

PLANET

THE LOWEST CARBON ROUTE TO MARKET



We're conscious of the environmental impact of our industry, and aware of the challenges that climate change poses to our business. We recognise an opportunity to be a part of the change that needs to happen by working together with our colleagues and mobility partners to build an inclusive, low-carbon mobility future. Backed by our net zero target, our goal is to halve our greenhouse gas emissions by the end of the decade – and I am proud to say we are making substantial progress towards our goals."

Adrian Lewis
Group Chief Financial Officer



-21,000 tCO₂e

This year we achieved further reductions in our direct emissions, with total reductions of 21,000 tCO₂e in annual emissions since 2019.



NET ZERO

We have focused on energy efficiency measures, as we progress towards our target of net zero scope 1 and 2 emissions by 2040.



40 SITES

We added our own solar panels to over 40 new sites this year – growing our direct supply of zero-carbon energy for our operations.

20



B

We achieved a CDP score of B, an improvement on our score in any prior year.

In this pillar

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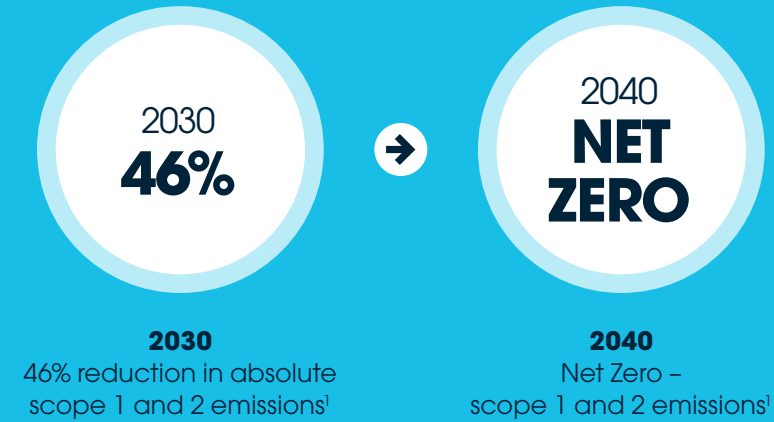
The lowest carbon route to market

Responding to climate change

The automotive industry is a significant contributor to global Greenhouse Gas (GHG) emissions. We recognise that we have a responsibility to reduce our carbon footprint in order to tackle the impact of climate change.



Our targets



1. from a 2019 baseline year

Our progress against targets: Scope 1 and 2 emissions



tCO₂e (market-based)

We have set ambitious emissions reductions targets, and are taking action across multiple fronts to reduce our direct emissions (scopes 1 and 2) as quickly as possible. As the industry transitions towards a low carbon future, it's our role to provide our partners with the **lowest carbon route to market**, as the distribution partner which can best support them in reaching their decarbonisation goals.

As well as being strategically significant, it's important to us that our colleagues are proud to work for a company which acknowledges and reduces its environmental impact.

Addressing our direct emissions is the best way for us to drive action in the short term. Furthermore, we're currently undergoing work to better understand, quantify, and take accountability for our indirect emissions (scope 3), in order to understand where in our value chain we have control over emissions and can contribute to meaningful reductions.

In 2023, we reduced our direct emissions by **6.6%**

Since 2019, we have reduced our annual direct emissions by **21,332 tCO₂e**, representing a 31% reduction

[Read more](#)

The lowest carbon route to market continued

Indirect emissions

Like many organisations, the majority of our emissions footprint – for Inchcape, 99.7% – is composed of indirect emissions (scope 3). These are primarily related to our mobility partners’ activities, and are comprised mainly of emissions from the manufacture and use of the vehicles and parts which we sell.

We have calculated our scope 3 emissions for all categories except upstream leased assets, downstream transportation and distribution, processing of sold products, and franchises.

Total scope 3 emissions (for calculated categories) (tCO₂e)

2019	18,705,364
2023	15,225,451

Understanding our impact

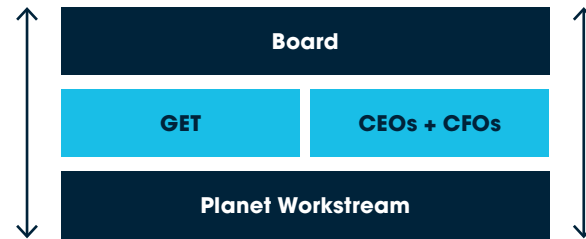
The way in which we can create the most significant contribution to emissions reductions in our industry is by helping our mobility partners implement their transition plans sustainably, and in a way that has a lasting impact in their markets. We are the best partner for mobility partners to make this transition, and this is our commercial and strategic focus. By actively enabling new, sustainable mobility technologies and solutions, we will create reductions in our indirect emissions.

We’re actively working towards improved quantification of our scope 3 emissions, beginning with the areas over which we have the greatest immediate influence. At the same time, we’re working in our partnerships to drive decarbonisation across our full value chain.

Governing Planet

The Planet Workstream is our cross-company group responsible for developing and deploying initiatives within the Planet pillar. Meeting every two months, the workstream is composed of colleague representatives from every region and helps define best practice for our regional CEOs, as well as setting the agenda for communicating our Planet initiatives to the wider business.

Feeding into our regional CEOs and helping the GET to set strategy, the workstream is our central engine for driving progress towards our Planet goals.



Climate risk and TCFD

Climate change, and the accompanying policy and regulatory decisions taken to mitigate its effects, will have material impacts on our business. We disclose on our climate change risks and opportunities and how we understand, quantify, and manage them following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). You can read our TCFD statement in full in our Annual Report (p.40).



CDP Score: B

We have disclosed our response to climate change to the Carbon Disclosure Project (CDP) since 2019. This year we were proud to be awarded a B rating for the first time, an improvement on any prior year and a reflection of our continued progress.

CASE STUDY

ONSITE SOLAR POWER GENERATION

Investing in solar as a priority

Installing onsite generation at Inchcape sites is at the top of our renewable energy procurement hierarchy – meaning we prioritise this over other procurement approaches.

By investing in solar power, we secure our supply of renewable energy. And with every panel installed we directly contribute new, CO₂-free energy to the energy system.

Our ambition is to add onsite solar generation to all of our sites where installations are feasible and viable and all new sites are evaluated for solar panel potential. We install further capacity every year, with solar panels on Inchcape sites currently removing the need for an estimated c. 2,000 tonnes of CO₂ emissions annually.

The scale of our achievements across our sites to date is a reflection of our ambition to becoming the lowest carbon route to market as quickly and directly as we can.

We have solar panels installed across markets in all four of our regions

Over a full year, our current installations are forecasted to avoid 2,000 tonnes of CO₂e emissions

Region	Markets with sites with onsite generation installed
Americas	Chile, Colombia, Ecuador, El Salvador, Peru
APAC	Australia, Guam, Singapore, Thailand
Europe & Africa	Belgium, Bulgaria, Poland
UK	All eligible UK sites have completed their solar installations
Totals	Over 60 sites worldwide

Currently, the capacity of our installed solar panels is sufficient to reduce our total direct emissions by 4%.

As well as producing CO₂-free electricity, our installations can reduce total energy costs and help to moderate the risk of future energy price rises. Overall, our efforts have the added benefit of increasing the security of our energy supply globally.

“In the UK, all Inchcape sites where solar panels are feasible have now completed their solar installations. Adding solar generation to our sites is one of the most direct ways in which we can decarbonise.”

George Ashford
CEO Inchcape UK

SPOTLIGHT ON AUSTRALIA

In Australia, twelve sites currently have onsite generation installed.

In 2023, we delivered an additional 650kw of additional solar capacity to our Australian portfolio – the equivalent to powering around 260 homes for a year.

Eight sites in Australia are currently due to install solar panels in 2024, set to add an additional 600kw of capacity.

The lowest carbon route to market continued


Achieving our Targets

To meet our direct emissions objectives, we've implemented group-wide decarbonisation initiatives addressing our key sources of emissions

Our Property Sustainability Charter defines our whole building approach to reducing emissions into our sites, taking into account three key areas of a building lifecycle:

 **Property strategy:** Making sustainability evaluations for potential new sites and making considerations for low carbon transport and commuting

 **Design & Construction:** Designing for an all-electric building, including prioritising onsite generation (see page 20 →)

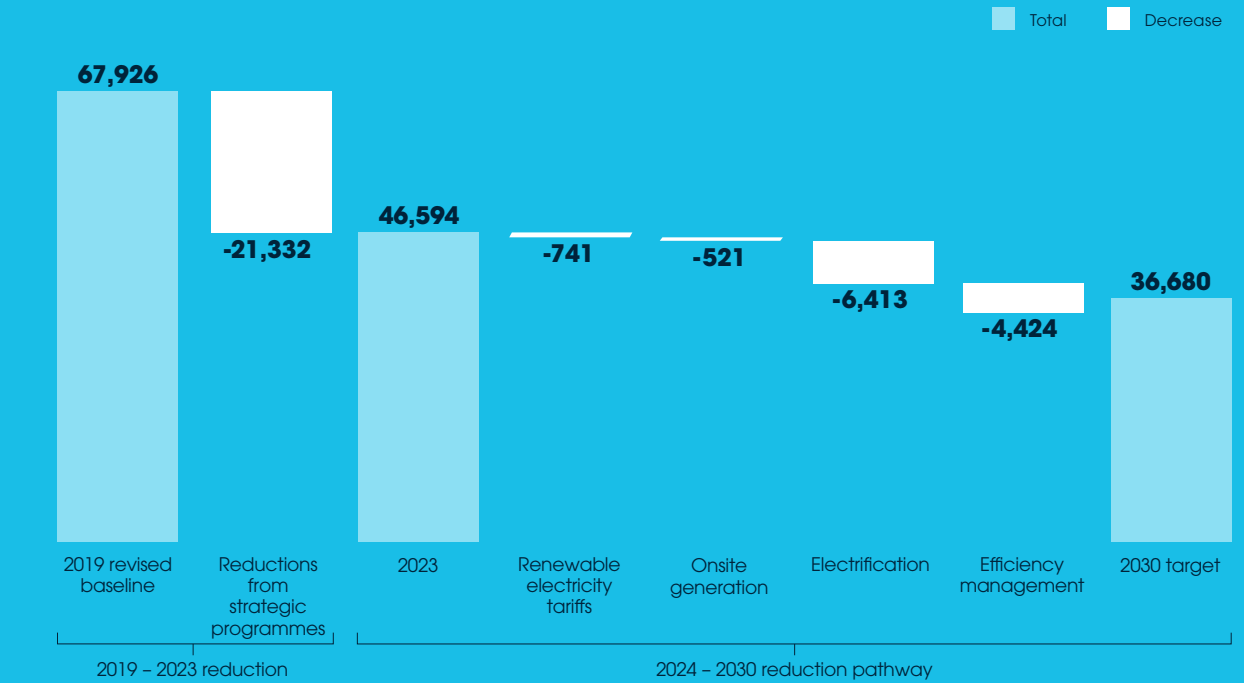
 **Operational performance:** Maximising energy efficiency, quantifying energy usage, and minimising waste and water

74% of our direct emissions are produced by our properties across our regions, including our dealerships, warehouses, offices and call centres. A focus on energy usage at these sites is the most direct way in which we can reduce our footprint.

Sources of our scope 1 and 2 emissions (location-based)

55%	Buildings – Purchases electricity (Scope 2)
26%	Company cars (Scope 1)
16%	Buildings – Natural Gas & Standby fuel (Scope 1)
3%	Buildings – Refrigerant use (Scope 1)

Our pathway to 2030 scope 1 and 2 target (market-based)



This pathway shows the predicted emissions reductions we aim to achieve within each of our decarbonisation initiatives in order to reach our 2030 target.

Energy Efficiency

Design briefs for new buildings are required to incorporate sustainability and energy efficiency considerations, to ensure that buildings are designed to be low-electricity and net zero-ready.

At an operational level, our Group-wide Energy Management Programme requires the monitoring and targeted reporting of energy consumption on a daily basis. Annual action plans are set across our markets to identify and address consumption issues in order to reduce energy waste.

In the period, audits on energy usage were also undertaken in Australia, Hong Kong, Kenya, and the UK.

In 2023, we worked with an external partner to create an Energy Management Guide for our sites. This guide equips Inchcape's site managers with energy management strategies and promotes a tailored approach to addressing individual site challenges.

Energy efficiency measures achieved in 2023 included:

- Upgrade of Heating, Ventilation and Air Conditioning (HVAC) systems to incorporate automation and improve efficiency
- Upgrades to LED lighting in 20 markets across our four regions

[Read more](#)

Achieving our targets continued

- Metering & sub-metering at our sites across the UK to measure and map real-time electricity consumption, saving an average of 10% on energy costs per site
- Refrigerant gas management programme distributed to regional leads

To support operational efficiency, we initiated awareness programmes across all of our regions, with the goal of empowering our staff to actively participate in energy management and to enhance their knowledge on maximising energy efficiency.

Electrification and Renewables

Electrification programmes have been developed in 2023 and are being implemented. Where existing buildings use gas, we are producing plans to exit gas – at our sites in Oxford UK, we have switched to air source heat pumps, with heating alternatives such as heat pumps being considered at other locations. In order to be net zero-ready in operation, all new locations are to be built as all-electric, as policy.

Our renewable energy procurement strategy prioritises procurement strategies which maximise the amount of new renewable energy contributed to energy systems, and the directness of our influence on that system. As a result, we prioritise

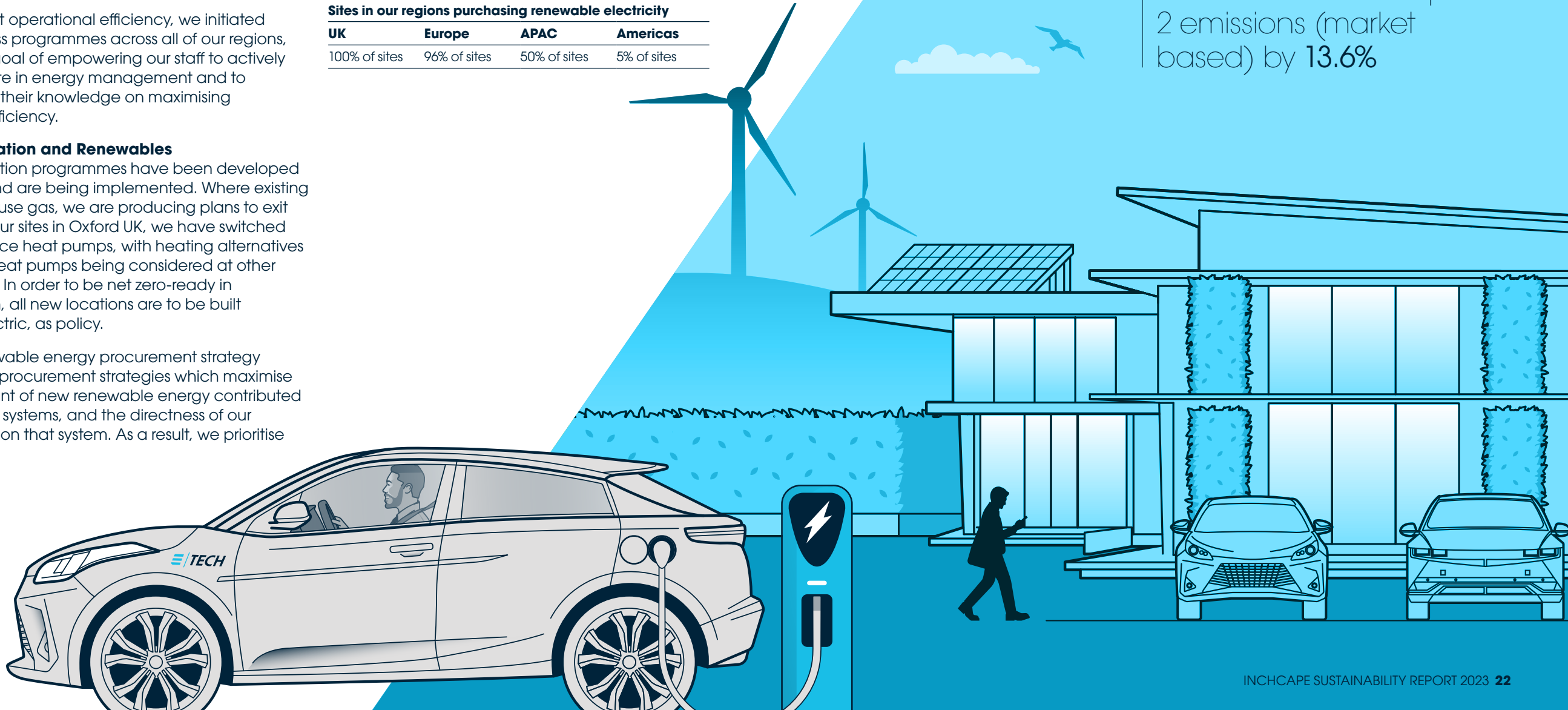
onsite generation where possible, adding solar power installations at over 40 sites globally in 2023.

We purchase renewable electricity for sites across our regions, with sites in all our markets switching to renewable energy tariffs within the last year.

Sites in our regions purchasing renewable electricity

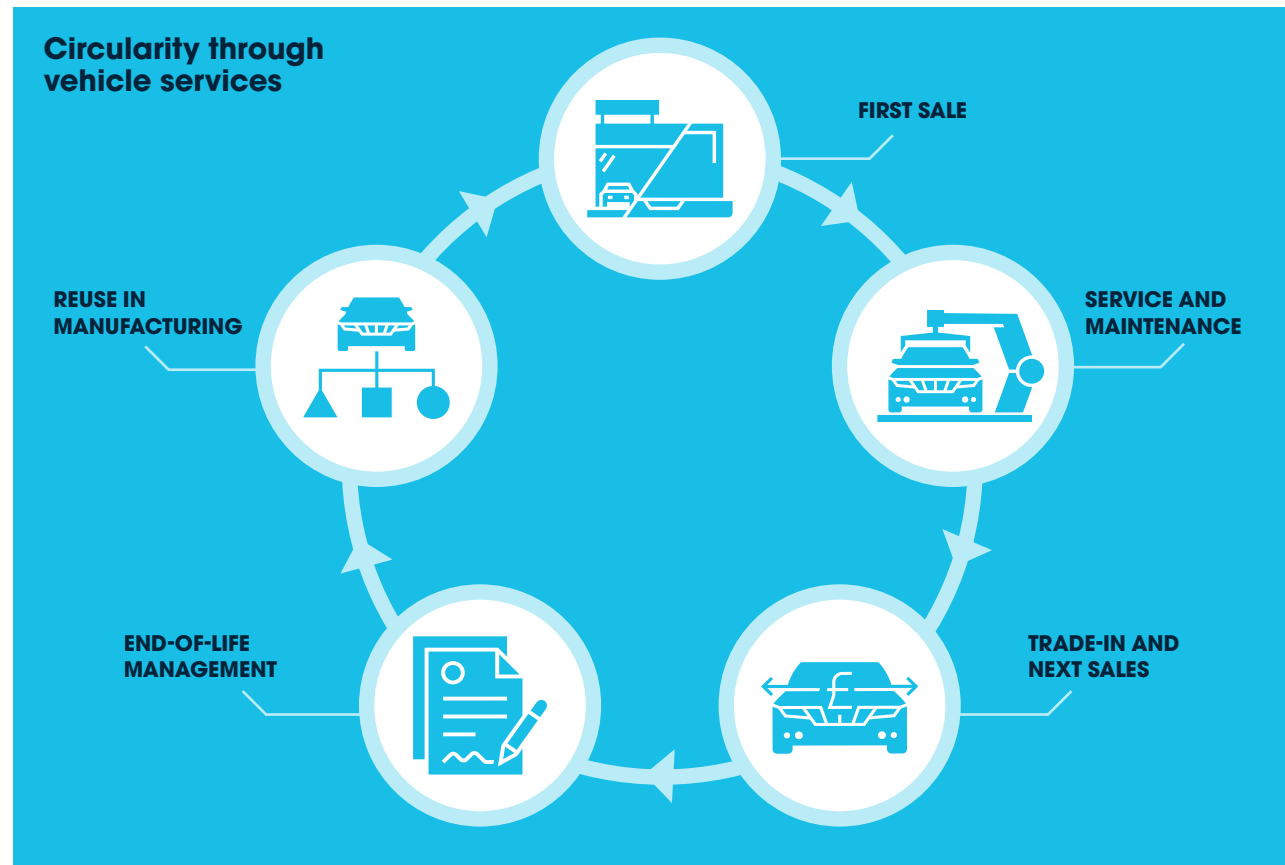
UK	Europe	APAC	Americas
100% of sites	96% of sites	50% of sites	5% of sites

32% of all Inchcape sites globally are on green tariffs. In 2023, we reduced our scope 2 emissions (market based) by **13.6%**



Circularity and Waste

Our work to maximise vehicle lifespan by providing servicing, parts services, and used vehicle sales directly contributes to minimising waste and promoting reuse



Exploring opportunities in circularity

As specialists in vehicle sales and Vehicle Lifecycle Services (VLS), we see a huge opportunity to make the automotive industry's environmental impact more positive by driving circularity and extending the life of vehicles on the road.

Our work to maximise vehicle lifespan by providing servicing, parts services, and used vehicle sales directly contributes to minimising waste and promoting reuse. It's our ambition to serve every vehicle that leaves our dealerships from first sale, through to end-of-life and beyond.

We're committed to making sure each vehicle stays on the road for as long as possible, and want to see vehicles responsibly broken down into component parts for recycling, reuse, and repurposing in manufacturing processes.

These opportunities already exist within the automotive industry as well as other industries. We are excited to further explore the role we can play as vehicle upgrades and servicing evolves, and as we start to build strategic partnerships with our partners, peers, governments, and other organisations to help create the future of circularity in our sector.

We operate in diverse markets globally with vastly different opportunities and challenges concerning waste and circularity. We intend to reduce waste to landfill globally, to facilitate new lives for vehicles and component parts where possible, and to promote responsible end-of-life disposal.

While our approach will always be led by these core principles, we recognise that when facing varied infrastructure and legislation, we must be guided by what's most appropriate for the markets in which we operate. We will use markets which are more advanced than others on circularity as guidance for driving action, with our intention being to continue to explore options for how to have the most positive impact in every market in which we operate.

Areas to explore:

- Supporting our OEMs in challenging areas such as end-of-life disposal
- Contributing expertise in servicing and recycling of new technologies
- Educating our colleagues with learnings and workshops on waste processes

Read more

VEHICLE SERVICES AT MOENCO ETHIOPIA

Ethiopia faces unique challenges around the import of vehicles, meaning it is particularly important to carefully service and maintain the life of each vehicle. At MOENCO in Ethiopia, an Inchcape company, the circular economy is engraved into how business is conducted, with vehicles at all ages and in all states of disrepair serviced and maintained in order to extend their lifespan on the road.

The MOENCO team has developed an advanced skillset which enables them to restore vehicles which are sometimes in extreme states of disrepair.

Their 'no vehicle is a write-off' attitude reflects the goals of the circular economy for Inchcape more widely: **leveraging expertise in servicing and maintenance, to extend the lifecycle of vehicles.**



What the MOENCO team is capable of is remarkable. Nurturing the longevity of vehicles, in Ethiopia and in all our markets, is part of how we embrace the circular economy."

Glafkos Persianis
CEO Inchcape Europe & Africa

24%

of all cars serviced at MOENCO are 11 years old or older

20,583

MOENCO provided services in 2023

76%

of all cars sold by MOENCO since 2017 are also serviced by MOENCO



Waste

Our global goal is to handle waste responsibly and reduce the volumes of waste we produce. As we operate in diverse markets where waste is handled differently, we face a variety of challenges, with many markets being dependent on external suppliers or governments for waste management. We're working on better quantification of the waste we produce, and on understanding our options in each market. We always comply with local regulations on waste.

Our main sources of waste are from vehicles and properties. During servicing of vehicles, our main waste outputs are waste oil, tires, batteries, and parts, as well as packaging. Our approach to waste from properties is governed by our Property Sustainability Charter. To minimise construction waste, we require contracts to have a waste management plan, and aim for zero waste-to-landfill during construction. To handle operational waste, we identify the types of waste that are likely to be output by different sites, and factor this into the design of the site where possible to promote recycling.

It's our ambition to improve the way we collect data on waste, which will in turn support with itemising the waste we produce and reducing our output.