



Sustainability Report

2021



CONTENTS

LETTER FROM OUR CEO	3
ABOUT OUR COMPANY	4-6
OUR COMMITMENT TO SUSTAINABILITY	7
OUR PEOPLE & COMMUNITIES	8-19
Promoting Employee Safety and Well-Being	9-10
Compensation and Benefits	11
Providing Training & Development	12-13
Fostering Diversity, Equity & Inclusion	14-17
Contributing through Philanthropy and Volunteering	18-19
OUR CUSTOMER-DRIVEN APPROACH	20-24
Facilitating Access and Affordability	21
Protecting Customer Privacy	22-23
Providing Quality & Safety	24
OUR GOVERNANCE	25-29
Our Sustainability Governance Structure	26
Enriching Board Independence and Diversity	27
Overseeing Risk Management	28
Encouraging Stakeholder Engagement	29
OUR ENVIRONMENTAL IMPACT	30-34
Improving Energy Efficiency	31
Advancing Clean Energy	32
Managing Water Use	32
Reducing Waste	33
Preparing for the Market Shift to Electric Vehicles	34
OUR BUSINESS PRACTICES	35-38
Prioritizing Business Ethics	36
Managing Our Supply Chain	37
Continuing Compliance with Laws & Regulations	38
FRAMEWORKS AND STANDARDS	39-41
SASB Disclosure Matrix	40
United Nations Sustainable Development Goals	41

Letter from Our CEO

2021 was a remarkable year for Group 1. I am extremely proud of our Company and its accomplishments. Despite a global pandemic and supply chain disruptions, our Company continued to grow and prosper while meeting the needs of our customers. As a customer-facing retailer, our dealership employees did not have the opportunity to work from home. Since Spring 2020, our top priority has been keeping our employees and customers safe while selling and servicing vehicles for our manufacturer partners.

Our greatest asset at Group 1 has always been our people. They are the key to our success and differentiate us from our competition. For more than a decade, they have embraced and embodied our core values of Integrity, Transparency, Professionalism, Teamwork and Respect. Recent discussions with our employees have served as a catalyst to redouble our efforts in the area of diversity, equity and inclusion. We will detail some of these efforts in this report, including the addition of a Chief Diversity Officer in 2021 and an employee-created diversity effort in our U.K. operations, which are just two tangible examples of our continued progress in this area.

By financially stabilizing our Company in the early stages of the pandemic, we were able to continue growing in 2021 with the acquisition of 33 new dealerships in the United States and seven additional dealerships in the United Kingdom. Our financial strength also enabled us to accelerate our energy-saving efforts, such as solar panel installations and energy-efficient lighting conversions as well as make major infrastructure investments in preparation for the emerging market shift to electric vehicles. Our financial position also enabled us to continue our tradition of giving back to the communities where we operate, and many of those initiatives are identified in this report.

Our commitment to our core values has been central to our success. This inaugural Sustainability Report offers a look into how our core values are ingrained in all aspects of our Company, including our efforts and plans to fulfill our responsibility to operate in a more sustainable way.



Earl J. Hesterberg
CEO and President



GROUP 1 AUTOMOTIVE®

ABOUT OUR COMPANY

Group 1 is a leading international Fortune 300 operator in the automotive retailing industry. Since our inception in 1997, we have grown to be one of the largest auto dealership groups in the United States, and we expanded our operations to the United Kingdom and Brazil¹. Our success is founded on a strategy that leverages management experience and emphasizes geographic and brand diversity, interrelated revenue streams, operational efficiencies and the prudent deployment of capital.

Our operating structure is based upon a synergistic business model of four core business lines: new vehicles, used vehicles, parts and service, and finance and insurance. Through our dealerships and collision centers, we offer new and used cars and light trucks, provide maintenance and repair services, sell vehicle parts and arrange vehicle financing and service contracts.

¹We currently operate 16 dealerships and 20 franchises in Brazil. As announced in our Form 8-K filed on November 15, 2021, the sale of our Brazilian operations is currently pending.

FAST FACTS

HEADQUARTERED IN HOUSTON, TEXAS



268
FRANCHISES



202
DEALERSHIPS



OVER
13,500
EMPLOYEES



34
BRANDS



45%
PEOPLE
OF COLOR
U.S. employee base



46
COLLISION
CENTERS



33%
OF DIRECTORS
ARE WOMEN

U.S. and U.K. data as of December 31, 2021

OUR CORE VALUES

underpin our commitment to conduct business in ways that are principled and accountable to key stakeholders and the business community:

INTEGRITY



We conduct ourselves with the highest level of ethics, both personally and professionally, when we sell to and perform service for our customers, and we never compromise our honesty.

TRANSPARENCY



We promote open and honest communication between each other and with our customers.

PROFESSIONALISM



We set our standards high so that we can exceed expectations and strive for perfection in everything we do.

TEAMWORK



We put the interests of the group first, before our individual interests, as we know that success only comes when we work together.

RESPECT



We treat everyone — our customers, colleagues and other stakeholders — with dignity and equality.

INTERNATIONAL GEOGRAPHICAL FOOTPRINT

202 Dealerships

268 Franchises

34 Brands

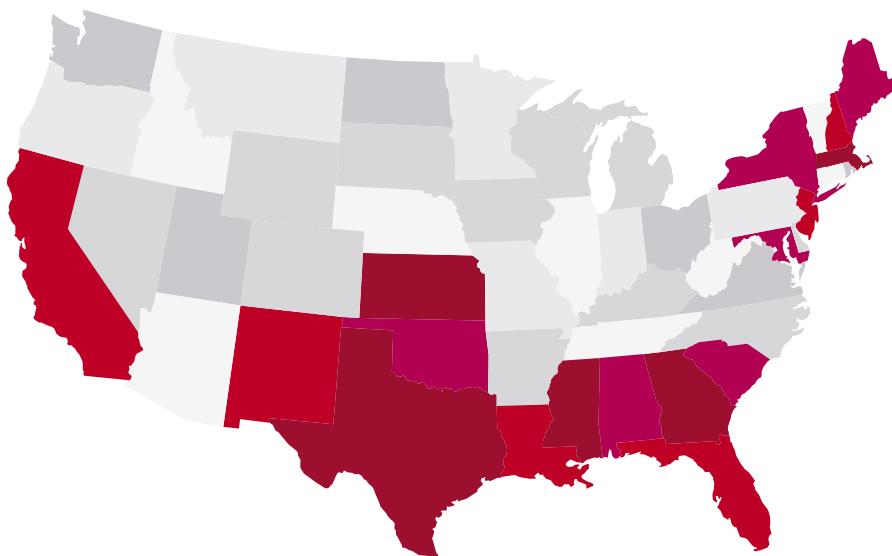
46 Collision Centers

United States

17 States

Alabama, California, Florida,
Georgia, Kansas, Louisiana,
Maine, Maryland,
Massachusetts, Mississippi,
New Hampshire,
New Jersey, New Mexico,
New York, Oklahoma,
South Carolina, Texas

147 Dealerships¹



United Kingdom

England

55 Dealerships¹



¹ Dealership count as
of December 31, 2021.

Our **COMMITMENT** to Sustainability

Group 1 is working toward a more sustainable future. To this end, we are continually working to improve all aspects of our business in the ESG areas most relevant to us, our stakeholders and our industry.

In 2021, we performed a thorough review of our business operations. We examined our hiring and pay practices, health and safety efforts, employee benefits, environmental impact and community involvement. We also identified ESG actions that position us for long-term growth, profitability and competitiveness. Through this process, we set the foundation to adapt our business to meet future sustainability goals.

Our current ESG priorities are as follows:

- Foster diversity, equity and inclusion
- Support our employees and communities
- Maintain strong governance principles
- Reduce the environmental impact of our facilities
- Conduct business in a sustainable manner

We are committed to transparency in sharing our sustainability progress. This inaugural Sustainability Report reflects the progress we've made to date and the things we hope to achieve in the future. For updates on our progress, please visit www.group1corp.com/ESG.

2021 ESG HIGHLIGHTS

ENVIRONMENTAL

- **Avoided over 2,100 tons of greenhouse gas emissions from 2019 through 2021 by transitioning to solar power in the United States**
- **Installed over 800 additional solar panels in the United States in 2021**
- **Achieved 96% LED exterior lighting at United States locations**
- **Over 550 charging stations currently in use in the United States and United Kingdom**

SOCIAL

- **Appointed the Company's first Chief Diversity Officer for executive oversight of diversity, equity and inclusion**
- **Donated hundreds of thousands of dollars to communities in our operating regions**

GOVERNANCE

- **Formalized ESG oversight with the Governance & Corporate Responsibility Committee and ESG Working Group**
- **Updated Board committee agendas to include quarterly reports on ESG and DEI initiatives**
- **Increased awareness of ESG and prioritized material issues for the Company**
- **Referenced the Sustainability Accounting Standards Board (SASB) industry standards for our operations and the United Nations Sustainable Development Goals (U.N. SDGs) in preparing our disclosures**

SUSTAINABLE DEVELOPMENT GOALS

The U.N. SDGs we are currently advancing are highlighted throughout this report and detailed further on page 41.



OUR — PEOPLE & COMMUNITIES

Our mission is to create a culture where employees are engaged in efforts to enhance the communities in which they live and work. Employee engagement improves our business performance, customer service, community involvement and competitive advantage. We are in the people business and pride ourselves on building long-term, trusting relationships with our team members, customers and communities.

Promoting Employee **SAFETY** and **WELL-BEING**

We are committed to providing a safe, healthy and productive working environment for all employees. We enhanced our employee benefits to accommodate the unprecedented circumstances of the pandemic and continue to improve our policies and procedures to adapt to a dynamic and continuously changing environment.

PANDEMIC RESPONSE

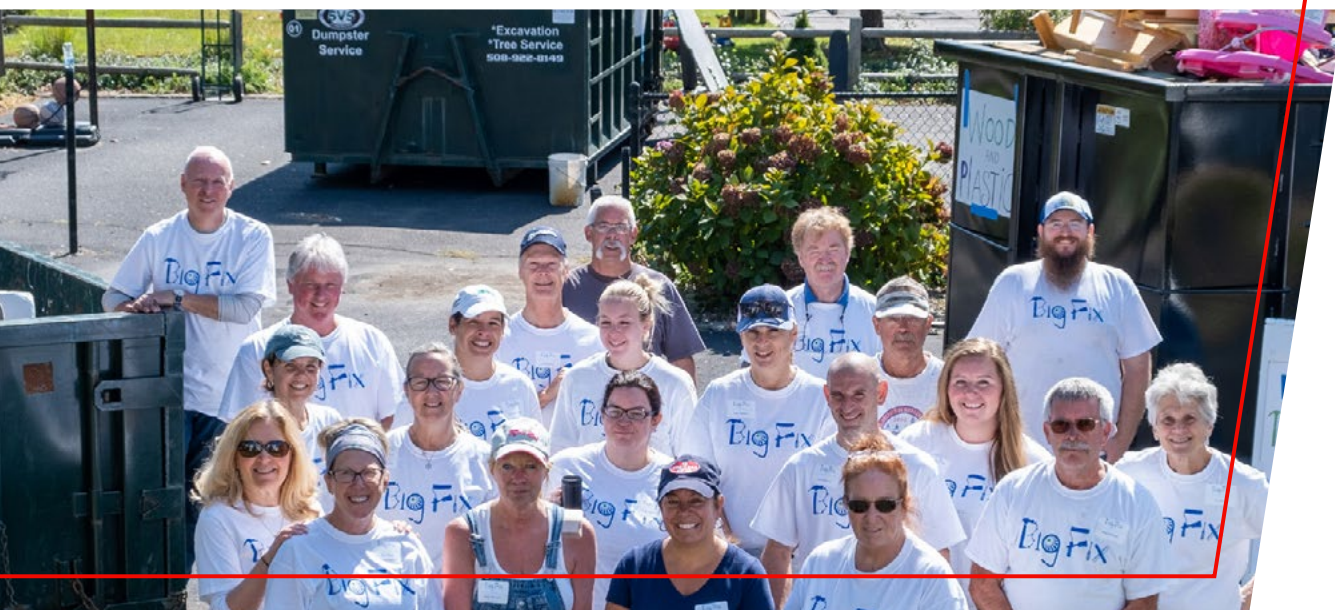
We strive to do the right thing in the best and worst of times. From the onset of the COVID-19 outbreak, we prioritized the health and safety of our employees and customers. We swiftly enacted measures to ensure business continuity and continuously communicated with our employees to make sure they were informed and safe. For everyone's protection, we set up sanitizing stations, required social distancing, suspended nonessential travel, transitioned to virtual meetings, developed COVID-19 training materials and spent over \$1 million on personal protective equipment (PPE). Some of our dealerships hosted testing and vaccination sites, contributing to a global effort to promote safety in our communities.



We continue to closely follow recommendations and guidelines established in the jurisdictions in which we live and operate. We are extremely proud of the way our workforce has come together to support each other with empathy and dedication. We must all do our part to keep our communities safe while continuing to deliver excellent service to our customers.

NATURAL DISASTER RESPONSE

In addition to addressing the ongoing COVID-19 pandemic, we are prepared to address other unexpected events. Many of our dealerships are in locations with high exposure to natural disasters and weather-related events such as hurricanes, tornadoes, hail, fires, flooding and heat stress. We are acutely aware of the risks of weather-related events and prepare accordingly. We track these events closely and train our employees on disaster response to ensure the safety of our workforce and customers. Our Emergency Response Guide is intended to aid dealerships in their disaster preparation and to assist in their return to operations as soon as possible. The guide includes emergency contact information, damage assessment guidance, a list of potential hazards and PPE recommendations. Following natural disasters, we check in on employees and frequently offer employee assistance from the Group 1 Foundation. For more information on the foundation, please see page 18.





COMPENSATION and BENEFITS

We recognize the importance of all aspects of health, including the physical, mental and financial wellness of our employees. We offer competitive pay and benefits, including paid family leave, flexible work schedules and a comprehensive health and wellness program. In addition to medical, dental and vision insurance plans that extend to our employees' dependents and family, we provide 401(k) matching and an employee stock purchase plan. In select locations, we offer commuter benefits that can save employees up to 40% on commuting costs through subsidized public transportation and parking fees.

In 2021, we recognized the need to improve certain aspects of our benefits to retain our employees and attract new talent. For that reason, we overhauled our health insurance and benefits to reduce premiums, increase coverage and decrease deductibles. We also continued to rely on our partnership with our insurance companies to encourage our employees to participate in various programs and opportunities to improve their health. These programs have been very successful, and many of our employees are active participants.

In 2017, Group 1 piloted a flexible four-day schedule in the service departments at four of our dealerships. Today, more than 60% of our U.S. service departments offer the four-day schedule. If a technician or service advisor participates in the voluntary four-day schedule, they work the same total number of hours as a traditional schedule but do so in fewer days – giving them more personal and family time. The result, as evidenced by our improvement in retention of technicians and advisors, is more engaged employees.

We recognize how important pay equity is to attract and retain a diverse, equitable and inclusive workforce. As such, we review our compensation practices to assess how our pay is aligned across demographics and evaluate the financial well-being of our employees. In the United Kingdom, we review our gender pay gap and disclose the results in our [Gender Pay Gap Report](#). For more information on our commitment to diversity, equity and inclusion, see pages 14–17.

For more information, please see the [Careers](#) section of our website.

MANAGEMENT TRAINING PROGRAM

2 YEARS

Dealership Training

10 MONTHS

in Aftersales

14 MONTHS

in Sales and Finance

PARTNERED

with 16 Colleges and
Universities in regions
where we operate



SUSTAINABLE
DEVELOPMENT **GOALS**

4 QUALITY
EDUCATION



Providing **TRAINING** & **DEVELOPMENT**

As a people-centric business, we take continuous learning and professional development very seriously. We encourage our teams to support each other's professional goals. We equip our management team with the tools to help employees succeed and advance in their careers. All employees are required to complete training courses covering the Code of Conduct, anti-corruption, anti-harassment, anti-discrimination, diversity and inclusion and other relevant topics. We track completion of these courses and update them on a regular basis. We develop and add more training courses to our internal learning management system as we identify the specific needs of our team members.

We assign additional department-specific or job-specific professional development opportunities and training to employees. We encourage our employees to communicate with their managers about how we can best support their career development. We offer reimbursement for certification programs to all managers and sponsor a training program for entry-level technicians.

Our Management Training Program is an initiative to hire qualified college graduates who are interested in the automotive industry and develop them internally via a two-year training program at our dealerships. Trainees spend 10 months in Aftersales and 14 months in Sales and Finance to get a holistic view of the entire automotive business. We partner with 16 colleges and universities in the regions where we operate to foster career development with early-career graduates.

TECHNICIAN IN TRAINING PROGRAM

TUITION REIMBURSEMENT

\$150/month for up to five years

TOOLS

\$2,000 in tool assistance

RELOCATION

\$1,500 when moving more than 100 miles to a new location

MENTORSHIP

Trainee will be assigned a master technician for individual support and guidance



Our Technician in Training Program is designed to recruit and train graduates from technical training institutions and develop their careers at our dealerships. The program lasts approximately 18 months and provides several benefits, such as tuition reimbursement, tool and relocation assistance and mentorship.

We offer a similar program in the United Kingdom called the Apprentice Technician Program. This three-year program provides hands-on training, certifications and tools. Since we began this program in 2015, the number of apprentice technician participants has increased by more than 300%.

We value feedback from our employees and work through various communication channels to make our people feel heard and supported. Feedback from our annual survey provides our management team with valuable information about our workplace culture and corporate mission. The results are used to develop and refine aspects of our overall human capital management and other growth strategies. In 2021, our survey process included several topics such as diversity, equity and inclusion (DEI). Over 83% of our U.S. workforce provided feedback. We are developing action plans to address the opportunities we identified in the surveys, primarily with respect to work-life balance, recognition and cross-collaboration.

We also improved our internal tools for our executive team to have more direct communication with our employees in real time. In 2022, we are launching a digital messaging platform that is compatible with all devices and allows senior management to update and engage employees on relevant matters more frequently. We believe working together is critical to prepare for future changes and opportunities affecting us internally and externally.

**WORKING TOGETHER
IS CRITICAL TO PREPARE
FOR FUTURE CHANGES
AND OPPORTUNITIES**

Fostering **DIVERSITY, EQUITY & INCLUSION**

SUSTAINABLE
DEVELOPMENT **GOALS**

10 REDUCED
INEQUALITIES



We strive to cultivate a high-performing, diverse workforce and foster a culture of collaboration and learning where all employees feel valued. Our vision is to become a global role model for DEI. We are working toward this vision by setting a clear strategy across the organization, enhancing oversight of DEI, assigning mandatory training to promote awareness and using data to make informed decisions.

**OUR VISION IS TO
BECOME A ROLE MODEL
FOR DIVERSITY, EQUITY
AND INCLUSION**



ADVANCING DEI IN THE AUTO INDUSTRY

We believe that fostering DEI will not only allow us to attract and develop high-performing employees but will also lead to a more engaged workforce with lower turnover rates. Therefore, we are taking deliberate action to address the lack of diversity in the automotive industry. Group 1 is proud to have one of the first Chief Diversity Officers in our industry. Our Senior Vice President of Human Resources and Chief Diversity Officer reports to the CEO regularly and the Board on a quarterly basis. This role manages the full lifecycle of our employees, which allows our DEI strategy to be integrated into every aspect of our workforce. While we are early in our journey, we are championing efforts internally and externally through participation in forums such as the DEI Champions Council for Retail Automotive.

“When we create space to appreciate and benefit from our differences, we create a stronger, more resilient, more engaged workforce. This equips Group 1 with unlimited potential to grow, learn and transform – making Group 1 Automotive the employer of choice.”

Edward McKissic

Senior Vice President of Human Resources
and Chief Diversity Officer



ADVANCING DEI IN THE AUTO INDUSTRY continued

The Senior Vice President of Human Resources and Chief Diversity Officer also facilitates our DEI Council, which measures progress across four key pillars and reports to the Compensation and Human Resources Committee of the Board on a quarterly basis. Each of these pillars has a workstream lead and executive sponsor, who tracks our success relative to objectives and goals for each area. As part of our strategy, we have made the following commitments to underscore the progress we intend to make as a company:

TALENT ACQUISITION

Executive Sponsor: SVP of HR and Chief Diversity Officer

1. Select recruitment partners focused on diverse talent acquisition
2. Conduct annual DEI training
3. Recruit early-career professionals at local colleges and universities
4. Ensure diverse candidate pool for job openings
5. Include underrepresented employees on interview panel

TALENT DEVELOPMENT

Executive Sponsor: SVP of Training, Operations Support and Employee Communications

1. Collect feedback on diversity factors from employees
2. Support employee membership in industry groups
3. Develop career paths that include experience, exposure and education

COMMUNITY BUILDING

Executive Sponsor: CEO

1. Promote Group 1's core values
2. Foster employee resource groups
3. Encourage volunteering in our communities

WOMEN IN THE WORKPLACE

Executive Sponsor: President of U.S. Operations

1. Formalize mentorship opportunities for women in the workplace
2. Develop future female leaders through additional development programs
3. Provide pay parity

We established the Group 1 Women in the Workplace organization to address the reality that the automotive business traditionally has been a predominantly male industry and to expand opportunities for female employees across our organization. The Women in the Workplace organization is supported by senior management and included in our annual team-building events.



In the United Kingdom, we also launched an initiative on diversity, equity, inclusion and awareness. In 2021, we surveyed over 400 U.K. employees to gather input on how they would like to see these concepts addressed at Group 1. We recently appointed ambassadors to communicate ideas and engage with employees. The goal of this initiative is to encourage open dialogue as we work to close the disparities among women and racial and ethnic minorities in our industry.

In 2021, we rolled out anti-bias training for all U.S. employees. We believe this is foundational for a common understanding of DEI and will build on this training with other engagement opportunities. It is important to us that our workforce represents the diversity of our partners and customers. In our most active hiring peak in 2021, over 50% of all new U.S. hires were from underrepresented groups. We are making progress to hire more racially and ethnically diverse team members at all levels in the Company.

GROUP 1 U.S. EMPLOYEES BY ETHNICITY

ETHNICITY	NON-MANAGEMENT	MANAGEMENT	OFFICER	TOTAL
Native American/ Alaskan Native	0.8%	0.6%	0%	0.7%
Asian	4.7%	4.6%	0%	4.7%
Black	8.9%	7.0%	5.6%	8.6%
Hispanic	29.7%	16.7%	0%	27.7%
Native Hawaiian/ Pacific Islander	0.2%	0.2%	0%	0.2%
Two or More Races	3.5%	2.9%	0%	3.4%
White	42.2%	58.4%	94.4%	44.6%
Unknown ¹	10%	9.6%	0%	10.1%

¹Represents the employees who declined to disclose their ethnicity.

GROUP 1 U.S. EMPLOYEES BY GENDER

GENDER	NON-MANAGEMENT	MANAGEMENT	OFFICER	TOTAL
Women	20.1%	14.6%	5.6%	19.2%
Men	79.9%	85.4%	94.4%	80.8%

Contributing through **PHILANTHROPY** and **VOLUNTEERING**

Group 1 has philanthropy and volunteering embedded in our DNA. As an automotive retailer, we believe community participation and charitable donations enrich our dealerships' local neighborhoods and cultures. We are actively involved in and contribute to each of our local communities in many different ways, including employee volunteering, donating to local causes, supporting educational programs and using our dealerships as centers for community gatherings.

**"OUR COMMUNITY ENGAGEMENT INITIATIVES ARE INVALUABLE
IN FOSTERING A POSITIVE WORKPLACE CULTURE, BUILDING
STRONG RELATIONSHIPS WITH OUR LOCAL COMMUNITIES,
AND GROWING OUR BUSINESS IN A MEANINGFUL WAY."**

— PETE C. DELONGCHAMPS, SENIOR VICE PRESIDENT

The Group 1 Foundation ("Foundation"), the 501(c)(3) charitable arm of our Company, was formed in 2005 in response to Hurricane Katrina to provide guidance, emotional support and financial assistance to Group 1 employees and their immediate families who suffer hardship due to natural disasters, emergency, extended illness, injury, fire, flood or other special situations beyond their control. Funds are made available through fundraisers and contributions from employees, Board members and vendors and are distributed to help employees and their families with temporary critical expenses. Our Governance & Corporate Responsibility Committee oversees the Foundation's management and allocation of funds. Since 2015, we have disbursed more than \$1.5 million to more than 450 employees.

Community participation and charitable donations that enrich the communities we serve have always been a priority for Group 1. Our Company formed the Communication, Interaction and Community (CIC) Committee to align community efforts across the organization. Volunteering efforts are both practiced and continuously encouraged by our Board and senior management. We are proud of these efforts and our employees who generously give of their time and resources to benefit others. Our largest focus is centered around helping children, fostering education, and alleviating homelessness. A few examples of our partnerships and efforts are listed on the next page.

GP1TM
FOUNDATION
has disbursed

\$1.5
MILLION
DOLLARS TO



more than
450
EMPLOYEES





Teacher of the Month

- Group 1 has an ongoing monthly initiative with Texas school districts in Houston, Lubbock and El Paso throughout the school year.
- Teachers are rewarded with a vehicle for 30 days and other gifts in recognition of their leadership in the classroom.



Junior Achievement

- Group 1 employees volunteer at local schools and teach students about free enterprise and entrepreneurship.
- Group 1 leadership has served on the Junior Achievement of Southeast Texas Board of Directors for more than 20 years.



Kids' Meals

- Group 1 employees make healthy lunches that are delivered to preschool children at their homes in the Houston area.
- Group 1 donates vans for the organization to distribute lunches.



Auto Technician Training

- Group 1 employees mentor students in a technical training program at Alief ISD, Fort Bend ISD, Lone Star Community College and other tech schools throughout the United States.
- Students shadow our employees, which aids in networking and leads to a pipeline of talent.



Brothers in Arms

- Group 1 provided financial assistance for diversity scholarships given to student athletes raised in single-parent households.

Other 2021 Activities

- Ira Motor Group's dealerships donated \$25,000 to seven local charities in December 2021.
- The Sterling McCall VIP Program donated \$100 for each vehicle purchased or leased to schools in the greater Houston area.
- Group 1 sponsored multiple events for local charities that battle homelessness, including SEARCH Houston and Harmony House.
- Sterling McCall Ford donated 10,000 masks to Houston ISD Title I elementary schools in response to the COVID-19 pandemic.
- A Lubbock family who lost a sheriff deputy killed in the line of duty received a \$10,000 donation.
- Ira Subaru donated \$32,000 to Habitat for Humanity.
- Several dealerships hosted vaccination centers for members of their local communities.
- Various fundraisers and events were dedicated to supporting first responders, animal rescue and adoption, food drives, school supplies and other community initiatives.

Through these partnerships and efforts, we carry out our mission to enhance our culture by making a difference in our local communities and creating a bond among Group 1 employees. Our focus is to facilitate and encourage interdepartmental interaction by sponsoring community-based activities and involvement. Every quarter, we send out an internal newsletter to showcase personal and charitable achievements in each region by our dealerships and employees. For more information about Group 1's community involvement, please visit group1auto.com/group1cares.

A man and a woman are standing next to a car in a dealership. The man is on the left, wearing a dark suit jacket over a light-colored shirt, and is looking at the woman. The woman is on the right, wearing a dark long-sleeved top and glasses, and is looking back at the man. They are both smiling. The background shows the interior of a car and other vehicles in the dealership. The entire image has a red overlay.

OUR --- CUSTOMER-DRIVEN APPROACH

As our industry continues to change, so do the needs of our customers. We continuously update our policies, train our employees and utilize innovative tools to address the individual needs of our customers. We believe that our efforts to improve customer satisfaction separate us from our competitors. Excellent customer care is the ultimate goal.

Facilitating **ACCESS** and **AFFORDABILITY**

We strongly believe that we have vehicles for every customer. We work to make our products accessible and affordable in the markets where we operate. We want to facilitate a seamless process of vehicle ownership attainable to all people regardless of circumstance. Personal vehicles are critical for most families to perform everyday tasks, and we strive to make vehicle ownership affordable.

Our VAL-U-LINE® vehicles enable our customers to purchase high-quality, well-inspected used vehicles at an affordable price. Customers can search for a low-cost used vehicle based on their desired price range on the [VAL-U-LINE website](#). In addition to offering a large inventory of used vehicles, we help our customers with financing and other benefits to facilitate the purchase of their vehicle.

Our relationship with our customers extends beyond purchasing by providing proper service and replacement parts to extend a vehicle's useful life. Our aftersales products are priced to effectively compete in the after-market on high-volume products like brakes, alignments, tires, oil and batteries. We believe competitive pricing allows our customers to receive reliable vehicle service and parts at an affordable price.

Another tool that facilitates accessible vehicle ownership through easy purchasing is [AcceleRide®](#), an innovative platform that allows our customers to buy, sell or trade in their vehicles online. This digital platform has been instrumental in allowing Group 1 to meet consumers' needs throughout the COVID-19 pandemic. AcceleRide® allows customers to complete transactions entirely online or start the process online and finish it at one of our dealerships. The platform has increased our potential customer base and allowed us to reach a greater population, some of whom have limited mobility or access to the type of vehicle they need. In 2021, our employees completed multiple training programs to help educate our customers on how to purchase vehicles through our AcceleRide® online storefront. We will continue to invest in AcceleRide® as a platform because it contributes to a positive social impact, increases productivity and efficiency, enhances revenue growth and streamlines the online buying experience.



Protecting **CUSTOMER PRIVACY**

Protecting our customers' information is a key priority for Group 1. We collect two types of user information: personal information customers provide when doing business with us and anonymous information gathered from cookies and log files. We comply with the data regulations that are applicable in the regions in which we operate, including the EU General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA). For more information on the data we collect and how it is used, please see our [Privacy Policy](#).

Our teams are required to protect sensitive personal information from inappropriate or unauthorized use or disclosure and to report issues as they arise. We train our employees to understand how to manage, use and protect personally identifiable information (PII). We believe one of the best ways to mitigate customer privacy issues is by limiting access to PII. Our IT team works tirelessly on the Company's network segmentation that limits data access to those who have an authorized need to know. We limit access by frequently deleting sensitive information from our Dealer Management Systems (DMS). Each transaction that contains PII is deleted from our DMS 15 days after it is first entered into our system. We also employ multiple programs that monitor our retained data by identifying PII and take the appropriate actions to secure the data. Each Group 1 location is subject to our Document Retention Policy, which is updated by our Legal department to comply with applicable law.

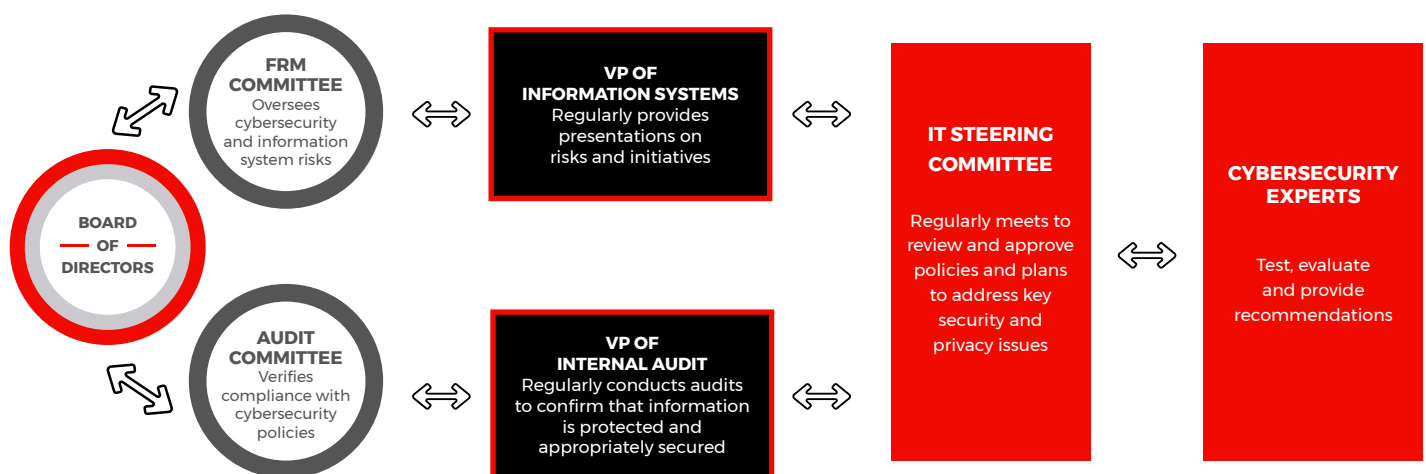
We also work to manage risks regarding customer information in our vendor and partner relationships. Any vendor with access to PII is required to enter into our Data Processing Services Agreement (DPSA) and must adhere to our policies and standards. Under the DPSA, each vendor must maintain appropriate insurance coverage, grant Group 1 a right to audit its practices, comply with applicable laws and maintain data protection safeguards. In the event a vendor discovers that its systems may have been breached, we must be notified within 24 hours.

Protecting **CUSTOMER PRIVACY** continued

We have a multi-layered system to protect and monitor data and technological risk. In addition to our firewalls and protection software, we rely on a third-party vendor for additional alerts regarding suspicious activity. Independent cybersecurity experts assess our security safeguards regularly. We align our framework to national and international standards such as the Center for Internet Security (CIS) Top 20 Critical Security Controls as well as regulations and industry guidelines. Our Vice President of Information Systems regularly communicates with our partners to ensure our practices and policies are aligned with industry best practices.

All employees who access our systems undergo cybersecurity training on an annual basis. We also administer tests throughout the year and offer additional training. We regularly communicate with our employees about security risks, requiring them to use multifactor authentication and regularly update their passwords. In 2021, there were no material cybersecurity incidents at Group 1.

Our Information Technology team, headed by our Vice President of Information Systems, is responsible for ensuring compliance with security standards; establishing industry-recognized protocols; and protecting the integrity, confidentiality and availability of Group 1's information technology infrastructure. We have a robust management system to help maintain proper safeguards and a cybersecurity incident response plan to effectively address security risks. Our team reports security-related initiatives and incidents to the Finance/Risk Management (FRM) Committee of the Board on a quarterly basis.



Providing **QUALITY & SAFETY**

To promote customer retention and growth, we consistently work to deliver high-quality, safe vehicles and products. We keep our customers at the center of everything we do, working to earn and maintain their trust every day.

Our Company prides itself on its strong relationships with reputable suppliers. Our manufacturer partners regularly issue bulletins and other communications on the performance and safety of their vehicle lines. If a manufacturer notifies us of a recall, we communicate the recall issue to customers in a timely fashion and follow the manufacturer's guidance in an effort to protect customers from the identified risks associated with potential product defects. To enhance the customer experience, we require our employees to understand the vehicles and products we sell and how we service and repair vehicles. In addition to Group I's mandated training, many of our dealership employees further educate themselves by completing manufacturer-specific training courses to become brand-certified experts or technicians. For more information on employee training, please see pages 12-13.

We also partner with environmental and safety consultation firms to assist us in complying with environmental, health and safety laws, rules and regulations. These firms periodically visit each of our dealerships and collision centers to conduct on-site assessments. They also train our employees on hazardous waste management, waste minimization, injury prevention and safe workplace practices.

Based upon a risk assessment, certain dealerships are also subject to internal audits. The audit includes a review of the dealership's transactional documentation, rebate process, manufacturer warranty process, credit application process, product enrollment execution, lease agreement execution, used-car buyer guides, privacy issues, and other relevant areas to that dealership, such as cash handling procedures and health and safety. Our Internal Audit team works hand in hand with dealership managers to correct any issues that arise during their review. Audit reports are distributed to senior management, who review and implement corrective action plans. The Audit Committee of the Board oversees all audit functions including reviews of all audit reports and subsequent action plans. Management must provide an action plan for each audit finding that includes accountable personnel and effective dates. Dealerships may also undergo additional audits specified by our manufacturing suppliers with their own requirements. These may cover areas such as rebates, warranties, payroll, inventory, service, and health and safety.

Our Governance & Corporate Responsibility Committee of the Board also oversees the Company's health and safety programs and performance. Each quarter the Committee reviews a report on the Company's health and safety, which is prepared by the Finance, Risk and Legal departments.

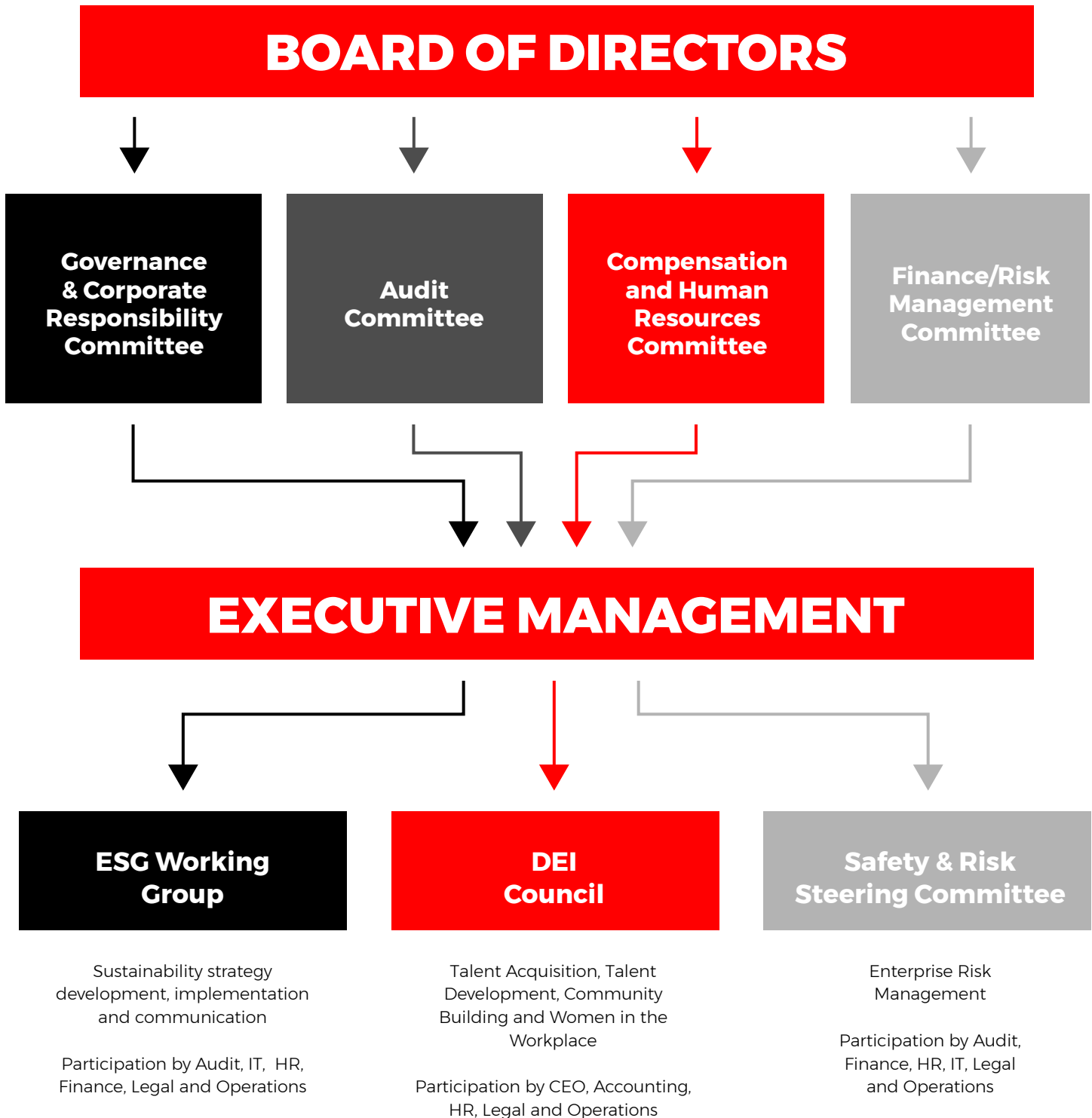


OUR ——— GOVERNANCE

Our core values start at the top, with our Board of Directors. Our Board has four standing committees to assist in fulfilling its responsibilities: the Audit Committee, the Compensation and Human Resources Committee, the Governance & Corporate Responsibility Committee and the Finance/Risk Management Committee.

Our Governance & Corporate Responsibility Committee advises the Board on appropriate corporate governance guidelines and has direct oversight of our ESG policies and practices. Other Board committees also play a role in ESG, having oversight across areas such as cybersecurity, human capital management, health and safety and corporate risk management. In addition, our management team and cross-functional subject matter experts are responsible for the implementation of our ESG strategy, initiatives and communications.

Our **SUSTAINABILITY** **GOVERNANCE STRUCTURE**

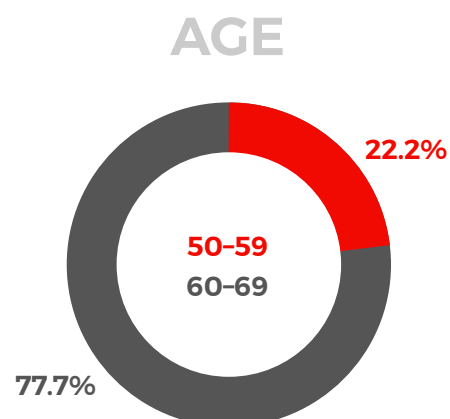
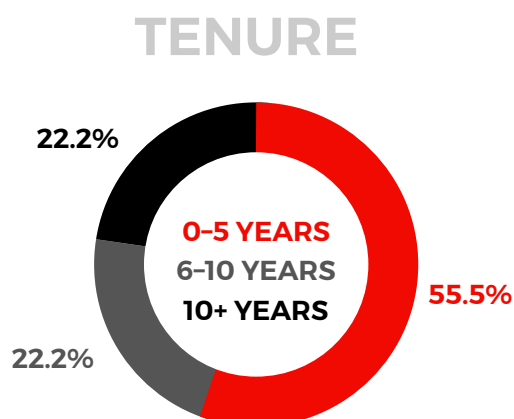
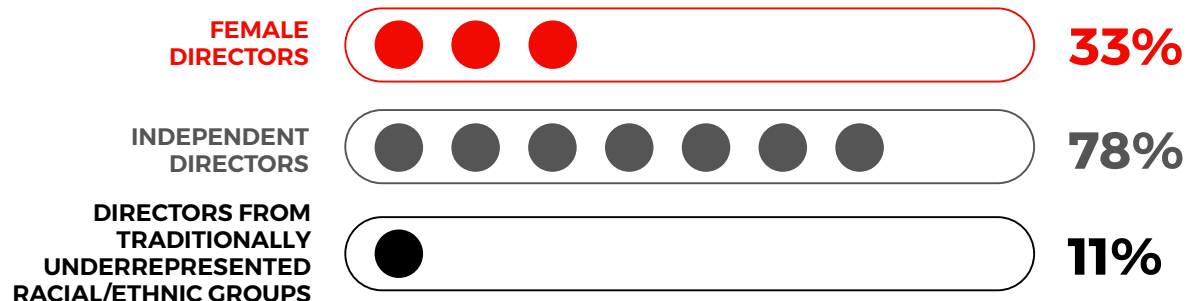


Enriching Board **INDEPENDENCE** and **DIVERSITY**

As our Company continues to evolve, so do the perspectives, skills and experiences the Board seeks in its director nominees. Since 2016, we have welcomed five new independent directors, each of whom brings extensive experience and fresh perspectives to enrich the Board's dialogue and enhance its ability to effectively oversee our business. One-third of our directors are women, all of whom serve as committee chairs. Two of our directors have extensive work in the 2 other countries where we operate outside of the United States.

We believe the composition of our Board is critical to our success. To learn more about our Board diversity and our leadership's oversight of sustainability, please see our [2021 Proxy Statement](#).

9 TOTAL DIRECTORS



Overseeing **RISK** **MANAGEMENT**

Much of our Board's oversight work is delegated to various committees that meet regularly and report back to the full Board. All committees have significant roles in carrying out the risk oversight function. Each committee is comprised entirely of independent directors (except the Finance/Risk Management Committee) and oversees risks associated with its respective area of responsibility as detailed below.



FINANCE/RISK MANAGEMENT COMMITTEE

Oversees risk exposure related to operations, cybersecurity and financial matters.



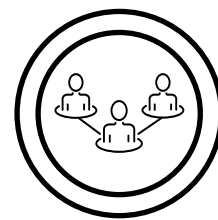
AUDIT COMMITTEE

Oversees Company risks relating to financial reporting, legal and regulatory compliance.



COMPENSATION AND HUMAN RESOURCES COMMITTEE

Oversees risks relating to employment, compensation policies, senior officer succession planning and human capital.



GOVERNANCE & CORPORATE RESPONSIBILITY COMMITTEE

Responsible for oversight of ESG and succession planning for CEO and directors.

At the corporate level, we established a Safety & Risk Steering Committee, which reviews the effectiveness of the Company's risk management system, including a review of policies and all profiles of financial and non-financial risks. Our Enterprise Risk Management (ERM) process takes place at least once per year with senior management at Group 1, including our General Counsel, Chief Financial Officer, Senior Vice President of Human Resources and Chief Diversity Officer, Senior Vice President of Aftersales, Treasurer, Risk Manager, Vice President of Information Systems, Vice President of Internal Audit, and President of U.S. Operations, who identify risks associated with our business operations and regularly define mitigation plans accordingly.

We track and identify new and emerging risks, and to the extent they affect or could potentially affect our business, we develop action plans with assigned sponsors to address and mitigate that risk. We use a disciplined process to verify that such actions are actively managed.

Encouraging Stakeholder **ENGAGEMENT**

We achieve better results when we collaborate with and receive input from key stakeholders, including stockholders, employees, suppliers, customers, trade associations, industry experts, community members and others. Through ongoing, close contact with our stakeholders, we are better able to anticipate emerging trends, prepare for challenges and innovate solutions.

Our governance practices rely heavily on input from our shareholders. Our leadership team regularly interfaces with prospective investors, existing stockholders and research analysts in a variety of event formats to discuss the Company's publicly disclosed performance, business strategy and outlook, and corporate governance. These interactions help management and the Board understand and consider the views of our stockholders and the perception of the investment community while enabling us to dynamically operate in an evolving industry and economy with respect to maximizing returns.

Some of the organizations we actively support and/or are members of include:



NATIONAL AUTOMOBILE
DEALERS ASSOCIATION



TEXAS ASSOCIATION OF
BENEFIT ADMINISTRATORS



Our priorities with these organizations are to ensure a healthy regulatory system, share best practices, and promote continued financial success for the automotive industry.

Our voluntary, nonpartisan political action committee — Group 1 Automotive, Inc., PAC ("PAC") — is organized to directly or indirectly solicit and receive voluntary contributions from internal and external Group 1 stakeholders for allocation to qualified organizations and candidates at the federal, state and local level. The PAC is meant to support responsible, ethical and efficient government; further the competitive enterprise system; demonstrate understanding and support of business concerns; and hold views consistent with the long-term interests of our dealerships and the automotive dealer industry. The Group 1 PAC has made disbursements to several PACs, including the National Automobile Dealers Association PAC, the Automotive Free International Trade PAC, and the Texas Automobile Dealers Association PAC in addition to local, state and federal candidates. The Governance & Corporate Responsibility Committee of the Board oversees the PAC's activities. Though we may support a particular candidate or organization because of their support of retail automotive interests, we may not agree with every position they take.



OUR ENVIRONMENTAL IMPACT

Our commitment to sustainability includes reducing our impact on the environment and doing our share to contribute to a healthier planet. Our primary focus is the construction and operation of our new and remodeled dealership facilities. When we consider the construction and operation of our facilities, we look for opportunities to improve our energy usage, reduce waste and prepare for the electrification of the auto industry.



Our ENVIRONMENTAL IMPACT continued

We invest in numerous initiatives to improve our environmental footprint. These investments include climate control thermostats and LED lighting to improve energy efficiency, solar panels to increase our use of renewable energy, and updated waste management systems to improve how we handle chemicals and other byproducts from our dealerships. We are continuously working with our manufacturer partners and third-party construction consultants to enhance the buying experience in our facilities while also doing what we can to reduce our impact on the environment.

Improving ENERGY EFFICIENCY

All of our U.S. dealerships have centralized thermostats that monitor the temperature and performance of our HVAC systems so we can improve efficiency and respond to issues quickly. LED bulbs are longer lasting, more durable, cooler and mercury free; use less energy; and offer comparable or better lighting quality than other sources. Since we first began our LED lighting initiatives in 2013, we have saved approximately \$21.3 million in energy costs and \$6.7 million in maintenance costs in the U.S. alone.



OUR TRANSITION TO LED LIGHTING



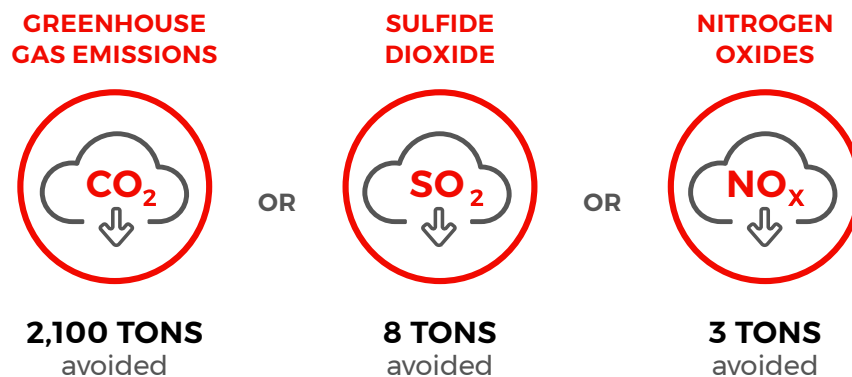
**U.S. : 90% OF OUR EXTERIOR
LIGHTING AND MORE THAN 50%
OF OUR INTERIOR LIGHTING**

**U.K. : 52% OF OUR EXTERIOR
LIGHTING AND MORE THAN 46%
OF OUR INTERIOR LIGHTING**

Advancing **CLEAN ENERGY**

In 2017, we began installing solar panels at select U.S. and U.K. dealerships to take advantage of energy savings and reduce our environmental footprint. We have installed more than 6,400 solar panels and will add approximately 2,000 more to additional locations in 2022. Solar energy currently provides at least 22% – and at certain locations more than 50% – of the total energy required at our U.S. dealerships with solar panels. Through the end of 2021, we saved approximately \$1.6 million in energy costs from this initiative and we intend to install more panels as we continue to grow.

Our transition to solar in the United States equates to:



The U.S. EPA's Greenhouse Gas Equivalencies Calculator was used to calculate the data above.

Managing **WATER USE**

While the water risk in servicing and selling cars is significantly lower than in the manufacturing process, we aim to do our part to properly manage the water used in our operations. All of our U.S. service centers have separators built in to separate water and oil for proper disposal or reuse. At our U.S. dealerships with car washes, we have processes in place to maximize the water recycled between uses.

REDUCING WASTE

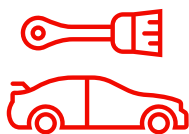
We track waste and recycle materials at all U.S. and U.K. locations. In 2021, our U.S. locations generated approximately 11,400 tons of solid waste and diverted an additional 2,200 tons of waste through recycling. We also recycle IT hardware and automotive waste such as tires, oil, paint and damaged parts.



In 2021, we recycled all used tires in our U.S. and U.K. dealerships. Each dealership partners with certified recycling vendors that upcycle the tires to be used as rubberized asphalt, running tracks, control barriers, floor mats and other rubber-based products.



We partner with vendors that properly dispose of or recycle our used oil, anti-freeze and other liquids. In 2021, we recycled 1.6 million gallons of used oil from our U.S. dealerships. We source motor oil from a preferred vendor who was the first to make a full synthetic motor oil from natural gas. They also recently reduced their plastic packaging by more than 80%.



We partner with suppliers who are leading the charge to eliminate heavy metals from their products. Over 75% of our U.S. collision centers have transitioned to waterborne paints and primers that are better for the environment than traditional solvent-based products. Our goal is to transition 100% of our U.S. collision centers to these products by 2023. By switching to a cleaner alternative without compromising on quality, we have kept more than 200,000 pounds of volatile organic compounds (VOCs) out of the environment since 2018.



Our team members are equipped with IT hardware such as laptops, computers and printers that are periodically refreshed and recycled through certified vendors. We have a policy and process in place to ensure that all IT equipment is cleared of all data and properly recycled at the end of its life.

Preparing for the Market Shift to **ELECTRIC VEHICLES**

SUSTAINABLE
DEVELOPMENT **GOALS**

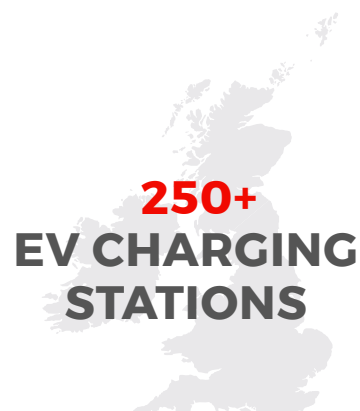
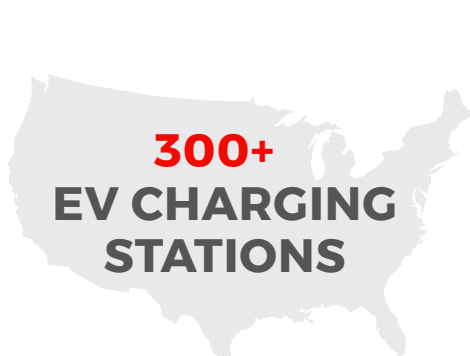
9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



The market transition to electric and hybrid vehicles is accelerating. Our full product portfolio includes traditional internal combustion engine, hybrid gasoline, plug-in hybrid electric and full electric vehicles (EVs). In 2021, we established a team responsible for driving capital allocation recommendations to build an industry-leading EV infrastructure in our dealerships. EV chargers, lifts, shop equipment and battery storage facilities are all critical elements to address the emerging market for EVs. We believe properly equipping and training our dealerships to effectively sell and service EVs will not only impact our ESG efforts but serve as a competitive differentiator for Group 1.

We work closely with our manufacturing partners to enable access to these vehicles, and we will play a large role in servicing them. We are certified to repair and service EVs, including Tesla electric vehicles at select locations. We provide EV batteries and parts. We are committed to supporting our customers who currently own EVs and those who purchase EVs in the future.

In addition to selling and servicing EVs, most of our dealerships have multiple EV charging stations. As of 2021, our U.S. dealerships have more than 300 stations, and our U.K. dealerships have more than 250 stations. Some of these chargers are available for customer use, and others are used exclusively by the technicians at our service centers. As demand continues to grow, we will build more charging stations to help expand the infrastructure that enables more EVs on the road.



A man in a polo shirt is opening the driver's side door of a car for a smiling woman. The scene is set in a dealership with a red overlay. The text 'OUR BUSINESS PRACTICES' is overlaid on the bottom left of the image.

OUR **BUSINESS PRACTICES**

Our dedication to ethical business practices is demonstrated every day at our dealerships, collision centers and offices. We regularly update our policies, practices and procedures to align with our core values. We partner with suppliers and vendors that uphold high standards and demonstrate ethical business practices.

Prioritizing **BUSINESS ETHICS**

We are committed to seeking excellence in our business practices, which include the highest standards of professional and personal conduct. Our employees conduct their affairs with uncompromising honesty and integrity, consistent with all five of our core values. We expect every employee, director and agent of our Company to not only read and understand our [Code of Conduct](#) but also to apply good judgment and the highest personal and ethical standards in making business decisions. We also hold our Chief Executive Officer, Chief Financial Officer and all other financial and accounting officers accountable to our [Code of Ethics for Specified Officers](#). Each year, we require our dealership general managers, directors and controllers to complete a conflict of interest questionnaire and training on updates to our Code of Conduct and the Foreign Corrupt Practices Act. General managers, directors and controllers in the United Kingdom are also required to complete anti-bribery training on an annual basis.

We encourage employees to raise concerns, be alert to possible violations and report potential issues without fear of retaliation. The Group 1 Hotline, hosted by an independent third-party provider with multi-language support, allows employees and other stakeholders to report questions, concerns or suspected violations 24 hours a day, seven days a week. All hotline calls are reviewed by the Chair of the Audit Committee and escalated to the full committee when appropriate.



Managing Our **SUPPLY CHAIN**

Our suppliers and vendors are our partners, and we rely on them to deliver high-quality products and services for our customers. We expect these partners, at a minimum, to comply with all applicable laws and regulations. Each Group 1 supplier and vendor must adhere to stringent requirements to ensure that they uphold the highest standards with respect to quality, safety, environmental management and labor practices. Suppliers and vendors who play a more critical role in Group 1's operations must agree to additional security, safety and insurance requirements. Our Legal and Risk departments establish the criteria and enforce such requirements. If we discover that a vendor's standards do not align with our commitment to high-quality products and services, we reevaluate our relationship with the vendor.

We work closely with our manufacturer partners and regularly communicate about sourcing, marketing, recalls, safety, and other factors that influence our business relationship and the customer experience. Of the 30 brands we offer in the United States, 100% have sustainability programs and reports.



**OF THE 30 BRANDS WE
OFFER IN THE UNITED STATES,
100% HAVE SUSTAINABILITY
PROGRAMS AND REPORTS**

Continuing Compliance with **LAWS & REGULATIONS**

We operate in a highly regulated industry. A number of laws and regulations applicable to automotive companies affect our business and conduct, including but not limited to our sales, financing, insurance, advertising, land use, employment practices, dealer franchise, consumer protection, environmental, and occupational health and safety matters. Our Board has adopted and our management team enforces our Anti-Corruption Policy throughout the Company. Additionally, in every jurisdiction in which we operate, we must obtain various permits and licenses to conduct our businesses.

Each of our U.S. dealerships operates under franchise agreements with vehicle manufacturers (or authorized distributors). As part of these agreements, the dealerships comply with operational requirements and restrictions around the sales process, performance requirements, customer satisfaction standards, marketing and branding, facility standards, changes in financing and business continuity.

We promote transparency and responsible marketing practices with our customers by reviewing communications, marketing material and notices with legal counsel regularly.



**WE PROMOTE
TRANSPARENCY
AND RESPONSIBLE
MARKETING PRACTICES**

A grayscale photograph of two men in a car dealership. The man on the left, wearing a dark polo shirt, is seated and looking down at a document. The man on the right, wearing a quilted jacket, is standing and looking at the same document. In the background, several cars are parked in a showroom. A white rectangular box with a red border is overlaid on the lower left of the image, containing the text 'FRAMEWORKS AND STANDARDS'.

FRAMEWORKS AND STANDARDS

SASB DISCLOSURE MATRIX

The Sustainability Accounting Standards Board (SASB) is an independent organization that seeks to establish and maintain industry-specific standards that assist companies in disclosing financially material, decision-useful sustainability information to investors. We have considered SASB's industry standards for Multiline and Specialty Retailers & Distributors and have provided below the relevant data and/or the location of the applicable information in this Sustainability Report.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	SASB CODE	DATA, CROSS-REFERENCE AND EXPLANATION
ENERGY MANAGEMENT IN RETAIL & DISTRIBUTION	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Gigajoules (GJ), Percentage (%)	CG-MR-130a.1	This data is not available for 2021. For information on our energy management and use of solar energy, please see Our Environmental Impact, pages 30-34.
DATA SECURITY	Description of approach to identifying and addressing data security risks	N/A	CG-MR-230a.1	Details about our approach can be found in the Protecting Customer Privacy section, pages 22-23.
	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	Number, Percentage (%)	CG-MR-230a.2	We did not experience any material data breaches in 2021.
LABOR PRACTICES	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Reporting currency, Percentage (%)	CG-MR-310a.1	U.S. average hourly rate: \$22/hour U.K. average hourly rate: £15.38/hour
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Rate	CG-MR-310a.2	0.36% of U.S., in-store employees earning minimum wage 0% of U.K., in-store employees earning minimum wage U.S. voluntary turnover rate: 36% U.S. involuntary turnover rate: 6% The U.K. data is not available for 2021.
WORKFORCE DIVERSITY & INCLUSION	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Percentage (%)	CG-MR-330a.1	This data and a summary of our DEI efforts can be found in the Fostering Diversity, Equity & Inclusion section, pages 14-17.
PRODUCT SOURCING, PACKAGING & MARKETING	Revenue from products third-party certified to environmental and/or social sustainability standards	Reporting currency	CG-MR-410a.1	We do not sell products third-party certified to environmental and/or social sustainability standards.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	N/A	CG-MR-410a.2	However, 100% of the manufacturers, whose vehicles we sell in the U.S., have sustainability programs. We also sell and service hybrid gasoline, plug-in hybrid electric and full electric vehicles at select U.S. and U.K. dealerships.
	Discussion of strategies to reduce the environmental impact of packaging	N/A	CG-MR-410a.3	Details about our processes can be found in the Providing Quality & Safety section, page 24, and Our Environmental Impact section, pages 30-34. The implications of packaging are not directly applicable to our business.

Table 2. Activity Metrics





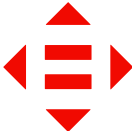

ACTIVITY METRIC	UNIT OF MEASURE	CODE	ANSWER, CROSS-REFERENCE AND EXPLANATION
Number of: (1) retail locations and (2) distribution centers	Number	CG-MR-000.A	Details about our locations can be found on page 6.
Total area of: (1) retail space and (2) distribution centers	Square meters (m2)	CG-MR-000.B	This data is not available for 2021.

¹Version 2018-10

²The tables above reflect our fiscal year 2021 data, and do not include our Brazilian operations (see the footnote on page 4 for more information).

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We are committed to advancing our ESG strategies and goals where we have the greatest impact. We support the United Nations Sustainable Development Goals. As such, we are committed to advancing the six SDGs listed below, thus contributing to global efforts to tackle some of the greatest sustainability challenges. We believe that these SDGs best align with our values and current initiatives.

U.N. SDG	DESCRIPTION OF GOAL	REFERENCE IN REPORT
 Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Providing Training & Development pages 12-13
 Gender Equality	Achieve gender equality and empower women and girls.	Fostering Diversity, Equity & Inclusion pages 14-17
 Decent Work & Economic Growth	Promote sustained and inclusive economic growth, productive employment and decent work for all.	Compensation and Benefits page 11
 Industry, Innovation & Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Preparing for the Market Shift to Electric Vehicles page 34
 Reduced Inequalities	Ensure equal opportunities and end discrimination.	Fostering Diversity, Equity & Inclusion pages 14-17
 Responsible Consumption And Production	Ensure sustainable consumption and production patterns by increasing resource efficiency and decoupling economic growth from environmental degradation.	Our Environmental Impact pages 30-34



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For questions about this report,
please email ir@group1auto.com.
Thank you.