

Environmental, Social and Governance (ESG)

We recognize we are accountable to key stakeholders and the communities in which we do business. We focus our environmental, social and governance efforts where we can have the most positive impact on our business and society, including issues related to community investment, environmental sustainability, human capital, and investor outreach.

Central to our mission are the core values of integrity, professionalism, teamwork and exceeding the expectations of our customers and employees. Our commitment to corporate social responsibility is driven by these core values as we aim to conduct our business in ways that enrich the communities where we work and live, focus on the environment and provide a workplace that is safe, inclusive and diverse while providing value to our stakeholders. We are committed to responsible business practices and continuous improvement of our operations and our relationships with our employees and the communities in which we live and work.

<p>Community</p> <p>Positively involving our employees and giving back to the communities in which we do business is core to our culture. Our efforts include employee volunteer opportunities and partnerships with local food banks, homeless shelters, hospitals, school districts, animal rescue organizations, and other charitable organizations. Refer to our Community Advocacy.</p>	<p>Environment, Climate Change and Safety</p> <p>We are committed to monitoring and managing the environmental impact of our businesses, determining the impact of climate change on our businesses, and to protecting the health and safety of our employees, customers and those with whom we do business. Refer to our policy on Environmental Safety.</p>
<p>Human Capital/Privacy</p> <p>Human Capital is our most important asset. Our goal is to create an environment that fosters equity, inclusion and diversity. We aim to maintain a collaborative, supportive, and opportunistic culture based on integrity that enhances innovation, employee engagement and teamwork. We aim to be transparent about the information we collect from our customers. We also want individuals to be informed about what we do with their information and allow them to fully exercise their rights in regard to that information. Refer to our policies on Health and Safety and Human Trafficking and Slavery.</p>	<p>Governance and Investor Outreach</p> <p>Our Board of Directors is a diverse group with a variety of career experiences, backgrounds, viewpoints, company affiliations, expertise with respect to the various facets of our business operations, and business experiences. The election of our Board occurs annually.</p> <p>We regularly interact with investment analysts and other members of the investment community through investor calls, industry events, conferences and meetings. This interaction enables us to gain a more thorough understanding of the views and perceptions of stockholders and the investment community. Refer to our Code of Business Conduct and Ethics.</p>

Community

We believe community participation and charitable giving enrich the neighborhoods where we work, live and play. We are proud of these efforts and we encourage participation by all dealerships and employees. Several examples of our commitment to giving back include:

- Over the last five years, our dealerships have supported [The Paralyzed Veterans of America](#) to help serve the needs of veterans with a spinal cord injury, **donating more than \$6 million through contributions from customers, employees and matching contributions of our Company**. During this time, contributions have been collected from our customers and employees and then matched by the Company.
- In 2020, we announced a partnership with a technical education institute to establish a diesel-commercial vehicle technician career skills program for service members on a United States military base. This program will provide hands-on, industry-aligned technician training to service members designed to increase career opportunities for veterans transitioning from military service to civilian life. Graduates of this program will earn a Systems Certified credential and will be offered employment with our commercial truck dealership group.
- Our dealerships around the world regularly support their local communities through charitable efforts. For example, dealerships in the U.S. have partnered with Toys for Tots, The Humane Society, Habitat for Humanity, local food banks, hospitals, school districts, and the local Chamber of Commerce, among others. In 2020, Penske Automotive Group has donated approximately \$1.7 million to these and other various charitable organizations. For more information on charitable and philanthropic efforts, refer to our [articles](#) and stories on these events. In the U.K., at [Sytner](#) and at [CarShop](#) we similarly challenge our dealerships to make a commitment to local charities and community initiatives. For example, Sytner was named 'Company of the Year' while being recognized for its outstanding contribution to young people at the Leicestershire Cares annual awards in the U.K. Additionally, Sytner is [active in supporting their local communities](#) however they can, including delivering test kits, donating steering wheel and seat covers to community nurses and supporting National Health Services.

Environmental and Safety

Electric Vehicles

Our dealerships sell and service vehicles that are engineered and manufactured by over 35 of the world's automotive OEMs. As such, our new car dealerships sell the full suite of vehicles offered by our manufacturer partners, including pure electric vehicles ("EVs"). EVs can reduce the emissions that contribute to climate change and smog, improving public health and reducing ecological damage.

We are committed to encouraging the sale and use of EVs and, as part of that commitment, are actively placing charging stations across our network to facilitate a reliable infrastructure for their use. To date, our network of EV charging stations across the U.S. and the U.K.

totals over 580, including a combination of Level 1 (standard), Level 2 (240V), and Level 3 capabilities. We expect to install additional charging stations to support EVs as our manufacturer partners introduce more of these products to the marketplace. We estimate that approximately 11.2% of our new vehicles sold in 2020 in the U.S. and U.K. combined were either electric or hybrid electric vehicles.

Environmental Monitoring

We have partnered with environmental and safety consulting firms to assist in compliance with specific local and federal laws and regulations relating to environmental and safety issues. The consulting firms, along with corporate employees, make periodic visits to both our dealerships and our collision centers to conduct on-site assessments, provide training, and to aid in compliance with laws, regulations, and safety issues and environmental requirements. The consultants may also provide safety training, hazardous waste management, hazard communication plans, emergency response and injury prevention plans, and respiratory protection. Quarterly audits are regularly performed by corporate employees to assure and maintain compliance.

Recycling Efforts

We are committed to reducing our environmental impact. Penske Automotive participates in a closed-loop recycling program for its U.S.-based dealerships. During 2020, the recycling under this program avoided over 13,700 metric tons of [greenhouse gas emissions](#). Further, our collision and repair centers use water-based paints and solvents which are better for the environment and healthier for our employees and customers. We also use water reclamation systems in our vehicle carwashes. We estimate these systems recycle approximately 85% of the water used. In the U.S., we use a third-party to manage, collect and process the recycling many of the materials that go through our service departments. These products include mercury bulbs, used oil, oil filters, brake and parts waste, used antifreeze, parts solvent and drain waste. In 2020, we collected and recycled nearly 17.5 million pounds of oil, brake cleaner, glycols and other solvents through this program. In the U.K., all of our hazardous waste is collected and processed by a fully licensed waste management company, holding ISO accreditation. Approximately 96% of our hazardous waste including such items as engine oil, oil filters, antifreeze, lead acid batteries, etc., are recycled. The other 4% is properly disposed of by the waste management company.

We strive to introduce or implement new technologies and processes that are friendly to the environment. Our Hardware E-Cycle Policy requires that electronic equipment be disposed of through a specific certified electronics recycler which maintains a zero landfill, zero export policy of unprocessed equipment to non-OECD Countries. Following disposal of equipment, our vendor provides a "Certificate of Recycling" for each piece of disposed equipment, assuring us the equipment was properly recycled or refurbished.

Environmentally Friendly Facilities

In the U.S., our new facilities are constructed to be environmentally friendly. For lighting, we use LED fixtures to the extent possible, including smart photocells on exterior lights and occupancy sensors inside the facility to automatically turn lights on/off. We frequently employ Low-E high efficiency glass and low flow/flush toilets with automatic sensors to

control water flow as well as sinks with motion sensors to turn water on/off and control water flow as well. All HVAC equipment is high efficiency and used in conjunction with programmable thermostats. Where possible, building materials such as flooring, ceilings, paint, wallcoverings are LEED certified as environmentally friendly. We have retrofitted some of our dealerships and collision centers with exterior and interior LED lighting. In the U.S., we have completed LED lighting upgrades at approximately 60% of our U.S. dealerships and collision centers. Working with our lighting partner, we receive a five-year warranty on all of our LED lighting retrofits, including parts and labor, effectively eliminating lighting maintenance expense where the retrofits are installed.

We are also piloting an energy savings program at one of our dealership campuses in conjunction with Shell Energy Solutions (SES) designed to enhance our energy efficiency while also reducing our operating costs. The program includes a fixed monthly payment to SES in exchange for necessary HVAC repairs, maintenance and monitoring to optimize our energy efficiency goals. The program should reduce energy usage across the campus through centralized HVAC control over 70 roof top units and identification of underperforming assets to replace them as necessary. We and SES also will upgrade and then monitor our parking lot, interior and exterior lighting fixtures with LED fixtures for energy optimization.

Digital Solutions which Foster Paper Reduction

We are committed to expanding digital solutions, where possible. For example, our U.S. dealerships each have installed docuPAD®, which is an interactive tool used in our Finance & Insurance offices. Instead of using paper, customers review and sign documents on a high definition screen and then all documents are stored electronically, thereby reducing the reliance on paper.

We also use an Applicant Tracking System in our employee recruitment which helps eliminate nearly all paper from our hiring processes. We also eliminated paper forms used at later stages in the hiring process (offer letters, background checks, etc.) in favor of digital solutions. In 2018, we received more than 20,000 five-page applications, digitally avoiding over 100,000 pieces of paper. Similarly, we have also transitioned from paper employee handbooks to an online platform. Considering both newly hired employees and current employees receiving policy updates, in 2018, we digitally circulated over 12,000 handbooks, each containing over 200 pages. Furthermore, we switched from paper to online forms for our Annual Employee Opinion Survey. In 2019, more than 11,400 employees shared their feedback digitally, including comments.

Finally, over the past two years we have eliminated most of the printed materials from our annual benefits enrollment process, opting instead to share plan information digitally. The creation of a new benefits website, and informational video content, has allowed us to more effectively communicate the equivalent of 50 printed pages of plan materials to over 10,000 full-time U.S. employees. Annually, we expect these changes will yield a reduction of nearly 2.5 million fewer pages of paper.

Human Capital/Privacy

We believe that our employees are our greatest asset. We understand that exceptional customer service can only be consistently delivered by attracting, motivating, training, and retaining the very best team members. With this in mind, we put our employees at the heart of everything that we do by developing their talent and enabling them to build long-term careers.

Equity, Diversity and Inclusion

We are committed to building a diverse and skilled workforce while providing a work environment that promotes equity and is free from any form of discrimination on the basis of race, color, creed, religion, sex (including breast feeding and related medical conditions), pregnancy, sexual orientation, gender identity and expression, marital status, national origin, ancestry, citizenship status, uniform service member and veteran status, age, genetic information, protected medical condition, disability, or any other protected status in accordance with all applicable federal, state, and local laws. Our focus on inclusion and diversity at our U.S. automotive dealerships has resulted in over 65% of our workforce being diverse either by race, ethnicity or gender, with our gender diversity higher than the National Automobile Dealer Association (“NADA”) average. Additionally, our U.S. automotive dealerships have a management diversity rate of approximately 49%.

Annual Employee Survey

In the U.S., we work with a third-party vendor to conduct an Annual Employee Opinion Survey for all U.S. dealership employees. In 2019, over 97% of our employees participated in the survey. The results of such surveys are shared with our local, area, regional and executive management teams and a summary is reviewed with our Board of Directors.

Employee Benefits

We foster and support the wellness and well-being of our employees to create a healthier company, improve workplace satisfaction and provide a sustainable value to our shareholders. Under our U.S. health care plans, employees are encouraged to take an annual physical exam, and over 80% of our U.S. employees did so in 2019. Employees that take a physical exam receive a reduction in their health care cost. Annual physicals promote the early resolution of complex health problems which protects our employees and provides savings to our annual health care spending. In the U.S., employees are eligible to receive annual company contributions to a health savings account from the Company based on the type of coverage selected. We also offer access to free telemedicine and free smoking cessation programs to promote employee wellness.

We actively encourage the use of our U.S. 401(k) program to promote retirement income to our employees. We default new employees into our program, placing their contributions in a balanced age-appropriate investment option unless they choose otherwise. We also match employee contributions, providing an annual, recurring benefit to our employees who choose to save for their retirement. Through these measures, over 90% of our U.S. employees participate in our 401(k) plan.

Employee Training and Recognition

Annually, we sponsor a program through the National Automobile Dealers Association designed to train high-potential employees. Potential candidates are recommended by their managers and evaluated for participation in the program. This program helps prepare our employees for leadership roles within our Company. Since the inception of the program, we have graduated over 350 individuals, many of which now hold management positions with our Company.

We also sponsor a “Penske Elite Technician” program in the U.S. and the U.K. As the transportation landscape continues to change at a rapid pace, we recognize the need to attract, nurture and retain technician expertise. The annual Elite Technician Program recognizes and rewards our top performing technicians for their outstanding credentials, skills and contributions within their field. To be eligible, technicians must be nominated by management and meet specific program requirements. The program includes multiple phases, including a challenging technical exam. In 2020, 130 technicians were recognized as “Elite” through this program.

Commitment to Veterans

We are committed to hiring veterans as we believe veterans have what it takes to be outstanding employees, including a strong, goal-oriented work ethic, ability to work as a team and – in many cases – expertise working with sophisticated equipment. Since 2015, our dealerships have hired more than 600 individuals through support of the Hiring Our Heroes program in the United States. As noted above, our dealerships have supported The Paralyzed Veterans of America to help serve the needs of veterans with a spinal cord injury, with contributions from customers, employees and matching contributions of our Company.

Company Recognition

In the U.S., many of our dealerships have been named Best to Work For by Automotive News. In 2019, the last year in which we participated in this program, thirty-three of our dealerships received this prestigious award, more than any other dealership group. Additionally Fortune Magazine has recognized Penske Automotive Group as a [World’s Most Admired Company](#). In the U.K., we were named 'Dealer Group of the Year' by both Automotive Management and Motor Trader Magazines, consolidating our position as the UK's largest dealer group. Further, our Atlanta area dealerships were named a [2020 Top Workplace by the Atlanta Journal-Constitution](#), while in the U.K., we have been named by Glassdoor as the 14th best place to work. We were not only the highest ranked business in the Automotive Sector, but Sytner Group was also the top-rated retailer ahead of other large national businesses.

Human Trafficking

Our businesses have a zero-tolerance approach with respect to slavery and human trafficking in our operations. We support the [California Transparency in Supply Chains Act](#) and the [United Kingdom’s Modern Slavery Act of 2015](#) and their intent to prevent and eliminate slavery and human trafficking from global supply chains by increasing transparency.

Privacy

In our increasingly information-based society, individual information must be adequately protected. We are committed to protecting personal information that we collect from our customers and employees. Each employee must take care to protect sensitive personal information from inappropriate or unauthorized use or disclosure, and we have implemented fair and responsible privacy and information protection procedures and data breach response plans that comply with applicable laws. All employees are expected to be familiar with our privacy procedures and to adequately protect consumer and employee information.

We are committed to the full exercise by our employees and customers of their rights to their data. In the U.K., we fully comply with the General Data Protection Regime which allows employees and customers the right to see, and in some cases, delete, their data. We also fully comply with the California Consumer Privacy Act which allows similar rights for our California customers.

Data Security

We are committed to maintaining data security awareness for all employees. Starting with on-boarding, we introduce information security and security awareness as part of everyone's job. Training includes education regarding phishing, physical security and protecting sensitive information, among other topics. This initial training is reinforced with monthly and quarterly communications and follow-up training. Further, October is Security Awareness month, where we instruct employees regarding encryption, best practices and precaution regarding all emails received from outside the organization. We also annually audit our data security efforts through mock attacks on our digital infrastructure. Despite our efforts, we experience occasional low-level data breaches which are immaterial to the Company and have involved immaterial expenses (and no penalties). We review these incidents with senior management and our Board of Directors at least annually. We mitigate our data security risks with information security risk insurance, as we do with other aspects of our business.

Governance and Investor Outreach

Governance

Our Board of Directors is a diverse group of 11 men and 3 women with a variety of career experiences, backgrounds, viewpoints, company affiliations, expertise with respect to the various facets of our business operations, and business experiences. The election of our Board occurs annually. Our Board of Directors maintains a lead independent director and has four standing committees: the Audit Committee, the Compensation and Management Development Committee, the Nominating and Corporate Governance Committee and the Executive Committee. A majority of our Board of Directors is independent and each of the members of our audit, compensation and nominating committees is independent. Please refer to our [Corporate Governance Guidelines, Documents and Charters, Management & Directors](#) and [Committee Composition](#) that are available on our [Penske Automotive website](#) via About Us/Investors/Governance.

Investor Outreach

We have an investor outreach program that aims to engage prospective and current shareholders throughout the year. Engagement activities includes participation in industry

conferences and events, sell-side research conferences, one-on-one meetings with current and potential investors, quarterly financial results conference calls, and visits to our locations. Investors are welcome to contact us at investorrelations@penskeautomotive.com