

CORPORATE SOCIAL RESPONSIBILITY

At Penske Automotive Group, Inc., 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 participation, environmental sustainability, culture, human capital and investor outreach.

Central to our mission are the core values of ethics, integrity, transparency, professionalism, teamwork and exceeding the expectations of our customers and employees. Our commitment to Corporate Social Responsibility (“CSR”) 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 safety, 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.

Community

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 various other charitable organizations. Refer to our [community advocacy](#).

Environment and Safety

We are committed to monitoring and managing the environmental impact of 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](#).

Workplace

Human Capital is our most important asset. Our goal is to create an environment that fosters inclusion and diversity. We aim to maintain a collaborative, supportive, and opportunistic culture based on ethics and integrity that enhances entrepreneurship, innovation, employee engagement and teamwork. Refer to our policies on [Health and Safety](#) and [Human Trafficking and Slavery](#).

Governance and Investor Outreach

We regularly interact with investment analysts and other members of the investment community through investor calls, industry events, conferences, meetings, etc. This interaction enables management and the Board of Directors 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](#).

Community

At Penske Automotive Group, 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 four 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 \$4 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.

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. 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.

Environmental and Safety

Our dealerships sell and service vehicles at the retail level that are engineered and manufactured by many of the world's automotive OEMs. As such, we offer a variety of hybrid and electric-powered vehicles which generate far fewer emissions into the atmosphere, making them environment friendly. We estimate that 4% of our new vehicles sold in 2018 in the U.S. and U.K. were either electric or hybrid electric vehicles.

In the U.S., and U.K., 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 dealerships and collision centers to conduct on-site assessments and training, and to aid in compliance with laws, regulations, and safety issues and environmental requirements. The consultants also provide safety training, hazardous waste management, hazard communication plans, emergency response and injury prevention plans, and respiratory protection. Quarterly audits are performed to assure compliance.

In 2018, Penske Automotive participated in a closed-loop recycling program for its U.S.-based dealerships. During the year, the recycling under this program avoided over 15,000 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.

In the U.S., our new facilities are constructed to be environment-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 use Low-E high efficiency glass whenever possible and low flow/flush toilets with automatic sensors to control water flow and all sinks use motion sensors to turn water on/off and control water flow as well. All HVAC equipment is high efficiency and are used in conjunction with programmable thermostats. Where possible, building materials such as flooring, ceilings, paint, wallcoverings are LEED certified as environmentally friendly.

We strive to reduce our operating expenses while improving the employee and customer experience. 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 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. Since 2011, we estimate that these efforts have resulted in total cost savings of approximately \$1.7 million, and reduced our energy usage for lighting by at least 8%.

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" on each piece of disposed equipment, assuring us the equipment was properly recycled or refurbished.

In 2017, we launched an Applicant Tracking System which helped us eliminate nearly all paper from our hiring processes. In addition to the forms we collected at later stages in the hiring process (offer letters, background checks, etc.), in 2018 we received more than 20,000 five-page applications digitally avoiding over 100,000 pieces of paper.

Of similar impact, we have also transitioned from paper bound employee handbooks to an online platform. Considering both newly hired associates and current employees receiving policy updates, in 2018, we digitally circulated over 12,000 handbooks, each containing 200+ pages. Another digital opportunity we've realized was the switch from paper to online forms for our Annual Employee Opinion Survey. In 2018, more than 12,000 associates shared their feedback which, including comments, was provided across an average of 5 survey pages.

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 associates.

Annually, these changes will yield a reduction of nearly 2.5 million fewer pages of paper.

Workplace

We at Penske Automotive Group believe that our employees are our greatest assets. 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.

We are committed to providing a work environment that 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. Refer to the company's [Code of Business Conduct and Ethics](#) for more information.

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.

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. Some examples of this commitment include:

Under our U.S. health care plans, employees are encouraged to take an annual physical exam. Employees that take a physical exam receive a reduction in their health care cost. 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.

In 2018, the company elected to use the financial benefit it realized as a result of U.S. tax reform to increase the company match under its 401(k) program by 67%, providing an annual, recurring benefit to its employees who choose to save for their retirement

Now in its fourteenth year, the company annually sponsors 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 Penske Automotive Group. Since the inception of the program, we have graduated over 275 individuals, many of which now hold management positions within our company.



We are focused on hiring veterans. Since 2014, our dealerships have hired more than 550 individuals through support of the Hiring Our Heroes program in the United States

In the U.S., several of our dealerships have been named Best to Work For. In 2019, thirty-three of our dealerships were named by Automotive News to the [Top 100 Dealerships To Work For](#). 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 and most successful dealer group. 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, our company was 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 of 2010 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. For additional information, please refer to our Penske Automotive [Human Trafficking Policy](#) or our Sytner Human Trafficking Statement found on our website under Human Trafficking and Slavery.

Governance and Investor Outreach

Our Board of Directors is a group of 11 men and 3 women with diverse 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.

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, quarterly financial results conference calls, and visits to our locations.