



Code of Conduct for Suppliers of Goods and Services

Version 1.0

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Arnold Clark

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1. Introduction

Arnold Clark Automobiles Limited started trading in 1954 and is now the UK's largest independently owned vehicle retailer, with hundreds of branches across the UK offering the sale, hire, maintenance, and repair of new and used vehicles. Arnold Clark also owns and operates several subsidiary companies, including Arnold Clark Insurance Services Limited, Assure Alarms Limited, Arnold Clark Finance Limited, GTG Training Limited, Bumblebee EV Limited, Central Car Auctions Limited, and ID Computer Software Limited.

The Arnold Clark Group has a responsibility to ensure its supply chain operates legally and ethically, and to influence behaviours that will improve the lives of workers, communities, and the environment. Consequently, all Arnold Clark suppliers must comply with the Arnold Clark Supplier Code of Conduct.

This includes suppliers that are:

- Providing services to or on behalf of the Arnold Clark Group
- Third parties sub-contracted by a supplier

This Code is guided by fundamental principles of environmental, social, and governance responsibility that are consistent with applicable laws, regulations, and standards.

2. Business Ethics

Commercial transactions should be economically beneficial to all parties involved and relationships should be based on the principle of fair and honest dealings while promoting sustainable development:

- Suppliers must embed basic business principles in a Code of Business Standards or a similar policy, including such items as adherence to applicable trade laws and regulations.
- Suppliers must have reasonable and lawful payment policies with their own suppliers and sub-contractors.
- Suppliers should not manufacture nor use unauthorised raw materials and parts, nor use or sell counterfeit raw materials and parts.
- Suppliers must comply with applicable national and international sanctions policies and legislation.
- Suppliers must adhere to relevant anti-trust and other competition laws, including, but not limited to, the Competition Act 1998.
- Suppliers must comply with all tax laws and regulations in the jurisdictions in which they operate.
- Suppliers shall prohibit all forms of tax evasion or facilitation of tax evasion. Business should be conducted in a manner wherein the opportunity for, and incidence of, tax evasion is prevented. We assume that the supplier, which meets the definition as an Associated Person, has considered and put in place procedures as outlined in HMRC's Corporate Criminal Offence (CCO) legislation, which took effect on 30th September 2017.

3. Anti-Money Laundering and Anti-Corruption

The Arnold Clark Group is committed to conducting our business professionally and with integrity. Fraud, bribery, or corruption will not be tolerated when conducting business with our suppliers.

The Arnold Clark Group has robust policies in relation to this and expects all suppliers to abide by the following:

- Suppliers must comply with all applicable financial regulations, including anti-money laundering, anti-fraud, and anti-corruption laws.
- Suppliers must conduct business in such a manner that the opportunity and incidence of money laundering is prevented or mitigated.
- Suppliers must not conduct any deceptive and dishonest practices with regards to providing information, obtaining property, resolving payment liability, and securing financial advantages.
- Suppliers are expected to reject and prevent corruption in all its forms.
- Suppliers must have policies in place regarding the provision of corporate gifts, hospitality, and anti-bribery and operate in accordance with the Bribery Act 2010.
- Suppliers are not permitted to offer or provide inducements to Arnold Clark staff by way of hospitality, gifts, services, or cash in any form, either actively or upon solicitation requests. Those suppliers found to be actively offering inducements will be removed from the authorised supplier list.

4. Environmental Responsibility

The Arnold Clark Group recognises that there needs to be a balance between business and a healthy sustainable environment.

Our objective is to conduct our business in a responsible way that positively impacts the world around us, while identifying, reducing, and mitigating any negative impacts so we can preserve and improve the quality of life for future generations.

Arnold Clark expects its suppliers to support a proactive approach to environmental responsibility by protecting the environment, conserving natural resources, managing emissions, and reducing the environmental footprint of their operations, products, and services throughout their life cycle.

- Suppliers must comply with all applicable national and international environmental obligations and continuously endeavour to minimise resource consumption (i.e., energy, water, raw materials, primary materials, fossil fuels)
- Suppliers must employ operational practices which manage, control, and minimise negative impacts on the environment (i.e., emissions, pollutants, noise, waste, etc.)
- Suppliers must abide by all applicable environmental, health and safety legislation and regulations related to the handling, storage, and disposal of dangerous and hazardous materials
- Suppliers should promote environmentally considerate use and disposal of their products
- **Transparency and reporting:** Suppliers must be able to provide accurate and timely information about their environmental commitments, strategies, impacts and performance. This may include measurement data, targets, timescales, initiatives, and detail of any incidents, improvement notices, or non-compliance with environmental laws and regulations upon request.
- **Continuous improvement:** Suppliers must have a demonstrable method through which they seek opportunities to improve their environmental performance and regularly review their practices to identify areas for improvement, risks, and opportunities.
- **Communication:** Suppliers must show a demonstrable strategy to communicate their environmental policies and practices to their employees, customers, suppliers, and other stakeholders.

5. Workforce Issues

5.1 Arnold Clark is committed to operating in accordance with the International Bill of Human Rights (comprising the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights).

- Suppliers must comply with all applicable labour laws and regulations, including but not limited to working hours, conditions, and wages etc.
- Suppliers must respect the human rights of the people and communities in which they operate and should strive to improve the lives of those people and communities.
- Suppliers must ensure that all work is completed voluntarily and without slavery, servitude, forced or compulsory labour and human trafficking and comply with the Modern Slavery Act 2015. Workers shall have the freedom to terminate their employment at any time without penalty, upon giving reasonable notice.
- Child labour must not be employed. The age of employment for young workers must meet or exceed legal regulations and local labour laws. In the absence of such, Convention C138 of the International Labour Organisation (ILO) shall apply.
- Suppliers must not discriminate against any group on religious, social, gender identity, sexual orientation, ethnicity, or any protected classes covered under international human rights standards and such other ground as may be recognised under national law.
- Suppliers must not tolerate harassment, including physical, psychological, verbal, or sexual harassment, threats of harassment, or retaliation for reporting harassment.
- Uphold the right to freedom of association and collective bargaining.
- Provide a route for employees, customers, or suppliers to confidentially report any concerns and considerately investigate merits of these reports.

6. Health and Safety

We expect all suppliers of the Arnold Clark Group to comply with applicable health and safety standards and regulations. Suppliers should operate an effective health and safety management system, proportionate to the size and activities of their business to continuously minimise health and safety risks and improve working conditions for their workforce, including sub-contractors working on site. Suppliers with more than five employees should have their health and safety management system documented, annually reviewed, and audited.

To help ensure the health and safety of employees, customers, contractors, and anyone else who may come into contact with our business, we will require suppliers carrying out activities on our site to demonstrate the steps they have taken to prevent accidents, injuries, or ill-health arising from, or associated with, those activities by providing documentation specific to those activities / undertakings (i.e., Risk Assessments, Method Statements, Certificates of Competency etc.).

Suppliers must obtain and comply with required health and safety permits when working on Arnold Clark Group sites.

Suppliers must ensure any accidents or breaches of health and safety legislation which occur on an Arnold Clark Group site are reported to the person in control of the site (i.e., branch manager or Group estates project manager).

Product supporting documentation such as instruction manuals, service schedules, warning notices, warranties or guarantees, and training manuals or material safety data sheets must be supplied alongside the product (written in English).

Suppliers must ensure that their employees are suitably trained, experienced, competent, and / or qualified to conduct their activities in accordance with health and safety requirements. Suppliers must also ensure their employees have access to appropriate PPE, tools, facilities, and instructions to allow them to fulfil their tasks safely. Any mandatory or familiarisation training required to use supplied equipment must be communicated by the supplier as part of procurement; the supplier must also ensure training arrangements can be made by the department procuring the goods.

7. Quality Assurance

Suppliers shall provide goods and services corresponding to the supplier's description and in accordance with those requested by Arnold Clark either verbally, by way of a purchase order, or formal contract specification. Suppliers must provide assurances that their goods are fully compliant with relevant product supply law, supplemented with a formal written Declaration of Conformity where required, and have the appropriate conformity markings to certify they meet the expectations specified (i.e., UKCA markings) as well as any statutory documentation / certification required.

Arnold Clark expects suppliers to adhere to any contractual or agreed delivery schedules, quality standards, and pricing. Where non-conformity in specification, delivery, or cost is identified, then all parties shall co-operate to quickly rectify and resolve the situation with minimum disruption to the customer.

Suppliers should have a quality management system in place which is commensurate with the size of their organisation and type of activities. Confirmation of relevant certificates and / or accreditations may be required and evidence of such should be provided on request.

8. Management System

As a family-owned business, we run the Arnold Clark Group in a way that is consistent with an agreed set of core values that cover how we deliver value to shareholders and the wider community and how we interact with our stakeholders, including shareholders, employees, customers, and suppliers.

Suppliers with whom the Arnold Clark Group has regular and recurring dealings should have good management and governance processes in place to ensure compliance with this Code.

Furthermore, suppliers must make reasonable efforts to monitor their own supply chain, ensuring their suppliers are aware of, and compliant with, the aims of this Code. Suppliers must ensure that their systems and procedures are sufficient to mitigate any potential negative impact on Arnold Clark's brand and reputation.

We request legal compliance not only from our associates but from all business partners, particularly with regard to corruption and fraud prevention as well as anti-trust matters, taxation regulations, data protection and privacy, as well as export controls. To ensure such adherence, the Arnold Clark Group expects its business partners to implement an adequate and effective compliance management system within their organisations.

9. Confidentiality and Data Protection

The Arnold Clark Group is fully committed to compliance with its obligations as a data controller and a regulated entity under the General Data Protection Regulation 2018 (“GDPR”) and the Data Protection Act 2018 and all other data protection legislation in the jurisdictions in which we operate or where our personal data is transferred or processed.

We expect our suppliers to be fully aware of and abide by applicable global data protection laws and to not hinder the Arnold Clark Group’s ability to fulfil its own data protection obligations.

Suppliers must ensure they have the appropriate organisational and technical measures to safeguard their systems and meet information security and privacy standards.

Suppliers shall handle and disclose personal data and confidential information that they obtain during their relationship with the Arnold Clark Group, only as authorised and directed by the Arnold Clark Group and as required by applicable laws and regulations.

Suppliers shall protect personal data and confidential information against unauthorised and unlawful use, disclosure, access, loss, alteration, damage, and destruction.

Suppliers shall inform the Arnold Clark Group of any actual or suspected data breaches within 48 hours.

10. Due Diligence

The Arnold Clark Group has a responsibility to conduct appropriate supplier assessment and risk management activities throughout our value chain. This may include, but is not limited to, reviewing copies of various policies, conducting background checks using publicly available information, requesting evidence of qualifications, permits, or accreditations, and undertaking further due diligence with the aim of establishing that none of our suppliers are engaged in questionable, illegal, or unethical trading practices.

All suppliers are called upon to implement a due diligence process themselves, to ensure that their suppliers, contractors, and sub-contractors also comply with the standards and rules set out in this document.

11. Liabilities Insurances

Arnold Clark expects all suppliers to maintain appropriate insurance cover pertinent to their business activities. As a minimum, this may include Employer's Liability, Public Liability, Products Liability, Professional Indemnity, and Motor Insurance. Suppliers must produce relevant and valid insurance certificates to Arnold Clark evidencing details of insurance cover when requested.

12. Compliance

The Arnold Clark Group requires suppliers to sign this code, thereby acknowledging the requirements contained within. The Arnold Clark Group requires suppliers to agree to adhere to these requirements and to be able to demonstrate to the company how these requirements are being met. Compliance levels will be monitored and assessed through periodic reviews and audits.

The Arnold Clark Group will work collaboratively with suppliers to ensure adherence to the Code and develop improvement programmes if required.

In the event of severe violations of the Code, we reserve the right to take actions including and up to termination of contracts.

Arnold Clark will review this Code annually and may incorporate revisions in line with any alterations or amendments to pertinent legislation and / or our business strategies.

13. Self-Monitoring and Reporting Breaches

The supplier shall monitor its compliance with the Code and report any breaches (actual or suspected) of this Code to the Arnold Clark Group.

The supplier shall not retaliate or take any disciplinary action against persons who have reported, in good faith, concerns regarding this Code.

14. Declaration (to be completed by an authorised signatory)

On behalf of

I confirm that I have read the Arnold Clark Supplier Code of Conduct, acknowledge the requirements contained within, and agree to comply with same.

Name
Position / Title
Registered company name
Registered address
Date of signing

