



Arnold Clark Carbon Reduction Plan 2022

Supplier name: Arnold Clark Automobiles Limited and all subsidiary companies

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Published in compliance with UK Government Cabinet Office requirements.

Commitment to achieving Net Zero

Arnold Clark Automobiles Limited (SC036386) is committed to achieving Net Zero emissions by 2050.

This commitment also applies to, and is adopted by, our subsidiary companies Arnold Clark Finance Limited (SC039597), Arnold Clark Insurance Services Limited (SC192797), Assure Alarms Limited (SC139217), Bumblebee EV Limited (SC637826), Central Car Auctions Limited (SC042129), and GTG Training Limited (SC290157). All subsidiary companies are 100% wholly owned by Arnold Clark Automobiles Limited.

Arnold Clark

Baseline emissions footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline year, Jan - Dec 2021: in line with Arnold Clark trading year and published Annual Accounts Report

Additional details relating to the baseline emissions calculations.

Arnold Clark's baseline year for emissions measurements and recording is 2021.

During this period we were registered with SECR, and reported figures for our Scope 1 and Scope 2 emissions. Our organisation had not assessed our Scope 3 emissions in 2021, nor were there any legal or compliance obligations for us to report Scope 3 emissions. Consequently, we do not have Scope 3 emission figures to submit for our baseline of 2021.

Scope 1 and Scope 2 emissions figures for our baseline year of 2021 were independently calculated and quantified by experienced, qualified energy and carbon consultants, Envantage Ltd.

Emissions figures quoted were calculated on a Market-based approach.

ADDENDUM as of JUNE 2023

The emissions reported for our baseline year of 2021 have been re-stated since publication of our CRP in 2022. This was following appointment of a new energy and carbon consultant, Inspired Energy PLC, who, following a methodology and data review of our 2021 reports, recommended some adjustments.

A reduction in Scope 1 emissions was made to account for fuel sold to customers. The emissions from the combustion of this fuel are not our responsibility and therefore these have been deducted from our emissions reporting. This has reduced our 2021 baseline Scope 1 emissions by 7,372.01 tCO₂e.

A slight adjustment to Scope 2 emissions was included in-line with improved methodologies and reporting advice provided by Inspired. This sees a nominal increase of 765.64 tCO₂e included within our 2021 baseline Scope 2 emission figures.

No change was made to Scope 3 as no data was available in 2021.

The adjustments cumulatively result in our 2021 baseline total emissions being reduced by 6,606.37 tCO₂e and re-stated as 40,091.53 tCO₂e.

Baseline year emissions: 2021

| Emissions | Total (tCO ₂ e) |
|-------------------------------|---|
| Scope 1 | 30,267.79 |
| Scope 2 | 9,823.74 |
| Scope 3 (Included Sources) | Our organisation had not assessed our Scope 3 emissions in 2021, nor were there any legal or compliance obligations for us to report Scope 3 emissions. Consequently, we do not have Scope 3 emission figures to submit for our baseline of 2021. |
| Total emissions | 40,091.53 |

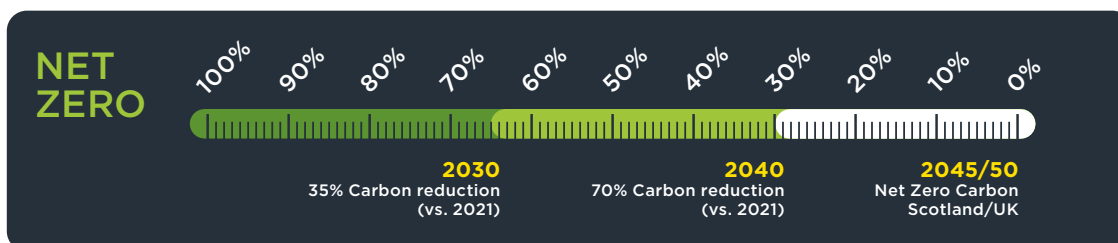
Current emissions reporting

| Reporting year: Jan – Dec 2022 | |
|---|--|
| In line with Arnold Clark trading year and published Annual Accounts Report. | |
| Emissions | Total (tCO ₂ e) |
| Scope 1 | 29,432.81 |
| Scope 2 | 9830.41 |
| Scope 3 (Included Sources) 4. Upstream transportation & distribution 5. Waste generated in operations 6. Business travel (excluding grey fleet) 7. Employee Commuting | 40,205.32 The Scope 3 value quoted includes emissions for four of the requisite five categories stipulated within the UK Cabinet Office Technical standard for completion of CRP's. |
| Total emissions | 79,468.54 |

Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

- We project that our Scope 1 and 2 carbon emissions will decrease by 35% by 2030. This is a reduction to 26,060 tCO₂e by 2030. This is a reduction of 35% against our re-stated 2021 baseline.
- At time of writing, our longer-term vision is to reduce Scope 1 and 2 carbon emissions by a further 35% by 2040, with the remaining 30% of Scope 1 and 2 emissions either being reduced or offset (unavoidable emissions) by 2050.



Measuring Scope 3 emissions is still a work in progress for Arnold Clark. However, we can report that in the first half of 2023 we collated the first set of data relating to our Scope 3 emissions generated in 2022. We have quantified four of the requisite categories. We have chosen to exclude Category 9: Downstream Transportation and Distribution as we were not able to identify any material emissions arising from this category as per the CRP Technical Guidance. We will work to set Scope 3 reduction targets for our 2023 CRP, which is due to be published in 2024.

Carbon reduction projects

Completed carbon reduction initiatives.

The following environmental management measures and projects have been implemented during 2022. The carbon emission reduction achieved by these schemes will help us to reduce our Scope 1 & 2 emissions to 26,060 tCO₂e by 2030, a 35% reduction against the re-stated 2021 baseline and the measures will be in effect when performing the contract.

Dedicated department

The Arnold Clark Board of Directors determined that sustainability must be recognised as a specific focus area within our corporate activities. Accordingly, the company started to recruit a dedicated team to design and implement a net-zero strategy.

By the end of 2022 we had appointed a Group Sustainability Manager, with direct access to the Board of Directors. The Group Sustainability Manager, with Board oversight, is ultimately responsible for devising, developing, and implementing a bespoke sustainability programme to achieve our goals and emissions reduction targets.

The first endeavours of our Sustainability Manager in 2022 included conducting a materiality assessment, re-affirming our commitment to Net Zero in line with government targets, and establishing a structured approach for addressing the numerous variables to be considered within our strategy.

Three primary elements were identified as 'pillars' for the scope of our corporate sustainability strategy, namely: Environment (including net zero emissions), People, and the Future of Personal Mobility.

Innovation Centre

The UK Government's commitment to ending the sale of new petrol and diesel cars by 2030 has cemented the need for encouraging motorists to consider alternatively fuelled vehicles (AFVs). However, some preconceptions and barriers around AFV ownership, charging infrastructure, and battery range remain.

In June 2021, Arnold Clark opened our Innovation Centre in Glasgow; our first education-led site to provide employees and members of the public with education and support around AFVs. It's mission is to remove the aforementioned barriers to AFV adoption by offering interested parties free access to knowledge and expertise around all aspects of a more sustainable way of motoring. Education about the benefits and viability of AFVs will be key to facilitating their uptake, and the success of our first Innovation Centre in Glasgow led us to open a second centre in Stafford which became operational in July 2022.

To date both centres have served over 5,000 visitors and have trained 360 of our own product geniuses, fulfilling our commitment to education.

Evaluation of buildings

Our Group Estates department embarked upon a full review of our properties to establish building efficiencies and credentials. By the end of 2022 we had completed this endeavour and secured an Energy Performance Certificate (EPC) rating and building condition report for each property. The data acquired through this exercise will provide the basis for our decision making when we come to assess feasibility of improvement projects and new technologies designed to decarbonise our estate and increase energy efficiency.

One of the strategies which Arnold Clark is testing is to alter the traditional set-up of our retail premises or 'showrooms'. We are redesigning exiting premises (where feasible) as 'Concept Stores' which have smaller building and energy footprints and incorporate more sustainable material within the fabric of the building. Our first concept store opened in December 2022 in Leyland and is fitted with wood trims and finishings both inside and out. We have also included numerous pieces of furniture which are made with lower carbon wooden frames, including stools, worktops, chairs, and tables. We are actively seeking opportunities to implement low carbon technologies and, by the end of 2022, had installed our first rooftop solar system in our Perth Motorstore, with another four rooftop solar projects in design or construction.

Transport

In 2021 we started replacing company petrol / diesel vehicles with alternative fuel vehicles and, following a trial period, this was deemed to be a success. We continued in 2022 to swap several of our company vehicles from ICE (internal combustion engines) to PHEV (plug-in hybrid electric vehicle) or pure electric. However, restrictions in vehicle availability, price rises, and extended supply lead times, which are imposed by the vehicle manufacturers and are beyond our control, remain a challenge.

In 2021 we appointed a Head of Charge Point and Energy Infrastructure at Arnold Clark. In 2022 we embarked upon a £23 million project to construct and develop our own electric vehicle charging network, AC Charge. Our intention is to have over 500 fast chargers across our network of branches, from Inverness to Southampton, which will eventually be accessible to all our business streams, employees, and eligible customers.

In 2022, we purchased the computer software company IDCS who have designed a digital transport logistics system for our Group allowing us to incorporate vehicle deliveries, that need be undertaken by numerous Arnold Clark business streams, into a single centralised database. This system enables our Logistics department to improve the co-ordination and efficiencies of our transporter fleet. We should realise a reduction in emissions because the system helps us to join up requirements from different areas of our company; mitigates against missed deliveries or wasted journeys; minimises instances of empty wagons moving between locations; and replaces the number of individual vehicle movements with single multi-vehicle transfers.

In November 2022 Arnold Clark opened our first dedicated EV battery centre in Rutherglen, Glasgow. As part of the UK's transition from vehicles powered by internal combustion engines to vehicles powered by electric batteries, it is vital that aftersales support in terms of vehicle servicing, maintenance, and repair is available to motorists. Arnold Clark have been proactively providing mechanical engineers with the specialist training necessary to allow them to become qualified, approved, battery EV technicians.

In 2022 our Rental department implemented an operational directive that electric or hybrid vehicles should be used to carry out deliveries and collections, and that runs should be co-ordinated so that multiple drops can be fulfilled during a journey. Not only will we be reducing our emissions and fuel consumption, but we are engaging our staff to think more sustainably.



Utilities

We have installed over 300 smart meters across our estate, enabling us to monitor, compare and manage our sites' use of electricity from a single central control point.

We have installed AMRs (automatic meter readers) around the Group, enabling us to accurately track our gas consumption.

We have installed water loggers at the majority of our sites, giving access to a central system that not only measures consumption, but which also provides an immediate alert in the event of an irrational increase in use.

All company heating systems are under review, and alternative thermostats and radiator valves have been fitted to better control temperatures. We have installed new heating systems where individual sites have been identified as recording high inefficiencies.

In the future we hope to implement further measures such as:

As part of our future journey to Net Zero, Arnold Clark have devised a strategy to cover our different business streams. Some of our intentions are detailed below:

- Improve the energy efficiency of our buildings.
- Secure clean renewable energy.
- Decarbonise heat in our buildings and operational gas use in accident repair centres.
- Transition our fleet of operational vehicles to AFVs.
- Increase on-site recycling and re-use.
- Reduce waste derived from operations.
- Improve our water efficiency.
- Encourage adoption of alternative fuel vehicles (AFVs) through
 - provision of education, training, and support to remove perceived barriers.
 - provision of easy, safe, and reliable access to vehicle charging units.
- Embed sustainability within our corporate culture by
 - sharing information and gaining stakeholder engagement.
 - communicating standards, expectations, and guidance.
 - recognising and reporting success.

Declaration and sign off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and four categories from the required subset of Scope 3 emissions for 2022 have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors.

Signed on behalf of the Supplier:



Mr. E. Hawthorne
Chief Executive & Group Managing Director

Date: 27th June 2023

If you would like to access this document online, it is available at:
www.ArnoldClark.com/sustainability/carbon-reduction