



*Automotive*

# 2021 ESG REPORT





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# ABOUT THIS REPORT

Penske Automotive Group, Inc., (NYSE:PAG) headquartered in Bloomfield Hills, Michigan, is a diversified international transportation services company and one of the world's premier automotive and commercial truck retailers. PAG operates dealerships principally in the United States, the United Kingdom, Canada, Germany, Italy, and Japan, and is the largest retailer of commercial trucks in North America for Freightliner. PAG also distributes and retails commercial vehicles, diesel and gas engines, power systems, and related parts and services principally in Australia and New Zealand.

Additionally, PAG owns 28.9% of Penske Transportation Solutions, a business that manages a fleet of over 330,000 vehicles providing innovative transportation, supply chain, and technology solutions to North American fleets. PAG is a member of the Fortune 500, Russell 1000, and Russell 3000 indexes, is ranked among the World's Most Admired Companies by Fortune Magazine and, in 2021, 35 PAG dealerships were named to the Automotive News Top 100 Dealerships to Work For. For additional information, visit the company's website at [www.penskeautomotive.com](http://www.penskeautomotive.com).

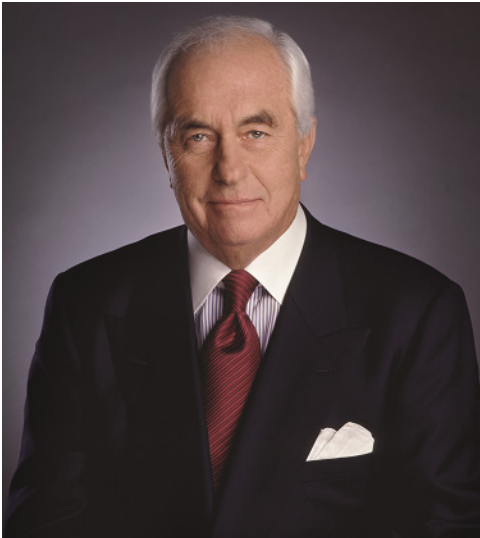
Penske Automotive Group's 2021 ESG Report highlights the company's environmental, social, and governance (ESG) strategies, activities, progress, metrics, and performance for January 1 through December 31, 2020, unless otherwise noted. The report also aligns with the Sustainability Accounting Standards Board (SASB) **Multiline & Specialty Distributors** sector standard.

We are committed to regular, transparent communication of our progress and look forward to bringing our stakeholders along with us on this journey.





# A MESSAGE FROM OUR CHAIRMAN AND CEO



**Roger Penske**  
Chair of the Board and CEO

“Our response to this unprecedented disruption reflects our culture of excellence, teamwork and determination — not simply in moments of crisis, but every day.”

As a leading diversified transportation services company, we recognize it's our responsibility to ensure Penske Automotive contributes to a healthy environment, economic opportunity and social equity in the communities where we operate around the world. That's why we are pleased to share our vision and achievements regarding our environmental, social and governance (ESG) initiatives.

While the COVID-19 pandemic has impacted all aspects of our business this past year, I'm pleased to report that through the extraordinary efforts and unwavering commitment of more than 23,000 Penske Automotive team members, we were able to meet the needs of our customers, stakeholders, and team members—and still drive progress toward our ESG commitments.

We kept many of our service departments open during the pandemic to provide essential support services to emergency responders despite the last year's challenges. And by adjusting to economic challenges and uncertainties, we were able to deliver record financial performance and, as always, outstanding customer service. Our response to this unprecedented disruption reflects our culture of excellence, teamwork and determination — not simply in moments of crisis, but every day.

Our strategic and tactical work to manage our environmental impacts, particularly those associated with climate change, is assisted by experts from environmental consulting firms, who help measure, monitor and minimize our overall footprint. To reduce our contribution to greenhouse gas emissions, we are increasing our recycling efforts, reducing landfill waste and investing in plug-in hybrid and electric vehicles.

And while good corporate citizenship is core to our mission and values, so is integrity and honesty. That's why we want to be as transparent and purposeful as possible as we navigate the many aspects of ESG and integrate those that are most relevant into our strategy.



“Our strategic and tactical work to manage our environmental impacts, particularly those associated with climate change, is assisted by experts from environmental consulting firms, who help measure, monitor and minimize our overall footprint.”

For Penske Automotive Group, this report not only captures a pivotal moment in time, but a process of self-reflection and learning as we determine how we can better contribute to the environment and the lives of our stakeholders. Our findings from this ongoing self-assessment will help us progress on our journey toward sustainability and stewardship.

I feel confident that as a company, we can better the community we serve. My confidence comes from the Penske Automotive Group team and their unwavering dedication and commitment to exceeding our customers’ expectations through best-in-class customer service and the highest level of integrity.

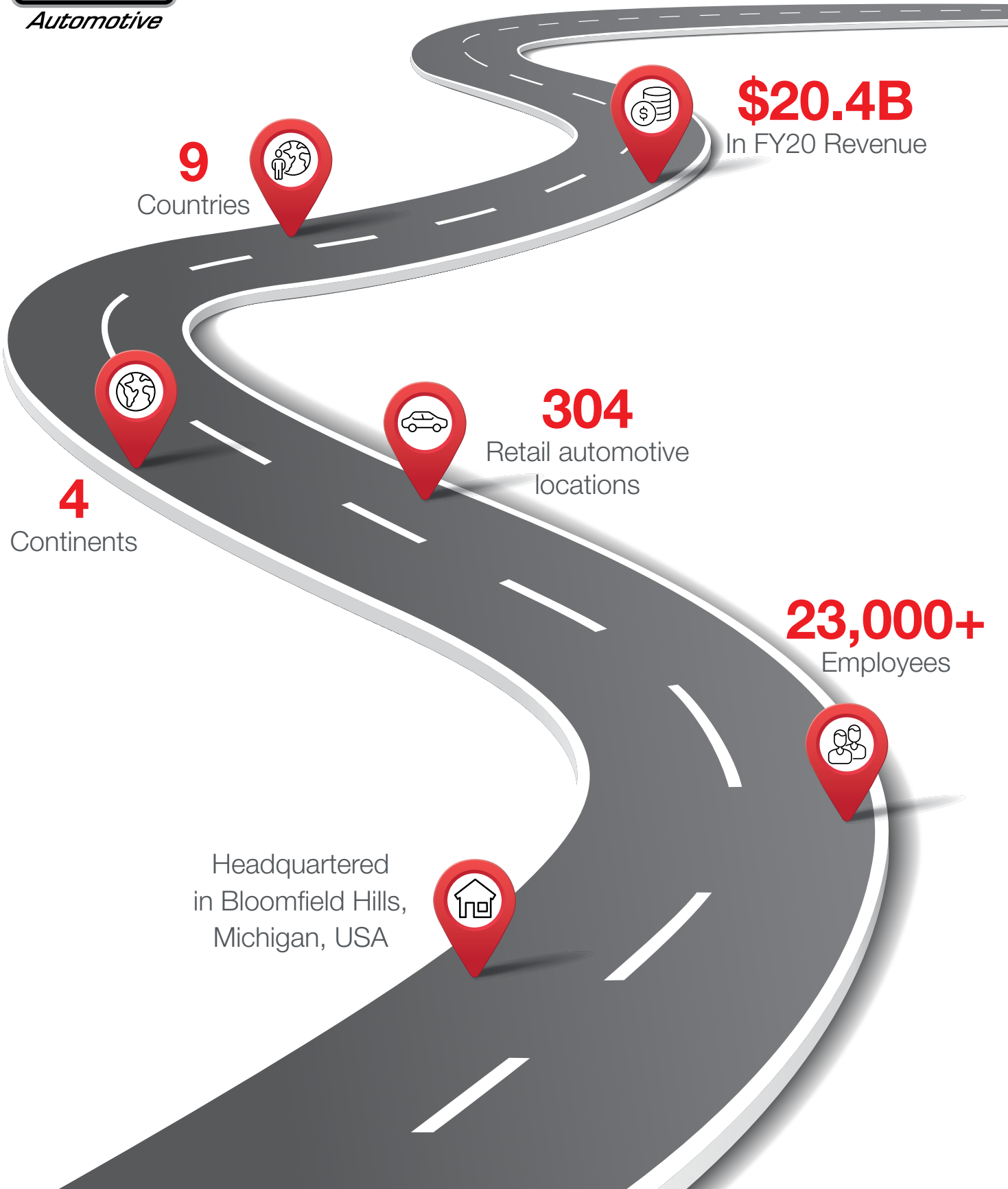
We hope you enjoy reading about our accomplishments and our vision for the future.

**Roger Penske**  
Chair and Chief Executive Officer









9

Countries



**\$20.4B**

In FY20 Revenue



4

Continents



**304**

Retail automotive locations

**23,000+**

Employees



Headquartered  
in Bloomfield Hills,  
Michigan, USA



For over 30 years, Penske Automotive has succeeded by maintaining a steadfast commitment to our mission, executing our strategy, and living our values.



### DOING BUSINESS THE PENSKE WAY

We aim to deliver excellence to our customers, value to our stakeholders, and opportunity to our team members to become the most profitable and growth-oriented transportation retail and services company everywhere we operate. This mission is supported by a set of values embedded in our philosophy to exceed, excel and encourage.

- **Exceed:** Provide a superior customer experience that exceeds expectations at every touchpoint, and establishes trust and loyalty through honesty, transparency, and accountability
- **Excel:** Deliver long-term value for our stakeholders through continuous improvement, organic growth, strategic acquisitions and increasing profitability
- **Encourage:** Provide opportunities for team members to succeed in our organization by cultivating talent, rewarding achievement, and maintaining the highest standards of respect for each other

### Our Approach to ESG

At Penske Automotive, we recognize we are accountable to key stakeholders and the communities in which we do business. We are committed to responsible business practices, continuous improvement of our operations and strengthening relationships with our stakeholders. We focus our ESG efforts where we can have the most positive impact on our business and society, including issues related to:

- Community Participation
- Environmental Sustainability
- Human Capital
- Investor Outreach

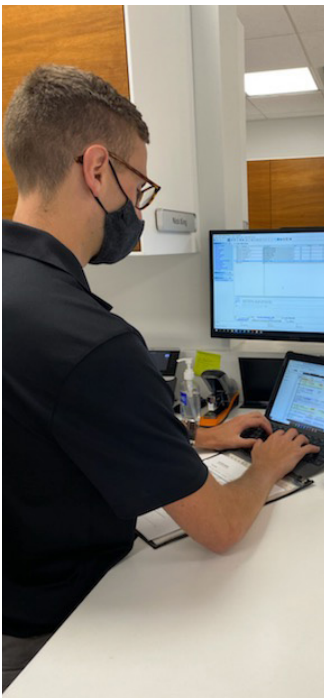
This important work is driven by our core values and ensures that we enrich our communities, minimize our environmental impact, protect the health and safety of our team members and customers, and provide a diverse and inclusive workplace – all while creating value for our stakeholders.



# 2020 HIGHLIGHTS

A member of the **Fortune 500**, **Russell 1000** and **Russell 3000** indices

Recognized as one of the **World's Most Admired Companies** by *Fortune* magazine



Retailed and wholesaled more than **505,000 vehicles**

**Operated safely** as an essential business

Reduced U.S. team member accident claims by **29 percent**

Filled the large majority of job openings with **internal candidates**

Maintained an **employee turnover rate** significantly below industry averages

Launched a **diversity, equity and inclusion** training program

By recycling used oil and other liquids, avoided the equivalent of **13,755 metric tons** of GHG emissions



Installed over **580 electric vehicle** charging stations

Donated approximately **\$1.7M** to charitable organizations

# EXCEEDING EXPECTATIONS

## 2020 BY THE NUMBERS\*

**304**

retail automotive  
franchises

---

**35**

distinct vehicle  
brands

---

**19**

CarShop locations  
on June 30, 2021

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**505,000+**

vehicles sold

---

**\$17.9B**

in automotive  
retail revenue

Delivering a world-class customer experience — every time.

At Penske Automotive, exceeding expectations is in our DNA. We offer outstanding brands through premium facilities and believe offering our customers a superior experience helps to foster a loyal and dedicated customer base.

Decentralization is integral to Penske Automotive's business strategy. In our experience, local managers are best qualified to make decisions concerning their operations and can be most responsive to our customers' needs. That's why we trust them with decision-making. This autonomy has the benefit of fostering a sense of entrepreneurialism and innovation: qualities that are key to Penske's success.

### CARSHOP SUPERCENTERS

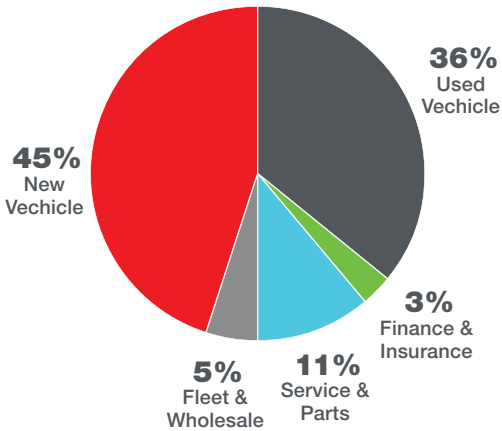
We've expanded our used car operations. Under our CarShop brand, customers can choose from thousands of used vehicles, take advantage of customized financing options and schedule a home delivery — all online. By the end of 2023, we intend to expand CarShop to 40 locations, more than doubling the number of locations from December 31, 2020, while retailing 150,000 units.



\*Figures shown for our retail automotive operations as of December 31, 2020, unless otherwise indicated



## 2020 Retail Automotive Revenue Mix



In our experience, local managers are best qualified to make decisions concerning their operations and can be most responsive to our customers' needs. That's why we trust them with decision-making. This autonomy has the benefit of fostering a sense of entrepreneurialism and innovation: qualities that are key to Penske's success.

## DIGITAL AND ONLINE SALES

We continue to expand and enhance our digital and online sales platforms with over 54,000 vehicles available for sale online as of February 2021 from locations across our network.

**CarShop Online.** At our U.S. CarShop Used Vehicle SuperCenters, we offer an automated online buying platform which allows consumers to select from high-quality, pre-owned vehicles for a 100% online vehicle purchase. Features include personalized monthly payments across all inventories, trade-in capabilities, application, approval for financing, digital contracting, and digital signatures. Customers can arrange for delivery directly to their preferred location, either at home or one of CarShop's U.S. locations.

**U.K. Buy Online.** In the U.K., we offer "Buy Online" options for all of our used inventory, allowing customers the flexibility to purchase a vehicle from home which also integrates with selected finance companies. Similarly, our "Click & Collect" option enables customers to purchase a vehicle even if our showroom is closed. For service, we offer online scheduling and online payments to streamline the dealership service experience.

**Preferred Purchase.** At our U.S. automotive franchised dealerships, we offer "Preferred Purchase," a pressure-free and flexible way to personalize payments, value a trade-in vehicle, secure a vehicle, and select protection products from all of our dealerships, all with the added benefit of home delivery. We also list all of our U.S. franchised automotive inventory on PenskeCars.com.



# SUPPORTING TEAM MEMBERS

In 2020, 5,709 of our U.S. team members received onsite environmental health and safety training and completed 13,497 online training courses, while team member accidents in the U.S. decreased by 29 percent.



Trevor Gethers, a 7-year PAG employee, is a technician at Honda of Escondido and a Marine veteran.

Putting our people at the heart of everything we do.

**The most important investments we make are in our people. Everything we aspire to be as a company builds on our ability to come together as one team. We take pride in our culture of teamwork, trust and collaboration. We prioritize health and support one another to ensure we're all able to do our best work.**

## **PRIORITIZING HEALTH AND SAFETY**

At Penske Automotive, we look out for each other. Our team members give us their loyalty, dedication and trust. We recognize their commitment and match it with our own by ensuring that their health, safety and well-being are among our top priorities.

## **Mitigating Risk and Ensuring Compliance**

We value a safe and healthy workplace and are committed to conducting all activities safely. We recognize that this commitment, outlined in our [Health and Safety Policy](#), can only be achieved through the participation and cooperation of every manager, employee, contractor and visitor.

Our corporate Environmental, Health and Safety (EHS) team is responsible for implementing procedures and policies designed to mitigate health and safety risks across all Penske Automotive locations. Among other activities, the EHS team conducts formal audits quarterly to identify unsafe work conditions and practices. Periodic inspections ensure that work environments consistently meet our high health and safety standards.

When it comes to health and safety, compliance is integral to the Penske culture. If something isn't working or appears unsafe, we encourage team members to communicate their concerns to their managers. By creating open lines of communication, we create safe workplaces and instill in our team members a sense of ownership and pride. In 2020, our operations received an industry-leading score of 94 out of 100 from our third-party environmental advisor.



In the U.K., the Sytner Group, a Penske Automotive Group subsidiary, developed and instituted a plan to guide team members on managing through the pandemic. In a detailed document, Sytner established the requirements for our businesses to operate and reopen safely, with instructions around social distancing, hygiene, facility and vehicle cleaning, and management of sub-contractors. The plan was so effective that other businesses asked to use it in their operations and Sytner was happy to provide the assistance.

### **Keeping Team Members and Customers Safe During COVID-19**

Our priority has always been the safety of our team, but especially so in the last year. As an essential business, we acted quickly to ensure teams across the world were provided the guidance and tools they needed to perform their jobs safely while staying open. Though challenges varied on a regional basis, we worked to stay coordinated in our global approach.

To ensure we remained abreast of the evolving guidance and our workplace protocols aligned with best practices and government mandates, we established a COVID-19 response team. The team developed a COVID-19 dashboard to monitor cases across all Penske Automotive facilities and helped to roll out a robust set of protocols including, but not limited to:

- Social distancing, PPE and temperature screenings
- No-cost COVID-19 testing with on-site testing as needed
- Installation of plexiglass dividers
- Robust contact tracing and case monitoring
- Frequent facility sanitization
- Training on COVID-19 plans and procedures
- Enhanced vehicle cleaning techniques
- Hotline for team members to report concerns



Penske Automotive has a proven track record for providing a best-in-class workplace experience. In 2020, our annual turnover was 19% as compared to 21% in 2019 and 22.5% in 2018. These turnover rates are significantly below industry averages.



Executive Vice President of Marketing, Tracy Cassidy, was named among Automotive News' 100 Leading Women in the North American Automotive Industry.

## **BUILDING A GREAT PLACE TO WORK**

We take pride in providing our team members a supportive work environment that empowers them to do meaningful work while fulfilling their passions and balancing work goals with life goals.

### **Fostering a Great Workplace Culture**

At Penske Automotive, our success stems from our unique culture. We cultivate an entrepreneurial, high-performance workplace environment and develop leaders from within. To build dynamic teams that are ready, willing and able to serve our customers, we hire the best talent available, define clear expectations, provide fulsome training and reward outstanding performance.

### **Recruiting and Retaining Top Talent**

Hiring high-quality candidates is integral to our success. Our human resources team sources, screens, hires and onboards new hires using streamlined digital tools that enable seamless management of the recruitment process from start to finish.

We also place a great deal of emphasis on hiring and promoting from within the company. Each week, we post new job openings to team members across Penske Automotive via a dedicated internal career site where all job openings are posted. A large majority of our job openings were filled by people from within our organization in 2020.

### **Benefits**

The philosophy behind our benefits is simple—we want to provide a comprehensive package that supports the wellness and well-being of our team members. This approach enables us to create a healthier company, improve workplace satisfaction and provide sustainable value to our shareholders. Employee benefits include, but are not limited to:

- Competitive U.S. 401(k) with employer matching and auto-enroll at hiring
- Competitive medical, dental and vision plans\*
- Company contribution to U.S. health savings plan
- Free telemedicine, annual physicals and smoking cessation programs
- Paid time-off and sick leave
- Company-paid life insurance
- Free employee assistance programs
- Employee discounts and incentives on vehicle purchases

\*In the U.K., our employee benefits include national benefit programs.



In 2021, 35 Penske dealerships were named to the Automotive News Top 100 Dealerships to Work for in the U.S., more than any other dealership group. We did not participate in the survey in 2020 due to COVID-19-related concerns.

Further, our Atlanta area dealerships were named a **2020 Top Workplace** by the Atlanta Journal-Constitution. And in the U.K., Sytner Group, our U.K.-based subsidiary, was recognized by Glassdoor as a 2019 Best Place to Work – the highest-ranked business in the automotive sector and a top-rated retailer ahead of other large national businesses.



Jerry Frishkorn, a 14-year PAG employee, is a Parts Counter Representative at Penske Collision Center and an Army veteran.

### Engaging Our Workforce

We believe that employee engagement is a key component to our success as a company. Through our annual engagement survey, we ask our team members for feedback to understand what is and isn't working and identify opportunities for improvement.

We conduct an Annual Employee Opinion Survey for our team members with response rates typically exceeding 80 percent. 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.

Across the U.S., U.K. and Europe, 80 percent of employees responded to the survey, providing over 35,000 comments that offered valuable insights needed to drive progress and improve the business performance. In the U.K. and Europe, our overall engagement score was 8.3 of 10, which is well above the consumer sector average of 7.8. We also received an exceptional score – 9.1 out of 10 – for the question “*People of all backgrounds are treated fairly at Sytner Group.*”





## DEVELOPING OUR TEAM MEMBERS

Integral to our culture at Penske Automotive is to provide our team members the tools, guidance and incentives to accomplish their goals. We also encourage team members to take on different responsibilities, learn new skills, progress into a leadership role or completely reinvent their careers.

### Providing Learning and Development Opportunities

We are committed to fostering a growth mindset among all Penske team members through specialized learning and development programs, which include in-person and online trainings. We provide skills-based and professional development training programs including, but not limited to:

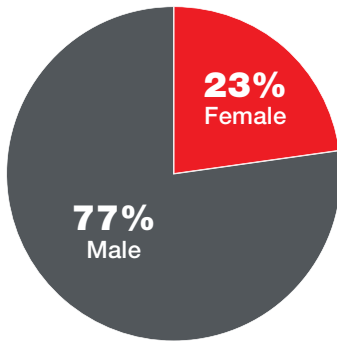
- **Leadership training program:** Offered in the U.S. through the National Automobile Dealers Association (NADA), the program helps develop future leaders. Since the inception of the program, we have graduated over 350 individuals, many of whom now hold management positions within Penske Automotive.
- **Penske Elite Technician program:** Offered in the U.S. and U.K., the annual program recognizes and rewards our top-performing technicians for their outstanding credentials, skills and contributions within their field. The program includes multiple phases, including a challenging technical exam. In 2020, 130 technicians were recognized as “Elite” through this program.

As the transportation landscape continues to change at a rapid pace, we recognize the need to attract, nurture and retain top talent with specialized expertise. Despite the challenges of 2020, we didn’t stop developing our team members. Instead, we continued to offer training opportunities, including online options, to ensure our people stayed engaged and ready to tackle the next challenge.

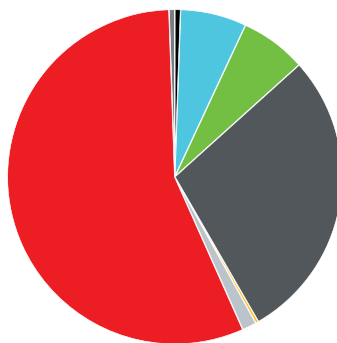




North American and U.K.  
Gender Diversity



North American  
Racial/Ethnic Diversity



- American Indian/Alaska Native (.5%)
- Asian (6.2%)
- Black/African American (6.2%)
- Hispanic/Latino (26.7%)
- Native Hawaiian/Other Pacific Islander (.4%)
- Two or More Races (1.2%)
- White (58.6%)
- Not Specified (.3%)

## PROMOTING DIVERSITY, EQUITY AND INCLUSION

Diversity, equity and inclusion (DEI) are central to our culture. 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. We celebrate talent and determination, regardless of background, interests or stage in life. We foster a workplace that ignites the power of diversity and supports the inclusion of new ideas and solutions to meet the needs of our customers around the world.

### Building a Stronger Company

Diversity of our people is one of our most treasured assets. We believe diverse perspectives and experiences lead to the innovative thinking needed to help us continue to grow and achieve our strategic objectives.

## WE PROMOTE DEI THROUGH SEVERAL INITIATIVES, SUCH AS:

### Mitigating unconscious bias during recruiting

Our commitment begins with our recruiting and hiring practices. We reduce unconscious bias using various strategies, such as interviews with a variety of management representatives, measures to remove biased language from job descriptions and interview questions, and a diverse recruiting team.

### Providing DEI training

In 2020, we launched a values-based training program. Based on the proven Barrett Institute approach, the program includes a perception survey, in-person training sessions, and an in-person dialogue facilitated by our HR team, the results of which inform a site-specific action plan.

### Conducting gender pay gap analyses

In the U.K., we analyze our pay equity practices and publish the results on an annual basis. In 2020, the **results** showed a 10.4 percent improvement since 2017.

## Women are the driving force at Lexus of Lakeway

At Lexus of Lakeway, a top-performing Penske dealership in the Austin, Texas area, General Manager Ryann Danford is in the drivers' seat of one of the company's most prestigious dealerships.



Together with a diverse team in which women comprise six of eight management positions and four of the top seven salespeople, Ryann is helping the company – and the industry – redefine the model for leadership in the automotive retail business.

In addition to being a top financial performer, the dealership is built to the highest environmental standards, pristinely maintained and a proud supporter of community school districts, sports teams and first responders.

## PROMOTING THE REPRESENTATION OF WOMEN

From service advisors and sales managers to general managers and fixed operations directors, we are proud to have female leaders at every level of our organization. In 2021, we profiled women at Penske Automotive who are currently paving the way for the next generation of female leaders. Through this series, posted on our social media channels, we hope to inspire others to take an interest in the automotive industry by sharing how these women got their start, who influenced them and how they are helping change the face of our business.

**"NEVER GIVE UP, AND DON'T TAKE NO FOR AN ANSWER."**

ANA LOREDO  
SERVICE DIRECTOR  
BMW OF SAN DIEGO



**PENSKE**  
Automotive

**"HAVE CONFIDENCE, WORK HARD, AND CHALLENGE YOURSELF TO LEARN AS MUCH AS POSSIBLE."**

SANDRA WALTERS  
FINANCE MANAGER



**carshop**

**"BE CURIOUS AND ASK AS MANY QUESTIONS AS YOU CAN. DO NOT BE AFRAID TO JUMP IN THE MOMENT AND DO THINGS YOURSELF. YOU ARE GOING TO FAIL, BUT DON'T BE AFRAID."**

TAYLOR MOEN  
SALES MANAGER  
PORSCHE WEST BROWARD



**PENSKE**  
Automotive

**"BE A MASTER OF YOUR CRAFT. LEARN EVERYTHING YOU POSSIBLY CAN. GO ABOVE AND BEYOND AND ALWAYS BE PROFESSIONAL."**

RHIANNON MALONEY  
BDC DIRECTOR  
HONDA NORTH



**PENSKE**  
Automotive

**"ALWAYS GIVE YOURSELF TIME TO STAND BACK AND REFLECT."**

GEMMA TATE  
HEAD OF BUSINESS  
SYTNER BMW/MINI  
SUNNINGDALE & ASCOT



**Sytner Group**

**"AUTOMOTIVE IS AN EXCITING PLACE TO BE! GET YOUR DRIVER'S LICENSE AND BE READY TO SPEED, BRAKE, TURN, GO UPHILL AND DOWNHILL. MOST IMPORTANTLY, BE READY TO NEVER STOP!"**

ELENA ALBERTI  
MANAGING DIRECTOR & CFO  
PAG ITALY



**PENSKE**  
Automotive Italy

# OPERATING SUSTAINABLY

We value the environment and recognize the benefits that robust environmental management delivers to our team members, customers, suppliers, shareholders and the community.



Taking action to reduce the environmental impact of our operations.

Penske Automotive is committed to sustainability across our operations. We hold ourselves to a higher standard of environmental stewardship in areas where we have greater impact and influence. We push ourselves to operate efficiently, use resources responsibly and limit our carbon footprint.

## MANAGING OUR PERFORMANCE

We are committed to monitoring and managing the environmental impacts of our businesses. We value the environment and recognize the benefits that robust environmental management delivers to our team members, customers, suppliers, shareholders and the community. Our commitment to operating sustainably is outlined in our [Environmental Policy](#).

We partner 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 team members, make periodic visits to both our dealerships and our collision centers to conduct on-site assessments, provide training, and aid in compliance with laws, regulations, safety issues and environmental requirements.

We also provide safety training on topics such as hazardous waste management, hazard communication plans, emergency response and injury prevention plans, and respiratory protection. Corporate team members perform quarterly audits to assure and maintain compliance.



## Leveraging partnerships to reduce energy use

### Shell Energy Solutions:

In partnership with Shell, we're piloting an energy savings program at one of our largest campuses to enhance energy efficiency while reducing operating costs. The program provides our campus with the ability to monitor and reduce our energy usage through a unique platform including metered usage and sensors integrated within the HVAC units. In the pilot phase, we have seen an 18% reduction in energy usage.

### Honda/Acura Green Dealer

**Program:** In 2021, we joined the Honda/Acura Green Dealer Program to help us reduce our use of water and energy and enhance our environmentally responsible practices. Dealerships that participate in the program take steps to increase energy efficiency.



## REDUCING OUR ENERGY USE AND GHG EMISSIONS

Reducing our energy use and greenhouse gas (GHG) emissions is important to our customers, team members and company leadership. We recognize our responsibility to advocate for a cleaner environment through self-awareness, leveraging our global partnerships, promoting cleaner driving vehicles through our dealership and reducing pollution and waste.

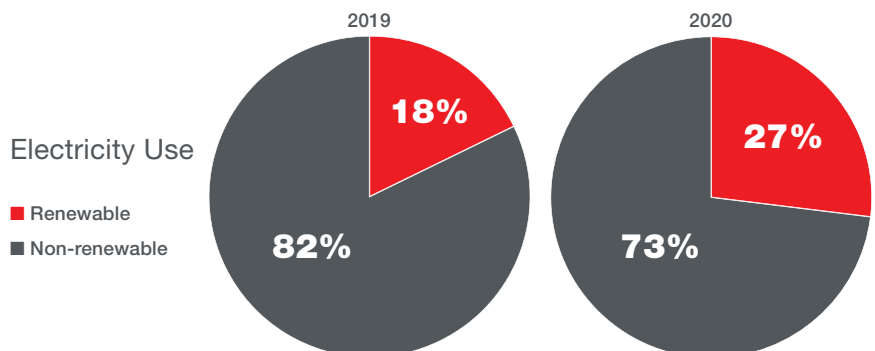
### Embracing Energy Efficiency

At our facilities, we have deployed several strategies for reducing our energy use, such as installing LED lighting, occupancy sensors, energy-efficient glass, and high-efficiency heating, ventilation and air conditioning (HVAC) systems. Moreover, we have completed LED lighting upgrades at approximately 60 percent of our U.S. dealerships and collision centers.

In the U.K., our new buildings must comply with more stringent construction regulations. Since 2013, every one of our new building projects in the U.K. has received a grade of B or above for their energy plans.

In 2020, we avoided the equivalent of 13,755 metric tons of greenhouse gasses through Safety Kleen's Environmental Programs by recycling used oil and other liquids. This emissions avoidance is equivalent to any of the following: **2,592,584 therms of natural gas, 1,542,300 gallons of gasoline consumed, Carbon sequestered by 356,487 trees grown for 10 years in an urban environment, 561,697 propane cylinders used for home barbeques, 32,012 barrels of oils consumed, or Emissions avoided by recycling 4,810 tons of waste instead of sending it to a landfill.**

We're proud of the progress we've made to increase our use of renewable energy in our operations.



## Offering Electric Vehicles

Our new car dealerships sell the full suite of vehicles offered by our manufacturer partners, including hybrid gas/electric vehicles and pure electric vehicles (EVs). These cars and trucks are essential for reducing the emissions that contribute to climate change and improving public health. In addition to the sale of EVs, we are installing charging stations across our network to facilitate a reliable infrastructure for EV use. To date, we've installed more than 580 EV charging stations across the U.S. and the U.K.



## ELIMINATING POLLUTION AND WASTE

We are committed to reducing the environmental impact of waste produced at our facilities. We deploy several strategies to ensure the efficient use of resources and responsible disposal of waste.

In 2020, we recycled 98 percent of the 70,000+ worn-out tires from our U.S. retail automotive operations.

### Managing Hazardous Substances

We strive to minimize the environmental impacts of hazardous substances. In the U.K., all of our hazardous waste is collected and processed by a fully licensed ISO-accredited waste management company. Approximately 96 percent of our hazardous waste, including engine oil, oil filters, antifreeze and lead acid batteries, are recycled. The other four percent is properly disposed of by the waste management company.

In the U.S., we use a third party to manage, collect and process recycling for 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.

Other strategies to reduce pollution and waste include:

- All U.S. dealerships participate in a closed-loop recycling program, which helped us avoid the equivalent of 13,755 metric tons of **GHG emissions** in 2020.
- We eliminate paper at dealerships and in internal communications by using digital tools. We estimate that these changes yield annual reductions of millions of pages of paper.
- We utilize water reclamation systems at many of our dealership locations that typically recycle approximately 85 percent of the water used.
- Our collision and repair centers use water-based paints and solvents that are better for the environment and healthier for our team members and customers than traditional paints, which contain toxins that linger in the atmosphere, impacting people and air quality.
- 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.

# SERVING COMMUNITIES

Our dealerships worldwide regularly support their local communities through charitable efforts, including employee volunteer opportunities and partnerships with local food banks, homeless shelters, hospitals, school districts, animal rescue organizations and other philanthropic organizations.



Giving back to the communities where we live, work and play.

We seek to be a leader within our communities and are dedicated to strengthening our communities and enhancing lives in our markets. We believe community participation and charitable giving enrich the neighborhoods where we work, live and play. We are proud of these efforts and encourage participation by all dealerships and team members.

## ENGAGING ON A LOCAL LEVEL

Earning the trust and acceptance of local communities is aligned with our core values and essential for our success. Our dealerships worldwide regularly support their local communities through charitable efforts, including employee volunteer opportunities and partnerships with local food banks, homeless shelters, hospitals, school districts, animal rescue organizations and other philanthropic organizations.

In 2020, we donated approximately \$1.7 million to charitable organizations including Toys for Tots, The Humane Society, Habitat for Humanity, local food banks, hospitals, school districts, and others. In the U.K., we donated test kits, steering wheel and seat covers to community nurses and supported National Health Services to support pandemic relief efforts.





We give generously to veteran and military support organizations and provide opportunities for veterans transitioning from military service to civilian life.



## SUPPORTING AMERICAN SERVICE MEMBERS

In the U.S., we are passionate about supporting our American service members and veterans. We give generously to veteran and military support organizations and provide opportunities for veterans transitioning from military service to civilian life.

### Paralyzed Veterans of America

Over the last six years, our dealerships have supported the Paralyzed Veterans of America to allow veterans with disabilities to receive the care, benefits and job opportunities they have earned and deserve. With contributions from our customers, team members, and an annual company donation match, we have donated more than \$6 million since 2015.



Paralyzed Veterans  
of America  
**MISSION:ABLE**



### Hiring Our Heroes

We are committed to hiring veterans because we believe they have what it takes to be outstanding team members, including a strong, goal-oriented work ethic, the ability to work with a team and – in many cases – expertise with sophisticated equipment.

In 2020, we hired 33 individuals that had served in either the U.S. Air Force, Army, Navy, Marines, Army Reserves, or National Guard to work in various parts of our business such as sales, service accounting, human resources, or management. Since 2015, we have hired over 600 individuals through the Hiring Our Heroes program.

**HIRING OUR  
HEROES**

### Technician Career Skills Program

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 first-of-its-kind program provides hands-on, industry-aligned technician training to service members, providing veterans transitioning from military service to civilian life with better career opportunities. Program graduates earn a Systems Certified credential and are offered employment with our commercial truck dealership group.

“This is not the first time that we’ve had Black ownership in cars or teams. But I think this is one of the first times we will be able to do something that’s sustainable because of the support and the interest from folks like Roger Penske and the Penske organization.”

– Rod Reid, President and CEO of NXG Youth Motorsports and Force Indy team principal



## PARTNERING FOR POSITIVE IMPACT

Through our affiliated companies, Penske Racing, Penske Entertainment and Penske Transportation Solutions, we partner with several organizations to make a difference in people’s lives.

### **Penske Entertainment (owner of the Indianapolis Motor Speedway and the NTT IndyCar Series)**

**Carbon Neutral Motorsports Facility:** Shell Oil Company, a long-standing partner of Penske, is working closely with Indianapolis Motor Speedway and INDYCAR teams to build a multi-pronged strategy that will integrate carbon neutral messaging throughout both the venue and the Series. Their multi-year goal is to achieve a negative carbon footprint for the legendary venue as well as the NTT INDYCAR Series.

**Force Indy:** In December 2020, Penske Entertainment announced Force Indy, a new USF2000 team with the goal of hiring and developing Black men and women mechanics, engineers, drivers and other staff.

**NXG Racers:** Penske Entertainment has partnered with a program to teach STEM learning to 11-15 year old inner-city youth, while also introducing safe go-kart driving. More than 2000 youth have been involved with the program which will expand to additional cities in 2022.

### **Penske Transportation Solutions**

**Freightliner Trucks BEV:** Penske Transportation Solutions operates one of the largest truck fleets in the U.S. Freightliner, a Daimler brand, and PTS have engaged in strategic collaboration aimed at testing and piloting new electric vehicles and alternative fuel technology initiatives.

**Green Supply Chain and Green Lanes:** Shell Oil Company and Penske Transportations Solutions are developing environmentally sustainable U.S. routes for PTS customers which employ battery electric vehicles (BEV) and other energy-saving technology.



# ACTING WITH INTEGRITY

“The Penske Automotive Group Board of Directors is committed to adherence to the highest ethical standards, and furtherance of the Company’s key ESG initiatives highlighted in this report.”

– Kim McWaters  
Chair, Nominating and Corporate Governance Committee



## Securing and maintaining the trust of our stakeholders.

We are dedicated to maintaining the highest standards of business integrity and ethical conduct. Adherence to sound principles of corporate governance through a system of checks, balances, and personal accountability is vital to protecting Penske Automotive’s reputation, assets, investor confidence, and customer loyalty.

### LEADING RESPONSIBLY

We promote a culture of uncompromising ethics and integrity in all that we do, including corporate governance, oversight, accountability, and transparency. To learn more, see our [governance policies](#).

### Our Board of Directors

Our business is managed under the direction of our Board of Directors, which is currently comprised of 13 members, seven of whom are independent. Each director is elected annually by a majority of votes cast. The Board guides the company’s long-term strategy and represents the highest level of oversight at the company. The Board helps to ensure our policies and processes support the company’s business objectives and contribute to sustainable value creation for the company’s stakeholders.

### Board Committees

The Board maintains four standing committees: Audit, Compensation and Management Development, Nominating and Corporate Governance and Executive. Other than the Executive Committee, each committee is chaired by an independent director and governed by its own charter. Our board members attended 99 percent of the Board and committee meetings in 2020.

- **Audit Committee:** The Audit Committee is responsible for upholding the integrity of the company’s financial statements, and monitoring the qualifications, independence and performance of our independent and internal audit functions. Additionally, this Committee is responsible for reviewing the company’s key risk areas.



Adherence to sound principles of corporate governance through a system of checks, balances, and personal accountability is vital to protecting Penske Automotive's reputation, assets, investor confidence, and customer loyalty.



- **Compensation Committee:** The Compensation Committee reviews and approves the compensation of each of the company's executive officers. Additionally, the Committee approves corporate goals and objectives tied to compensation and benefit plans and manages our succession planning.
- **Nominating and Corporate Governance Committee:** The Nominating and Corporate Governance Committee reviews the size, responsibilities and composition of the Board and evaluates new Board candidates as needed. Additionally, the Committee is responsible for the development and implementation of the corporate governance guidelines and Code of Business Conduct and Ethics and oversees our compliance with legal and regulatory requirements and ESG practices and reporting.
- **Executive Committee:** The Executive Committee's purpose is to be available to act upon matters when the Board is not in session. This Committee did not meet in 2020.

A key function of our Board is informed oversight of our risk management process, which risks include, among others, strategic, financial, business and operational, legal and regulatory compliance, and reputational risks. The Board has delegated oversight of our ESG practices and reporting to the independent Nominating and Corporate Governance Committee.

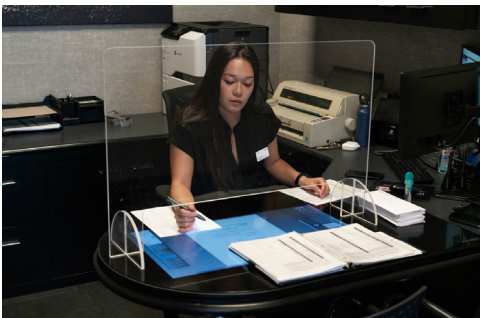
#### **MAINTAINING HIGH STANDARDS**

Our commitment to conducting business with honesty and integrity is captured in our [Code of Business Conduct and Ethics](#). The Code, which includes procedures to report ethical concerns, serves as a source of guiding principles and applies to our entire global workforce, including our Board and executive team.

#### **Data Privacy**

We make it a priority in all areas of our business to respect the privacy of our stakeholders. Our team members are required to protect sensitive personal information from inappropriate or unauthorized use or disclosure. We have also implemented fair and responsible privacy and information protection procedures and data breach response plans that comply with applicable laws. In addition, we are committed to enabling our team members and customers to exercise full rights to their data. In the U.K., we fully comply with the General Data Protection Regime (GDPR) which gives team members and customers the right to see, and in some cases, delete their data. We also fully comply with

We promote a culture of uncompromising ethics and integrity in all that we do, including corporate governance, oversight, accountability, and transparency.



the California Consumer Privacy Act (CCPA) which allows similar rights for our California customers.

### **Data Security**

We are committed to maintaining data security awareness for all team members in light of increasing third-party cyberattacks and the threat of ransomware. Starting with on-boarding, we introduce information security and security awareness as part of every employee's job and reinforce this through training on topics such as phishing, physical security, protecting sensitive information, among others. This initial training is reinforced with monthly and quarterly communications and follow-up training.

In addition to training, we:

- Audit our data security continually through simulated attacks on our digital infrastructure
- Review incidents with senior management and/or our Board of Directors at least annually
- Assure we update our infrastructure to provide the most current data protection technologies

### **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 [Human Trafficking Policy](#).





# APPENDIX





# Performance Data

## Workforce Performance

RACIAL/ETHNIC COMPOSITION OF NORTH AMERICAN WORKFORCE AND BOARD OF DIRECTORS								
	American Indian/ Alaska Native		Asian		Black/African American		Hispanic/Latino	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>U.S. Workforce</b>								
<b>Total</b>	0.5%	0.5%	6.2%	6.2%	6.2%	6.8%	26.7%	27.1%
<b>Board of Directors</b>	0.0%	0.0%	7.7%	7.7%	0.0%	0.0%	0.0%	0.0%
<b>Management</b>	0.2%	0.3%	4.8%	4.5%	3.6%	3.8%	14.7%	13.9%
<b>All other employees</b>	0.6%	0.5%	6.4%	6.3%	6.6%	7.2%	28.3%	28.7%

RACIAL/ETHNIC COMPOSITION OF NORTH AMERICAN WORKFORCE AND BOARD OF DIRECTORS								
	Native Hawaiian/ Other Pacific Islander		Two or More Races		White		Not Specified	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>U.S. Workforce</b>								
<b>Total</b>	0.4%	0.4%	1.2%	1.2%	58.6%	57.7%	0.3%	0.3%
<b>Board of Directors</b>	0.0%	0.0%	0.0%	0.0%	92.3%	92.3%	0.0%	0.0%
<b>Management</b>	0.3%	0.4%	0.9%	0.8%	75.5%	76.2%	0.1%	0.1%
<b>All other employees</b>	0.4%	0.4%	1.2%	1.2%	56.3%	55.4%	0.4%	0.3%

# Performance Data

## Workforce and Environmental Performance

GENDER COMPOSITION OF NORTH AMERICAN AND U.K. WORKFORCE				
	Women		Men	
	2020	2019	2020	2019
<b>Total</b>	23.0%	23.0%	77.0%	77.0%
<b>Employee Category</b>				
<b>Board of Directors</b>	23.0%	23.0%	77.0%	77.0%
<b>Management</b>	17.0%	20.0%	83.0%	80.0%
<b>All other employees</b>	24.0%	24.0%	76.0%	76.0%
<b>Region</b>				
<b>North America</b>	20.0%	20.0%	80.0%	80.0%
<b>United Kingdom</b>	27.0%	28.0%	73.0%	72.0%

RETAIL EMPLOYEE TURNOVER OF NORTH AMERICAN AND U.K. WORKFORCE		
	Employee Turnover (percentage)	
	2020	2019
<b>Total</b>	19.1%	21.9%
<b>Voluntary</b>	15.0%	18.4%
<b>Involuntary</b>	4.1%	3.4%

ENVIRONMENTAL PERFORMANCE <sup>1</sup>		
Energy		
	2020	2019
<b>Total energy consumption (GJ)</b>	<b>111,226,355</b>	<b>107,863,615</b>
Percentage electricity consumption from renewable sources	27.2%	18.3%

<sup>1</sup>Data includes figures from 99% of U.S. operations

# SASB Index

## SASB Sector Standards 2018\*

2020 SASB INDEX		
Multiline and Specialty Retailers & Distributors Sector Standards 2018*		
SASB Code	Accounting Metric	Answer, Cross-Reference, Omissions, and Explanations
<b>Energy Management in Retail &amp; Distribution</b>		
CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<b>Performance Data</b> , pp. 30
<b>Data Security</b>		
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	<p>We are aware of the increased incidence of internet-based attacks and their potential impact on cybersecurity and data protection. Our control processes constantly evaluate service attacks for origination. In order to secure all of our systems that store or transmit electronic information, we have implemented multi-layered preventive controls, such as web and cloud application firewalls, which use aggregated intelligence to proactively detect and block an overwhelming majority of attacks. We identify vulnerabilities in our information systems through proactive scanning of system assets for known vulnerabilities published by the National Institute of Standards and Technology (NIST). Our outsourced managed security source operates 24/7, identifying threats and vulnerabilities. Additionally, we proactively manage vulnerabilities from major software publishers through a global patching program. We continue to monitor and enhance our internal processes and conduct an annual security assessment performed by a third party.</p> <p>In order to prevent unauthorized access to our information systems, we have a system of controls in place to manage user access under auditing from a third party and as part of management’s Sarbanes-Oxley (SOX) controls. Our employees acknowledge an acceptable use policy and are trained on how to identify information security risks in the workplace and in their personal lives. Our information security policy is aligned with the NIST, COBIT and the Center for Internet Security (CIS) as it relates to procedures, processes, training and awareness and critical technology controls.</p>

\*Penske Automotive Group’s 2021 ESG Report applies the 2018 version of the Multiline and Specialty Retailers & Distributors Sustainability Accounting Standards; “2018” refers to the Standards issue date, not the date of information presented in this report.



# SASB Index

## SASB Sector Standards 2018\*

2020 SASB INDEX		
CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	We did not experience any material data breaches in 2020.
<b>Labor Practices</b>		
CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	1) Average hourly wage (a) North America: \$42.90 (b) United Kingdom: \$20.63 (16.07 GBP)  (2) Percentage of in-store employees earning minimum wage (a) United States: 0.01% (b) United Kingdom: 5.4%
CG-MR-310a.2	Voluntary and involuntary turnover for in-store employees	<b>Performance Data</b> , pp. 29-30
CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	We did not sustain any material monetary losses as a result of legal proceedings associated with labor law violations in 2020.
<b>Workforce Diversity &amp; Inclusion</b>		
CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees.	<b>Performance Data</b> , pp. 29-30
CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	We did not sustain any material monetary losses as a result of legal proceedings associated with employment discrimination in 2020.
<b>Product Sourcing, Packaging &amp; Marketing</b>		
CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	We do not sell products third-party certified to environmental and/or social sustainability standards. We do, however, sell electric vehicles at our automotive retail locations.

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# SASB Index

## SASB Sector Standards 2018\*

2020 SASB INDEX		
CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	<p><b>Operating Sustainably</b>, pp. 19-21</p> <p>Our collision and repair centers use water-based paints and solvents that pose significantly less risk to environmental and human health than traditional paints, which can contain hazardous substances.</p> <p>In the U.S., we use a third party to manage, collect and process recycling for many of the materials that go through our service departments. These products use mercury bulbs, used oil, oil filters, brake and parts waste, used antifreeze, parts solvent and drain waste.</p> <p>In the U.K., all hazardous waste is collected and processed by an ISO-accredited waste management company, which recycles approximately 96 percent of our hazardous waste—including engine oil, oil filters, antifreeze and lead acid batteries—and properly disposes of the other four percent.</p>
CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	This disclosure is not applicable.
SASB Code	Activity Metric	Answer, Cross-Reference, Omissions, and Explanations
CG-MR-000.A	Number of (1) retail locations and (2) distribution centers	(1) retail locations: 321 (304 retail automotive franchises + 17 retail automotive used vehicle SuperCenters) (2) distribution centers: None (3) collision repair centers: 30
CG-MR-000-B	Total area of (1) retail space and (2) distribution centers	This information is not available.

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*Automotive*

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This report contains certain forward-looking statements based on our current assumptions and expectations, including statements regarding our goals, commitments, programs, other business plans, initiatives, and objectives. These statements are typically accompanied by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “predict,” “should,” “will,” and other similar expressions, whether in the negative or affirmative. All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended. Such statements are based upon management’s current knowledge and assumptions about future events and involve risks and uncertainties that could cause actual results to differ materially from anticipated results. Such risks, uncertainties, and factors include the assumptions, risks, uncertainties, and factors identified in this report and the risk factors discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and our quarterly reports on Form 10-Q, each filed with the U.S. Securities and Exchange Commission (SEC). You should consider the forward-looking statements in this report in conjunction with our Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. We undertake no obligation to update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events, or otherwise.

**For questions about this report, please email [tpordon@penskeautomotive.com](mailto:tpordon@penskeautomotive.com). Thank you.**