c) Describe how the processes for identifying and managing climate-related risks are integrated into overall risk management.

Identification of climate-related risks and opportunities

A full value chain analysis at business level was carried out in 2021, resulting in a shortlist of five climate-related risks and two climate-related opportunities detailed on pages 43 to 45.

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 climate-related risks and opportunities (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.

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. The scenario analysis will be performed again in 2025 to assess whether there are any changes to the climate-related risks and opportunities identified and to the financial impact over the short, medium, and long-term.

Following the acquisition of Derco in 2023, and other acquisitions and disposals which have taken place since 2021, the structure of the Group has changed and an internal reassessment of the risks and opportunities was carried out in 2024. Please see the risk management process on page 42.

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.

Scenario analysis

Climate scenario analysis helps us understand the potential financial impacts to our business, in its current state, from our short-listed CROs under two scenarios: 1.5°C and 4°C.

Scenarios	
IPCC RCP 2.6	1.5°C aligned
	• Higher transition risk
	• Lower physical risks
IEA NZE	1.5°C aligned
	• Additionally to RCP 2.6, it includes a granular accelerated EV transition
NGFS Net Zero	1.5°C aligned
	• Additionally to RCP 2.6, it includes disorderly and orderly carbon price assumptions
IPCC RCP 8.5	4°C aligned
	• Low government intervention
	• Business as usual emission increases
	• Lower transition risks
	• Higher physical risks

IEA NZE: International Energy Agency Net Zero.  
NGFS Net Zero: Network for greening the financial system.  
IPCC: Intergovernmental Panel on Climate Change.

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.

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 internal combustion engine (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.

 FURTHER INFORMATION ON CLIMATE-RELATED RISKS CAN BE FOUND ON PAGES 52 TO 56.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED**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 over 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
<b>Misalignment</b>	Market-level (10%+ of operating profit by Market coverage in scope)	Australia, Belgium, Chile, Hong Kong, Luxembourg, and Singapore
<b>Aftersales</b>	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 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. The impact on aftersales is considered both a risk and an opportunity.
<b>Carbon tax</b>	Market-level	All Markets
<b>Margin pressure</b>	Analysis of potential impacts performed on a qualitative basis	

**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 maps identify the most material sites and the relative exposure under the RCP 8.5 pathway, which represents a high emissions scenario, exceeding 4°C.



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

**Risk management process**

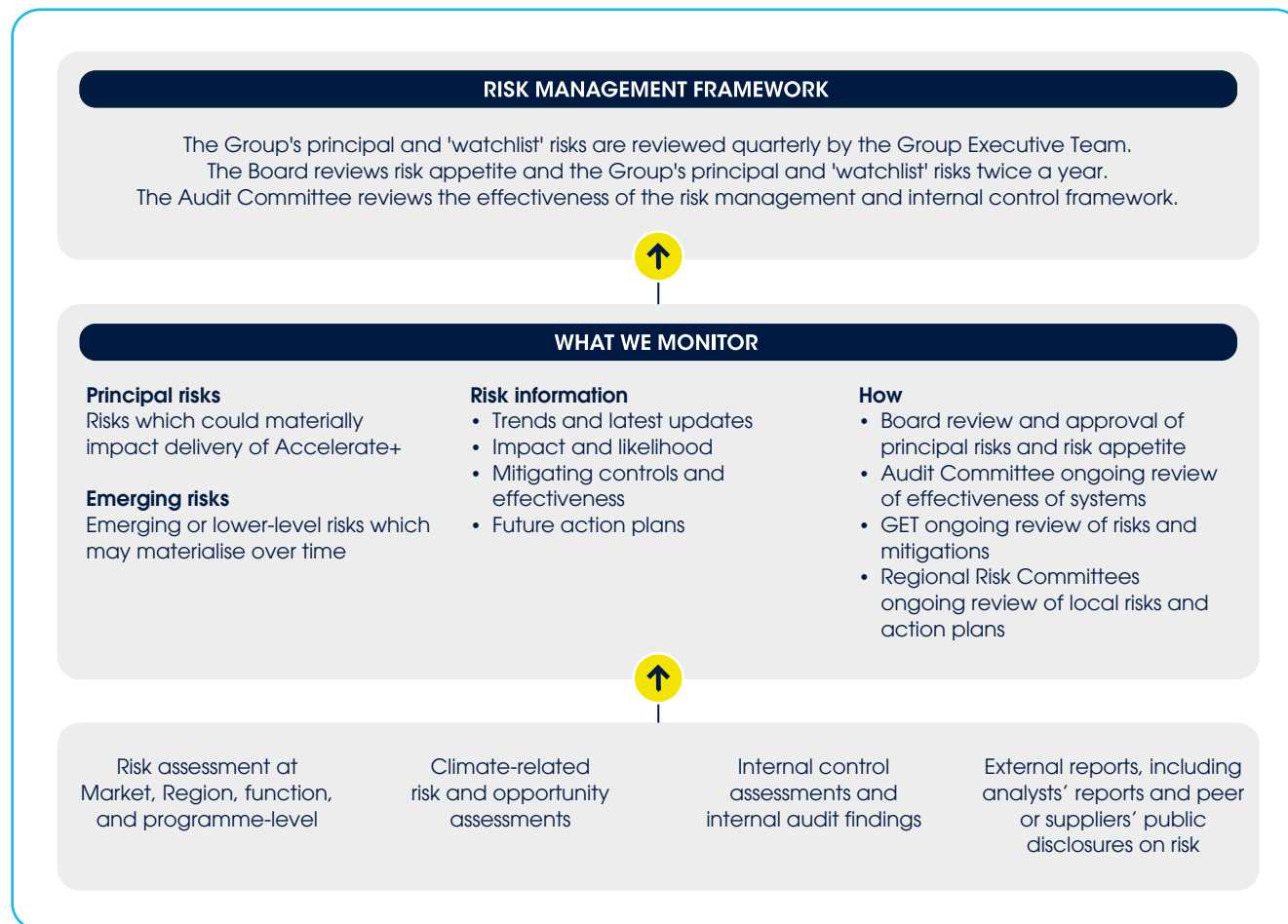
The Group manages its risks through its Enterprise Risk Management Framework (ERM). Risk thresholds are defined by geography (Market, Region, and Group) or strategic importance (project, programme, and portfolio). Risks are categorised dependent on their impact, considering more than just financial risk 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.

We manage and monitor climate-related risks and opportunities 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.

On a quarterly basis the 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.

As part of the annual risk assessment process, all Markets and Regions provide more detail on the specific climate-related risks and opportunities (CRO assessments), which are added to the risk register to be monitored on an on-going basis. Outputs from CRO assessments also provide insight into strategic planning for the Markets and Regions. The risk of EV supply and demand is a mandatory assessment for each market.

The CRO assessments completed in 2024 indicate certain transition risks are becoming more relevant and important, however climate-related opportunities have also been identified by a larger number of Markets. Analysis of our current CROs against globally recognised frameworks have not identified any significant deviations and indicate that there is no material change to the profile of the key climate-related risks. A full value chain scenario analysis will be carried out in 2025.





## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## Risks

## KEY

<b>DE</b>	Distribution Excellence
<b>NEVs</b>	New energy vehicles
<b>VAS</b>	Value Added Services

## FINANCIAL IMPACT KEY:

<b>LOW</b>	impact to revenue <£100m
<b>MED</b>	impact to revenue £100m – £200m
<b>HIGH</b>	impact to revenue >£200m

## TIME HORIZON KEY:

<b>SHORT</b>	(up to 2026): three-year period aligns with viability assessment
<b>MEDIUM</b>	(up to 2030): aligns with interim climate-related targets
<b>LONG</b>	(2030 to 2050): aligns with long-term climate-related targets

Risk Description	Summary	Financial impact				Strategic response and resiliency	Measurement
		Scenario	Short	Medium	Long		
<b>1</b> <b>MISALIGNMENT BETWEEN OEM PARTNERS AND MARKETS ON NEVs LEADS TO MARKET SHARE DECLINE</b>  <b>DE</b> <b>NEVs</b>	Misalignment between the speed at which our OEMs transition their model line-up to NEVs 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	<b>MED</b>	<b>HIGH</b>	N/A	As part of our broader strategy, our ambition is to form new partnerships with pure EV entrants to expand our OEM partner portfolio. We have taken proactive steps to achieve this by joining with OEMs such as BYD and Great Wall Motor ORA. This will help offset any potential misalignment identified with our current portfolio.  We are actively taking measures to facilitate the EV transition through: <ul style="list-style-type: none"> <li>providing consumers with the option of a NEV alternative for every ICE model;</li> <li>facilitating EV charging through product packages to enable customers to switch to EVs; and</li> <li>providing consumers knowledge of quantified carbon footprint savings for choosing BEV.</li> </ul>	<b>Metric:</b> <ul style="list-style-type: none"> <li>NEV sales as a % of new vehicle sales</li> </ul> <b>Sensitivity:</b> <ul style="list-style-type: none"> <li>% Revenue CAGR</li> <li>% Gross margin</li> <li>% Long-term growth rate</li> </ul>
		4°C	<b>LOW</b>	<b>LOW</b>	N/A		
<b>2</b> <b>REDUCTION IN AFTERSALES REVENUE FOR NEVs</b>  <b>NEVs</b> <b>VAS</b>	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	<b>LOW</b>	<b>LOW</b>	N/A	The low-impact outcome from this risk is largely driven by the relatively low global NEV 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 NEV volumes increase. Therefore, we are considering an expansion of our proposition for aftersales services to include new NEV-specific services. Potential services could include battery diagnostics and transportation for end-of-life batteries. These additional services could help offset any potential impact to revenue reduction from aftersales services.	<b>Metric:</b> <ul style="list-style-type: none"> <li>% of AFS revenue attributable to NEV</li> </ul> <b>Sensitivity:</b> <ul style="list-style-type: none"> <li>% Revenue CAGR</li> <li>% Gross margin</li> <li>% Long-term growth rate</li> </ul>
		4°C	<b>LOW</b>	<b>LOW</b>	N/A		
<b>3</b> <b>CARBON TAX COSTS</b>  <b>DE</b> <b>VAS</b>	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	<b>LOW</b>	<b>MED</b>	<b>HIGH</b>	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 46 to 47). 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.	<b>Metric:</b> <ul style="list-style-type: none"> <li>Scope 1 and 2 absolute</li> </ul> <b>Sensitivity:</b> <ul style="list-style-type: none"> <li>% Revenue CAGR</li> <li>% Gross margin</li> </ul>
		NGFS 1.5°C dis-orderly	<b>MED</b>	<b>HIGH</b>	<b>HIGH</b>		
		4°C	<b>LOW</b>	<b>LOW</b>	<b>LOW</b>		

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## Risks continued

## KEY

<b>DE</b>	Distribution Excellence
<b>NEVs</b>	New energy vehicles
<b>VAS</b>	Value Added Services

## FINANCIAL IMPACT KEY:

<b>LOW</b>	impact to revenue <£100m
<b>MED</b>	impact to revenue £100m – £200m
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## TIME HORIZON KEY:

<b>SHORT</b>	(up to 2026): three-year period aligns with viability assessment
<b>MEDIUM</b>	(up to 2030): aligns with interim climate-related targets
<b>LONG</b>	(2030 to 2050): aligns with long-term climate-related targets

Risk Description	Summary	Financial impact				Strategic response and resiliency	Measurement
		Scenario	Short	Medium	Long		
<b>4</b> <b>TRANSITION TO NEVs</b> <b>LEADS TO PRESSURE ON</b> <b>DISTRIBUTOR MARGINS</b>  <b>DE</b> <b>NEVs</b>	An accelerated EV transition could affect certain cost drivers for our OEM partners until cost parity is reached between NEVs 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 NEV 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 NEVs 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 OEMs (Distribution Excellence), capturing additional vehicle profit pools (Value Added 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.	<b>Metric:</b> • Gross margin  <b>Sensitivity:</b> • % Average gross margin
		4°C	N/A	N/A	N/A		
<b>5</b> <b>PHYSICAL RISK – DIRECT</b> <b>IMPACT TO PROPERTY</b> <b>AND INVENTORIES FROM</b> <b>EXTREME WEATHER</b> <b>EVENTS</b>	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	<b>LOW</b>	<b>LOW</b>	<b>LOW</b>	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.	<b>Metric:</b> • % sites at risk from physical hazards  <b>Sensitivity:</b> • % Revenue CAGR
		4°C	<b>LOW</b>	<b>LOW</b>	<b>LOW</b>		

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

## Opportunities

## KEY

- DE** Distribution Excellence
- NEVs** New energy vehicles
- VAS** Value Added Services

## FINANCIAL IMPACT KEY:

- LOW** impact to revenue <£100m
- MED** impact to revenue £100m – £200m
- HIGH** impact to revenue >£200m

## TIME HORIZON KEY:

- SHORT** (up to 2026): three-year period aligns with viability assessment
- MEDIUM** (up to 2030): aligns with interim climate-related targets
- LONG** (2030 to 2050): aligns with long-term climate-related targets

Opportunity Description	Summary	Financial impact				Strategic response and resiliency	Measurements
		Scenario	Short	Medium	Long		
<b>1</b> <b>ALIGNMENT BETWEEN OEM PARTNERS AND MARKETS ON EVs LEADS TO MARKET SHARE INCREASE</b> <b>DE</b> <b>NEVs</b>	In Markets where there is a rapid shift towards EVs, there is potential to capture market share where supply of EVs from our OEMs keeps pace with NEV 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 OEM 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 OEM 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 OEM partners within specific markets on a case-by-case basis.	<b>Metric:</b> <ul style="list-style-type: none"> <li>NEV sales as a % of new vehicle sales</li> </ul> <b>Sensitivity:</b> <ul style="list-style-type: none"> <li>% Revenue CAGR</li> <li>% Gross margin</li> <li>% Long-term growth rate</li> </ul>
		4°C	N/A	N/A	N/A		
<b>2</b> <b>INCREASE IN AFTERSALES REVENUE FOR NEV</b> <b>VAS</b> <b>NEVs</b>	A shift from conventional ICE to NEV could potentially develop new aftersales services specifically targeted for NEV. Despite uncertainty over how new revenue streams could evolve over time, our analysis showed potential cash flows are expected to be more significant for NEV 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 NEV among consumers in our retail business by increasing consumer knowledge of the benefits of NEVs and expanding our aftersales services to facilitate NEV 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 NEV-specific services and we will continue to monitor changes to aftersales market dynamics.	<b>Metric:</b> <ul style="list-style-type: none"> <li>% of AFS revenue attributable to NEV</li> </ul> <b>Sensitivity:</b> <ul style="list-style-type: none"> <li>% Revenue CAGR</li> <li>% Gross margin</li> <li>% Long-term growth rate</li> </ul>
		4°C	N/A	N/A	N/A		

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.

The misalignment risk analysis is used to inform the judgement on impairment, further details can be found in the financial statements on pages [158](#) and [159](#).

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

# HOW WE ARE DRIVING ACTION TO REDUCE EMISSIONS

During the year we continued to develop our 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

74% 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 in 2024 include:

- Peru implemented a refrigerant recycling system and energy efficient light systems in its logistic centre which combined is estimated to save 180 tCO<sub>2</sub>e per annum.
- LED upgrades were installed at three Hong Kong sites with estimated saves of 148 tCO<sub>2</sub>e per annum.
- Energy audits were carried out in 36 sites across APAC, of which these sites account for c. 71% of our electricity consumption for the Region.

## ONSITE GENERATION

Onsite generation enables an immediate reduction of site CO<sub>2</sub> emissions. The benefits include the production of carbon-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 in 2024 include:

Solar panels were installed in:

- Ecuador, El Salvador, and Guatemala which generate 80% of each sites electricity consumption. There are 860 panels generating 450,000 kWh per annum across these sites;
- six sites in Australia which are forecast to save 249 tCO<sub>2</sub>e per annum;
- Guam which are forecast to saved 90 tCO<sub>2</sub>e per annum; and
- two sites in Greece were installed which are forecast to save 57 tCO<sub>2</sub>e per annum.

## 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 in 2024 include:

- Singapore switched from a diesel powered paint booth to an infrared booth, saving estimated 24 tCO<sub>2</sub>e per annum.
- Costa Rica and Hong Kong are expected to save 11 tCO<sub>2</sub>e per annum from changing ICE vehicles in its fleets to hybrid and electric vehicles.

## GREEN TARIFFS

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

### Achievements in 2024 include:

- 24% of all sites are on green tariffs.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

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.

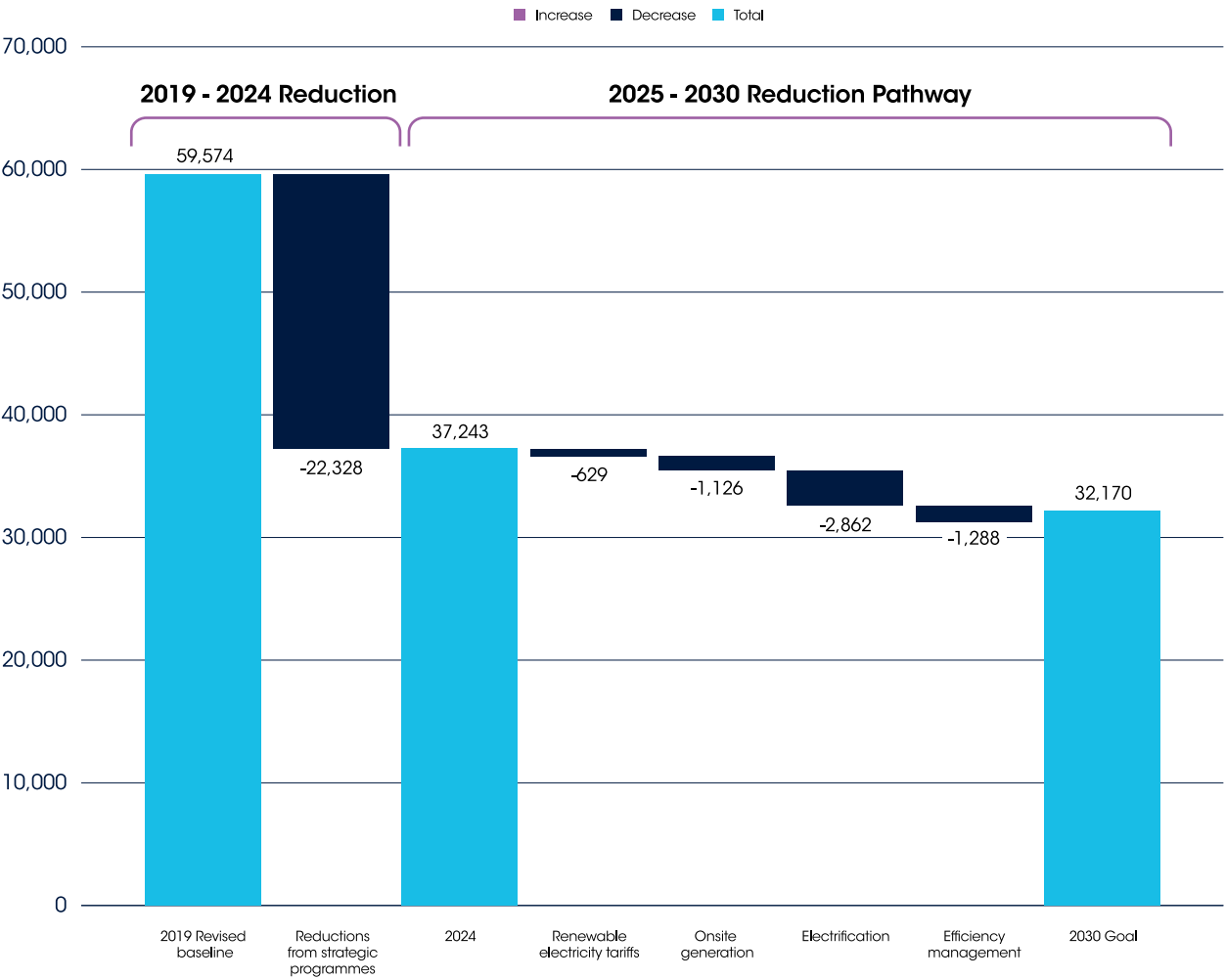
Electrification

To plan for our locations to be all electric with the removal of fossil fuels, in normal operation.  
  
To move our company car fleet to NEVs.

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 net zero scope 1 and 2 target (tCO<sub>2</sub>e market-based)



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

# 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 46 to 47 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.

The Company has considered whether it would assist its emissions reduction efforts to introduce an internal carbon price. The Company believes that it has sufficient tools and opportunities available to enable it to continue to reduce its controllable emissions at the present time such that the introduction of an internal carbon price is not necessary at present. However, the position is regularly monitored as management understand that this can be a powerful tool in driving sustainable practices.

## Greenhouse gas 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 97% 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 50 for our Streamline Energy and Carbon Emission reporting (SECR).

## Key metrics used to measure progress

Metric category	Status	Metric	2024 actual*	2023 actual	Objective
GHG emissions	●	Absolute scope 1 and 2 emissions (tCO <sub>2</sub> e)	37,243	40,261	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	24%	32%	
	●	Energy intensity by revenue (tCO <sub>2</sub> e/\$m)	4.0	4.3	
Physical risk	●	We do not have a physical risk metric in place			
Capital deployment	●	% of capex towards climate initiatives	2.8%	4.2%*	To demonstrate the level of investment we are committing towards climate to achieve our strategy
Remuneration	●	Scope 1 and 2 emissions (tCO <sub>2</sub> e)	37,243	40,261	Incentivising leadership to deliver emissions reductions. Included in the short-term incentives
Transition risk	●	% of NEV sold	13%	22%	-% of NEV sold
Opportunities	●	% of NEV sold	13%	22%	-% of NEV sold
Internal carbon pricing	●	We do not have an internal carbon pricing in place			

### Key

- Metric in place (market-based)
- No metric in place

\*Excludes any emissions, site, and initiatives undertaken by UK Retail, which was sold in August 2024. Following this, Inchcape has made a number of key judgements, estimations, and assumptions from the underlying data when determining key metrics.

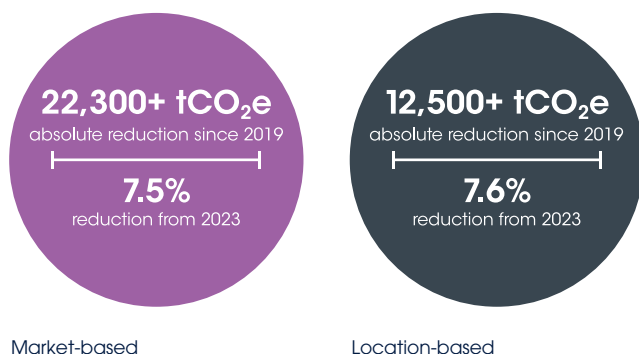


## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

**Scope 1 and 2 emissions (tCO<sub>2</sub>e)**

The target is to reduce scope 1 and 2 emissions by 46% by 2030. As at 31 December 2024, Inchcape has reduced its market-based scope 1 and 2 emissions by 37.5% from its 2019 baseline.

Whilst there remains opportunities to reduce emissions, particularly around purchase of renewable energy, other parts of operational emissions are harder to abate. Therefore it will become increasingly challenging as we approach the 2030 target.



The 2019 baseline has been adjusted in line with Inchcape policy derived from GHG Protocol Corporate Standard 'Tracking Emission Over Time' for structural changes in the business including M&A and divestitures, and for amendments for data gaps above a significant threshold.

**Scope 3 footprint**

During 2024, the Sustainability Committee and the GET considered whether it would be appropriate to set reduction targets for scope 3, taking into account 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 vast majority of the Group's scope 3 are attributable to the vehicles and parts that we buy and sell. Inchcape's most material scope 3 emissions come from category 1 (purchased goods and services) and category 11 (use of sold products).

**Scope 3 breakdown**

When considering whether to set Science Based Targets initiative (SBTi) aligned scope 3 targets, five target options were taken into account:

- supplier engagement - all vehicles - categories 1 and 11;
- absolute emissions - all vehicles - category 11;
- absolute emissions - passenger vehicles - category 1 and 11;
- intensity (economic) - category 11 (per revenue); and
- intensity (physical) - category 11 and 11 (per vehicle).

The emissions footprint was modelled across two scenarios, most likely and accelerated transition. The analysis showed that Inchcape's absolute emissions rise due to growth in sales and whilst the intensity target bring Inchcape closest to SBTi reductions it is still not sufficient.

**Factors influencing the results**

**OEMs** - among Inchcape's main OEM partners, only three have targets relevant to Inchcape markets, and some OEM partners targets exclude Inchcape markets.

**Markets** - Inchcape operates in markets with a slower transition which typically have less ambitious EV policies.

**Commercial vehicles** - whilst HGVs see a drastic reduction to intensity owing to electrification projections, the contribution to absolute emissions rise due to an increase in sales.

**SBTi constraints** - Inchcape emissions breakdown means that a target cannot be set to cover category 11 emissions for passenger vehicles only as this would not meet the SBTi coverage threshold. If Inchcape only targets passenger vehicles, this would result in the inclusion of category 1 emissions which continue to grow due to lack of OEM targets and a rise in BEVs with more emission intensive batteries.

**Outcome**

The analysis shows that Inchcape is not projected to be able to achieve any of the SBTi aligned candidate targets at this time. The Sustainability Committee reported its assessment to the Board and it was agreed that scope 3 targets would not be set due to the challenges in achieving them. The Board will continue to monitor the feasibility of setting targets on a regular basis.

Despite challenges in setting targets, the review of our value chain emissions was also an opportunity to further consider our role as a facilitator for the industry-wide changes required. As our OEM partners are at different stages of their sustainability journeys, we focus on enabling them to deliver their transition strategies sustainably and effectively.

Under our guiding principle, 'the global mobility transition, delivered locally', we remain committed to supporting both emerging and advanced markets as they navigate the mobility transition. By working alongside OEMs to achieve meaningful and lasting outcomes, we play a vital role in driving emissions reductions across the industry - contributing to lower value chain emissions and creating a more sustainable future for mobility.

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

# STREAMLINED ENERGY AND CARBON 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: our use of gas and fuel in vehicles we own (scope 1); and, our global energy usage (scope 2). The table 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 2024 to 31 December 2024. 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 scope.

## Intensity ratio

The Group's intensity ratio compares emissions data by dividing total tonnes of CO<sub>2</sub>e by revenue, an appropriate financial indicator. This allows for a fair comparison over time of CO<sub>2</sub>e emissions given the growth trajectory envisaged for the Group and cyclical variations in business activity. As required under SECR regulations the following information relates to the energy consumed in our operations. The list of UK entities is given on page 209.

Emissions data previously published in the 2023 Annual Report 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, on-site renewable energy generation, electrification, and renewable electricity purchasing. Our Markets are implementing the programmes to identify opportunities to reduce our carbon emissions.

INFORMATION ON CARBON EFFICIENCY MEASURES INTRODUCED IN 2024 CAN BE FOUND ON PAGE 46.

Metric category	2024		2023	
	UK & offshore	Global	UK & offshore	Global
Total energy consumption (kWh)	301,954	152,073,291	323,684	189,775,459
Scope 1 (tCO <sub>2</sub> e)	46	20,418	49	21,733
Stationary combustion (tCO <sub>2</sub> e)	46	6,960	49	8,190
Vehicle fuel combustion (tCO <sub>2</sub> e)	—	12,299	—	11,892
Fugitive emissions (tCO <sub>2</sub> e)	—	1,158	—	1,651
Scope 2 (location-based, tCO <sub>2</sub> e)	10	26,576	11	29,105
Scope 2 (market-based, tCO <sub>2</sub> e)	10	16,825	11	18,528
Total scope 1 & 2 (location-based, tCO <sub>2</sub> e)	56	46,994	60	50,838
Scope 1 & 2 emissions intensity ratio (location-based, tCO <sub>2</sub> e/£m)	—	5.1	—	5.4
Total scope 1 & 2 (market-based, tCO <sub>2</sub> e)	56	37,243	60	40,261
Scope 1 & 2 emissions intensity ratio (market-based, tCO <sub>2</sub> e/£m)	—	4.0	—	4.3
Revenue (£m)	—	9,263	—	9,382
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			

Inchcape applies the GHG Protocol Corporate Standard for tracking emissions over time to identify rebaselining events. Emissions data previously published in the 2023 Annual Report has been restated due to structural changes in the business. Examples of this include the 2024 disposal of the UK Retail division and the sale of retail and wholesale alternative parts businesses in Chile.