

CSR COMMITTEE REPORT



Membership

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

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

DEAR SHAREHOLDER

I am pleased to present the report of the CSR Committee for the year ended 31 December 2023. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities and should be read in conjunction with the Responsible Business Report on pages 33 to 39, and the TCFD Report on pages 40 to 53.

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

Responsible Business

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

Materiality assessment and new Sustainability Report

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

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

The double materiality assessment consisted of:

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

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

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

Further information is given on pages 33 to 34.

Health, safety & environment (HSE)

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

Workforce engagement

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

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

Colleagues were invited to ask questions on any topic they felt was of importance and the subjects ranged from the regional strategy in the context of electric vehicle

transition, how the Board balance environmental, social, and governance (ESG) matters and profit when making decisions, and how the Board approaches Inclusion & Diversity with questions on the approach to equal pay globally.

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

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

ESG landscape

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

The ESG regulatory landscape is complex and continues to evolve with companies required to make increasingly detailed ESG disclosures. During the review of the regulatory environment the Committee focused on three main themes: broadening disclosure beyond climate;

greater emphasis on quantification; and action focused disclosure. The Committee considered what emerging regulations mean for the Group, the Group's ambitions in this fast-moving market and what the ultimate role of the Committee and the wider Board is.

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

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

Focus for 2024

Next year the Committee will focus on:

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

ALEX JENSEN

CHAIR OF THE CSR COMMITTEE

KEY ACTIVITIES

What we did

Outcomes

Responsible Business

For each of the four Responsible Business pillars, the Committee reviewed and assessed:

- the global framework and priorities; and
- performance against targets.

The Committee reviewed and approved the disclosures made in:

- the Responsible Business Report; and
- the Task Force on Climate-related Financial Disclosures.

The Committee undertook a deep dive on female leadership recruitment to assess the appropriateness of the target of 30% female leadership by 2025.

Scope 1 and 2 emissions reduced by over 21,000 tCO₂ market-based against the revised 2019 baseline.

The Committee recommended the outcomes of the materiality assessment to the Board for approval.

Workforce engagement

The Board engagement session took place in Hong Kong during the overseas Board visit.

The Committee also reviewed progress against the issues raised at the previous year's engagement session.

Alex Jensen and Nayantara Bali presented at Women into Leadership sessions.

Feedback to the Board for the 2023 session included the approach to pay structuring, and how the process for ensuring this is fair, should be made clear to colleagues, along with any decisions on implementing ESG metrics into the long-term incentive schemes.

Health, safety & environment

The Committee reviews progress against six HSE priorities:

- HSE risk profile reviews;
- electric vehicle safety procedures;
- cultural HSE survey;
- HSE due diligence programme;
- HSE contract management system; and
- mandatory HSE training.

M&A assessments completed for all new businesses.

Executive due diligence programme rolled out.

Cultural HSE survey and psychological safety survey completed.

Contract Management System implemented globally.