

Arnold Clark Carbon Reduction Plan 2024

Supplier name: Arnold Clark Automobiles Limited and all subsidiary companies

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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 UK-based 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), GTG Training Limited (SC290157) and ID Computer Software Limited (SC331676). All subsidiary companies are 100% wholly owned by Arnold Clark Automobiles Limited. We will refer to Arnold Clark Automobiles Limited and associated subsidiary entities collectively as 'Arnold Clark' throughout this report.

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: 2021 (Jan - Dec)

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

During that period, our Streamlined Energy and Carbon Reporting (SECR) disclosed 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 year.

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.

From 2024 onwards, we have chosen to report Scope 2 emissions using the location-based method, aligning with how the Group monitors and tracks progress against its internal carbon reduction goals. Previously, Scope 2 emissions were reported using the market-based method. As a result of this change, we have restated our 2021 Scope 2 emissions to ensure consistency and comparability across reporting years.

Baseline year emissions: 2021

Emissions	Total (tCO ₂ e)
Scope 1	30,268
Scope 2	10,852
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	41,120

Current emissions reporting

Current reporting year: 2024 (Jan – Dec)	
Emissions	Total (tCO ₂ e)
Scope 1	28,102**
Scope 2	10,359*
Scope 3 (Included sources) 4. Upstream transportation and distribution 5. Waste generated in operations 6. Business travel (excluding grey fleet) 7. Employee commuting 9. Downstream transportation and distribution	36,287
Total emissions	74,748

*As disclosed in Arnold Clark Automobiles Limited Annual Report 2024.

** Scope 1 emissions include 611 tCO₂e relating to grey fleet. These were included within Scope 1 for reporting purposes in our FY24 Annual Report.

Emissions reduction targets

The UK Government has confirmed its ambition to see the end of sales of new petrol and diesel cars in the UK by 2035. New measures will require businesses to commit to a net zero emissions target by 2050 before they can bid for major public sector contracts.

Our 'Group Roadmap to Net Zero' has been designed to achieve our Scope 1 and 2 emission reduction targets of a one-third reduction by 2030, a two-third reduction by 2040, and net zero by 2050 (2045 in Scotland) versus our 2021 baseline. These timescales reflect our ability to utilise existing technologies to reduce our emissions associated with heating and powering our estate in the short to medium term. It also recognises that reducing our transport emissions will require further technological advancements, especially as the geographical footprint of the Group continues to grow, meaning we will only see meaningful transport-related emissions reduction in the medium to longer term.

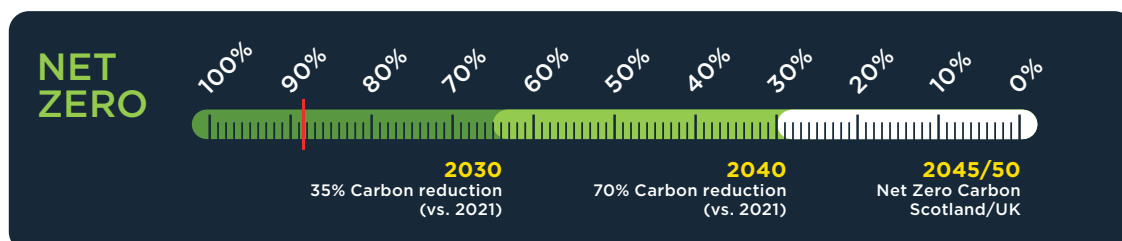
To achieve this, we are looking to reduce the environmental impact of our business through our sustainability programme, SENSE (Sustainable Environment for Nature, Society and the Economy), which focuses on the decarbonisation of our operations, the reduction of our waste, and the improvement of our water use efficiency. Most of our Scope 1 and 2 emissions are associated with heating and powering our estate and the use of fuel in our operations. To achieve our net zero targets, we have established a programme, set out below, for trialling low-carbon alternatives by first understanding the feasibility and impact of these alternatives on a small scale by piloting at selected sites, with a view to facilitating a widescale deployment across the Group in the coming years where trials for carbon alternatives are successful.

Additionally, one of our core strategic objectives is 'Providing a sustainable product choice for our customers, while reducing our environmental impact.' To achieve this, we are:

- Expanding our education of the public on the benefits and viability of alternative fuel vehicles ('AFV') through our Electric Innovation Centres.
- Strengthening our in-house capabilities through our subsidiary Bumblebee EV Limited. This enables us to offer home electric vehicle ('EV') chargers at the point of sale, helping to remove a key barrier to electric vehicle adoption.
- Expanding our sustainable product offerings through the construction and development of our own EV charging network, Arnold Clark Charge, which continued during 2024, with 42 sites now operational and a further 14 under construction. This £30 million infrastructure investment, once complete, will result in over 500 EV ultra-fast chargers being available for use at around 100 of our sites across our branch network, from Inverness to Southampton. This network allows our customers to pre-book a charging slot in a safe and monitored environment, allowing them to avoid any charging anxiety with their EV.

We project that our Scope 1 and 2 carbon emissions will decrease over the next five years to 28,327 tCO₂e by 2029. This is a reduction of 31% against our 2021 baseline. We do not currently have any interim targets for our Scope 3 emissions.

Progress against these targets can be seen in the graph below:



Net zero illustration for Scope 1 and 2 only.

Carbon reduction projects

We have established a strategy, set out in the table below, for trialling low carbon alternatives. This enables us to understand the feasibility and impact of these alternatives on a small scale by piloting at selected sites. Where these trials are successful, decisions can be taken as to the appropriateness and timing of widescale deployment across the Group. These actions form part of the Group's commitment to playing its part in our society's drive towards achieving a Net Zero economy.

Emission source	Short term (0-3 years)	Medium term (4-10 years)	Long term (over 10 years)
Heating and powering of our estate	Rooftop solar power generation to produce low- carbon power on site. Battery storage to capture additional low-carbon rooftop solar power. Destratification fans to improve heating and cooling efficiency. LED lighting and smart sensors to reduce energy consumption and provide better controls than using normal lighting systems, further reducing energy consumption. Localised building controls for heating, cooling, and lighting systems to prevent unnecessary usage and energy waste and optimise comfort levels within branches.	Procurement of electricity from 100% renewable sources, for any residual usage not already generated from on-site solar PV installations, through Purchase Power Agreements or other market mechanisms. Electrification of heating for all branches to reduce consumption of carbon-based fuels.	Transitioning of our bodyshop equipment in order to electric to reduce natural gas consumption.
Fuel used in our operations	Electrification of our company car fleet to reduce business travel and commuting emissions.	Transition of our internal van fleet to alternative fuel vehicles to reduce the use of diesel.	Decarbonisation of our vehicle transporter fleet to reduce the use of diesel.

Completed carbon reduction initiatives

The following initiatives were implemented in 2024. The carbon emission reduction achieved by these schemes will help us to reduce our Scope 1 and 2 emissions to 26,728 tCO₂e by 2030, a 35% reduction against our 2021 baseline.

LED lights

The first key measure we have sought to implement is the widespread installation of LED lighting and smart sensors across our sites. LED lights are energy efficient, consuming up to 90% less energy and lasting 50 times longer than traditional incandescent lighting. This transition not only contributes to substantial energy savings but also reduces our overall environmental impact. Additionally, smart sensors ensure that lights are only in use when needed, further optimising energy consumption by eliminating wasteful usage in unoccupied spaces or during times when natural sunlight provides sufficient lighting. We have continued to make good progress with this initiative throughout 2024 and circa 70% of our sites now having LED lights installed.

Destratification fans

Secondly, and recognising the impact that the heating and cooling of large retail spaces has on our environmental footprint, we are installing destratification fans across our sites. These fans work by equalising the temperature throughout our spaces, pushing warm air down from the ceiling to where it is needed at the lower occupied levels. This results in a more comfortable environment for both customers and employees while significantly reducing the need for excessive heating or cooling, thereby cutting down on energy consumption and associated emissions. In 2024, we successfully installed destratification fans in 24 sites.

Building energy management controls

A third initiative of our carbon reduction strategy is the implementation of building energy management controls across 11 of our sites in 2024. These provide localised control of our buildings' heating, cooling, and lighting systems, ensuring they operate only when necessary. This not only reduces energy use and emissions but also lowers operational costs, supporting our commitment to environmental stewardship and financial sustainability.

Rooftop solar PV and battery energy storage systems

A fourth initiative of our carbon reduction strategy is the implementation of rooftop solar PV installations and, where possible, pairing these with battery energy storage systems (BESS). These installations allow for the capture and immediate use, and/or, storage and future use, of green renewable electricity on site. This provides a decarbonised energy source to support our operational requirements and lowers operational costs. In 2024, we successfully commissioned rooftop solar PV at three sites, including one branch with a paired BESS.

Company cars

In addition to these site-based initiatives, Arnold Clark has also embarked on progressively electrifying our company car fleet, aligning with the government's zero-emission vehicle (ZEV) mandate requirements. This transition to electric vehicles (EVs) represents a positive step forward in reducing our Scope 1 emissions, decreasing our reliance on fossil fuels and contributing to the global effort against climate change.

Declaration and sign-off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standards 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 use 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 has 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 board:



Mr. R. Borrie
Chief Executive Officer

Date: 28th June 2025

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