# Arnold Clark Carbon Reduction Plan 2021

**Supplier name:** Arnold Clark Automobiles Limited and all subsidiary companies

**Publication date:** 30th June 2022

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), GTG Training Limited (SC290157), and Assure Alarms Limited (SC139217). All subsidiary companies are 100% wholly owned by Arnold Clark Automobiles Limited.

## 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 |
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| **Additional details relating to the baseline emissions calculations**<br>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.<br>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. |

| Baseline year emissions: 2021 | |
|---|---|
| **Emissions** | Total ($tCO_2e$) |
| **Scope 1** | 37,639.8 |
| **Scope 2** | 9,058.1 |
| **Scope 3**<br>(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. |

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|---|---|
| **Total emissions** | 46,697.9 |

## Current emissions reporting

| **Reporting year: Jan – Dec 2021**<br>In line with Arnold Clark trading year and published Annual Accounts Report.<br>Current emissions year is the same as baseline since we have just started this reporting procedure utilising a CRP. | |
|---|---|
| **Emissions** | Total ($tCO_2e$) |
| **Scope 1** | 37,639.8 |
| **Scope 2** | 9,058.1 |
| **Scope 3**<br>(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 2021, however we have started in our endeavours to collect, analyse, quantify, and report Scope 3 emissions from 2022. |

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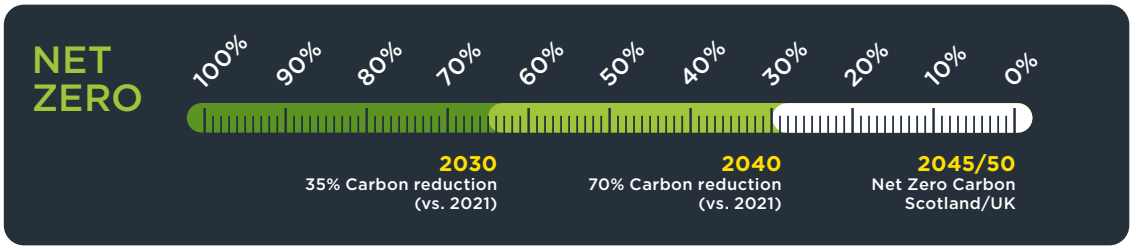
| **Total emissions** | 46,697.9 |

## 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 to 30,354 tCO2e by 2030. This is a reduction of 35%.
- 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.




Emission reduction targets for Scope 3 will be set once data for the five Scope 3 categories has been collated and stipulated in future CRP publications. The Scope 3 reduction targets which we set will be aligned with our organisation's commitment to achieving Net Zero by 2050 and stipulated in future CRP publications.

# Carbon reduction projects

## Completed carbon reduction initiatives

The following environmental management measures and projects have been implemented since the 2021 baseline. The carbon emission reduction achieved by these schemes will help us to reduce our emissions by 2030 to 30,354 tCO2e, a 35% reduction against the 2021 baseline and the measures will be in effect when performing the contract.

## Working group

In the second quarter of 2021, our organisation appointed a sustainability working group of senior staff members from various key departments within our group of companies. This working group is tasked with introducing sustainability considerations into our corporate culture and operational processes. By the end of 2021, our organisation's sustainability initiative was introduced to our employees and launched under project "Sense": A Sustainable Environment for Nature, Society, and the Economy.

We have also established specific sub-groups to focus on materiality and identify particular hot-spot areas that have the biggest impact and influence on our organisational carbon footprint. Primary issues, that present sources of risk and opportunity to our Group in the immediate and medium-term future, have been agreed to include our buildings, transport, utilities, and waste.

## Buildings - Innovation Centre

In June 2021, Arnold Clark opened our Innovation Centre in Glasgow. The company invested over £5 million in the creation of our first non-retail showroom to exhibit alternative fuelled vehicles that are a key part of carbon reduction and a greener cleaner future for transport.

The centre is also designed to offer interested parties free access to knowledge and expertise around all aspects of a more sustainable way of motoring. The Arnold Clark Innovation Centre is the first facility of its kind in Scotland and is relevant to climate change in that it is directly aligned with the Clean Transport strategy and Road to Zero commitments. The 2030 deadline for the sale of all new ICE cars is rapidly approaching and consumers are becoming increasingly desirous of information about what options may be suitable for them in the future.

The centre has been established as a display and education facility for our employees, customers, and communities. Although the Arnold Clark Innovation Centre is physically located in Glasgow, the information and expertise which it provides is also virtually accessible though our website, social media channels, and by emailing, or telephoning, our product geniuses who work at the centre. Consequently, emissions generated through travel can be minimised as our staff and visitors do not need to be on site in order to gain information.

In addition to vehicles, our centre also showcases other new carbon reduction innovations, such as lampposts powered by wind and solar with integrated energy storage. We envisage that our Innovation Centre services will assist, influence, and encourage carbon reduction activities internally within the Arnold Clark Group and externally in the wider community but we would be unable to quantify the actual tCO2e reductions directly effected.

## Transport

Arnold Clark own a substantial fleet of vehicles used for operational purposes. In 2021 we started analysing where ICE vehicles could potentially be replaced with alternative fuel vehicles and have swapped a number of our Group Security and Parts vehicles from diesel to pure electric.

Alternatively fuelled vehicles are becoming more prevalent in our leasing and rental fleets, replacing traditional internal combustion engine vehicles which run on petrol or diesel produced from fossil fuel. As AFV adoption increases across our Contract Hire and Vehicle Rental customer base, our vehicle emissions will decrease, thereby resulting in a reduction of carbon footprint for both our organisation and our customers' businesses.

Group fuel is purchased using company fuel cards and we have designed a Power BI-based dashboard to accurately collate, measure, and report consumption for individual sources from 2022 onwards.

We have created, and filled, a position for Head of Charge Point and Energy Infrastructure at Arnold Clark. This role will progress our ambition to have a fully fitted operational network of suitable EV charge points across our estate which will be accessible to all our business streams and eligible customers for recharging electric vehicles.

## 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 embarked on a project to install 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 Business Stream system that not only measures consumption, but which also provides an immediate alert in the event of an irrational increase in use e.g. overnight spikes when a branch is closed. This allows us to quickly investigate and mitigate against unnecessary waste.
- We have started reviewing all company heating systems and alternative thermostats and radiator valves have been fitted to better control temperatures. We have installed new heating systems on individual sites recording high inefficiencies.

## Waste

Arnold Clark have formal agreements with various licenced waste contractors to recycle and dispose of various types of hazardous and non-hazardous waste material generated by our Group. This can include general waste (paper, food, cans, bottles etc.), tyres, batteries, scrap metal, confidential documents, toner cartridges, electrical equipment etc. We have worked closely with our waste management contractors to maximise on- and off-site recycling of these various materials and to reduce the amount sent to landfill or incinerated thereby, reducing emissions.

We have implemented a secure print process across the 1,141 printers in our branches. All printing activity now requires pin code authorisation. Every member of staff must enter their individual pin code in order to generate a hard copy document from our printers following an output request. Any output requests which are not activated by midnight of the same day, are automatically deleted from the printer queue. This reduces our paper consumption and waste by eliminating any erroneous output requests, saving tens of thousands of sheets of paper per year.

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

## Buildings

Our Estates department will work with credible consultants and architects to co-ordinate a full review of our properties to establish building efficiencies and credentials. We aim to obtain an Energy Performance Certificate (EPC) rating, and building condition report for each property which will enable us to establish a grading matrix of all build assets. Sites falling below acceptable standards will be evaluated for retrofit solutions and any building identified as uneconomical will be considered for replacement.

All new-build properties will continue to adhere to local Simplified Building Energy Model (SBEM) requirements and will comply with any future building standards. Developing technologies are regularly reviewed and implemented where viable.

Franchise-specific new-build projects may also have to comply with manufacturer standards and stipulations; for example we have a new BMW/MINI branch which is under construction and will meet with obligations under the BMW Green Build initiative. Once completed, the new premises will replace an existing older Arnold Clark BMW/MINI site that will be closed, and this should realise an overall reduction in our Scope 1 tCO2e.

Lighting systems in our buildings will be reviewed and, where feasible, older systems will be replaced with energy-efficient LED lighting internally, externally, and within illuminated signage.

As more and more business transactions can be conducted remotely, virtually, and digitally, so our longer term intention is to reduce the gross internal floor area (GIFA) of a typical Arnold Clark branch which we believe will help in our carbon reduction strategy.

Following the success of our Innovation Centre in Glasgow, Arnold Clark has committed to opening a second Innovation Centre in Stafford in 2022 Q2.

## Transport

Our aim is to have increased our company car alternative fuel split from 29% in 2021 to 75% by 2025 and 100% by 2031.

Whilst our Logistics department currently use fuel efficient transporters to move vehicles around the country, we are conducting research into alternative fuel options in order to assess viability for our operational requirements. We also intend to install telematics units into Group transporters to encourage and optimise driving efficiencies.

We will continue to increase the percentage of alternative fuelled vehicles within our leasing and rental fleets, according to customer demand and availability of supply. As AFV adoption increases across our Contract Hire and Vehicle Rental customer base, our vehicle emissions will decrease thereby resulting in a reduction of carbon footprint for both our organisation and our customers' businesses.

As our EV charge point infrastructure is rolled out, we will review courtesy vehicles that are offered to our customers at each branch with the intention of transitioning to zero-emission vehicles.

We will continue to deliver a Driver Safe and Fuel Efficient driving programme for employees in conjunction with GTG Training. The sum of these endeavours will contribute to reducing our Scope 1 emissions.

## Utilities

Arnold Clark is currently researching renewable technologies, such as biomass boilers and energy systems driven by solar and wind, in order to fully assess impacts of adoption. Our evaluation findings will be critical in our selection of viable options to incorporate within our overall carbon reduction strategy.

Our current Purchase Agreement for electricity is due for renewal in 2023 and all green PPA options are being evaluated in advance. Our current contract for gas supply is also due to expire in 2023 and green gas possibilities are being considered.

Smart meters recording electricity use, AMRs recording gas consumption, and water loggers measuring water consumption will continue to be installed across our properties. Any irregularities or alarms will be monitored by our Group Security division and they can initiate corrective actions 24 hours a day helping to reduce unnecessary waste in shorter timescales than currently possible. Year-end figures for 2022 will be compared with 2021 so as to quantify any tCO2e reductions achieved.

Research is underway to evaluate 'behind the meter' generation including.

- Rooftop assessments on current buildings for potential installation of solar PVs.
- Solar carports and charging stations.
- Vehicle to grid opportunities through grounded EV charge points.
- Battery storage.
- Development of large scale ground mounted solar PV systems on any suitable areas surrounding our properties.
- Wind generation possibilities at certain sites.

## Waste

Arnold Clark will collect and analyse management information reports provided by our various waste management contractors in order to identify where improvements can be made. Data will be included on the Group Environmental Dashboard where we will be able to create a branch table of current figures. Waste management targets will be established and aligned to branch averages. Rewards will be offered to staff at those branches which manage waste and resultant tCO2e according to targets.

However, activities taken to manage waste will not be allowed to compromise the quality of our ervice offering, nor the safety and wellbeing of staff, customers, or communities.

We are working on developing, introducing and implementing various digital or automated process throughout the Group to replace traditional paper-based transactions often conducted in person or by post, such as finance application forms, contract agreements, service and maintenance alerts, vehicle condition documents etc. We are also analysing reports which are automatically generated by our internal computer systems as hard copy paper prints. Our programmers are working to change output formats so that our systems automatically generate soft copy reports to shared files or to user email accounts e.g. stock reports, bank reconciliations, reservations lists, deliveries and collections etc. Reports can then be printed by operators only if a hard copy is absolutely necessary. We anticipate that these endeavours will result in a quantifiable reduction of paper purchased for 2022 and a reduction in waste. Our ambition is to reduce our paper consumption by 50% by 2025.

Arnold Clark has an existing storage facility for return and re-distribution of furniture which may become available due to branch closures or refurbishment but our system is not as robust, efficient or utilised as well as it could be. We have identified a site that will become available in late 2022 to be planned out and designated as our Group Reuse Centre. It is hoped that this will become fully functional by 2023 and help us to reduce the amount of furniture purchased as well as that disposed of as waste. Branches will be incentivised to return unwanted items and to source required items from the Reuse Centre before placing a new purchase order.

Additional staff engagement activities, information, and training will be given to minimise unnecessary consumption of products, to reduce subsequent waste or over-purchasing, and to promote a circular economy.

## Data

To date, Arnold Clark has not collated Scope 3 data. We have no Scope 3 figures available for 2021 and 2022 figures may be provided as “best guess” estimates but we are in the process of evaluating automated database systems which can collect, measure and quantify Scope 3 emissions. We have shortlisted some experienced consultants and will select which of their products to implement after final presentation in 2022.

# 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 the required subset of Scope 3 emissions have not yet been reported as no data was available for 2021. Future Scope 3 reporting will be 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 2022**

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