

Carbon Reduction Plan

Commitment to achieving Net Zero

Mitsubishi HC Capital UK PLC (MHCUK) are committed to reach Net Zero emissions by no later than 2050 and reach interim targets by no later than 2030.

Baseline Year: FY2019/20 (April 2019 – March 2020)	
<p>The baseline emission boundaries are determined following an operational control consolidation approach as described in the Greenhouse Gas (GHG) Protocol. The calculations include all emissions from UK operations.</p> <p>FY2019/20 was selected as the baseline year because it was the last fiscal year wherein standard, representative business activities were not impacted by Covid-19.</p>	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	1,191
Scope 2	546
Scope 3 (Included Sources)	2,981 In line with the Carbon Reduction Plan (CRP) technical guidance, a subset of 5 out of the 15 categories of scope 3 emissions are included: <ul style="list-style-type: none"> • Waste generated in operations: 36 • Business travel: 473 • Employee commuting: 2,472 <p>As a financial institution MHCUK's primary product is the delivery of financial services. Therefore, emissions from the categories "upstream transportation and distribution" and "downstream transportation and distribution" are considered out of scope for MHCUK's case.</p> <p>In addition to the categories covered in this section, MHCUK has performed a comprehensive GHG calculation of its own operations, comprising all relevant scope 3 categories identified in the GHG Protocol.</p>

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<p>Scope 3 (Voluntary Disclosure)</p>	<p>810,268</p> <p>MHCUK has chosen to voluntarily disclose two additional and material Scope 3 emissions categories beyond the mandatory CRP subset, to demonstrate our commitment to climate transparency and accountability.</p> <ul style="list-style-type: none"> Downstream leased assets: 390,262 Investments: 420,007
<p>Total Emissions</p>	<ul style="list-style-type: none"> CRP required emissions (Scope 1,2, and 3a): 4,718 Total emissions including voluntary Scope 3b: 814,986

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases (GHG's) that have been produced by MHCUK 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.

Current Emissions Reporting

<p>Reporting Year: FY2025/26 (April 2025 – March 2026)</p>	
<p>EMISSIONS</p>	<p>TOTAL (tCO₂e)</p>
<p>Scope 1</p>	<p>214</p>
<p>Scope 2</p>	<p>347</p>
<p>Scope 3 (Included Sources)</p>	<p>581</p> <p>In line with the CRP technical guidance, a subset of 5 out of the 15 categories of scope 3 emissions are included:</p> <ul style="list-style-type: none"> Waste generated in operations: 44 Business travel: 231 Employee commuting: 306 <p>As a financial institution our primary product is the delivery of financial services. Therefore, emissions from the categories “upstream transportation and distribution” and “downstream transportation and distribution” are considered out of scope for MHCUK’s case.</p>

Scope 3 (Voluntary Disclosure)	1,054,966 MHCUK has chosen to voluntarily disclose two additional and material Scope 3 emissions categories beyond the mandatory CRP subset, to demonstrate our commitment to climate transparency and accountability. <ul style="list-style-type: none"> • Downstream leased assets: 674,953 • Investments: 380,013
Total Emissions	<ul style="list-style-type: none"> • CRP required emissions (Scope 1,2, and 3a): 1,142 • Total emissions including voluntary Scope 3b: 1,056,108

Emissions reduction targets

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

- MHCUK commits to reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a FY2019/20 base year and commits to continue to annually source 100% renewable electricity by year end 2030.
- MHCUK commits to reduce absolute Scope 3 emissions from business travel, employee commuting, and waste by 30% by 2030 from a FY2019/20 base year.
- MHCUK commits to reduce absolute Scope 3 GHG emissions from downstream leased assets by 30% by 2030, from a FY2019/20 base year.

During FY2025/26, MHCUK refined its decarbonisation targets to ensure alignment with evolving business priorities, regulations, and customer expectations. The following business decarbonisation targets have been set:

- MHCUK aspires to transition 100% of its own MHCUK car fleet to battery electric vehicles (BEV) by March 2028
- MHCUK aspires to transition 100% of its new direct business car fleet to BEV by March 2030.
- MHCUK aspires to transition 70% of its new direct light commercial vehicle (LCV) fleet (2.8 tonne and under) to BEV by March 2030.
- MHCUK aspires to continue to grow its assets linked to climate action and affordable clean energy.

Carbon Reduction Projects

The achieved total emission reduction in FY2025/26 equates to 3,576 tCO₂e for the mandatory CRP emissions subset, a 76% reduction against the FY2019/20 baseline. MHCUK has adopted hybrid working which has contributed to the GHG emission reductions in scopes 1, 2, and 3, with the most profound drops occurring for employee commuting due to increased leveraging of virtual platforms.

In addition, MHCUK has voluntarily disclosed reductions in two additional scope 3 categories currently in scope with our operations and activity. These emissions are reported under Scope 3 (Voluntary Disclosure) to maintain transparency and alignment with PPN 006 guidance.

MHCUK's total reported Scope 3 (Voluntary disclosure) emissions have increased by 30% from the baseline year, driven primarily by business growth, while MHCUK continues to direct finance toward climate-aligned assets and expand its customer base to organisations that have aspirations to transition to lower-emission assets. This includes onboarding legacy, higher-emitting assets to support customers on decarbonisation journey, particularly through

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sustainable transport solutions that enable fleet transitions from internal combustion engines to lower-emission vehicles.

Novuna Business Finance (NBF) and Novuna Vehicle Solutions (NVS) together account for 85% of total Scope 3 (voluntary disclosure) emissions. Within this, emissions from NVS have increased from 405,369 tCO₂e in the FY2019/20 base year to 667,159 tCO₂e in FY2025/26 (a 65% rise), reflecting strong portfolio growth, while emissions intensity (tCO₂e/£m) has decreased by 35%, demonstrating a successful shift toward lower-carbon vehicles and highlighting the skills, experience and expertise within the NVS team in supporting this transition.

Emissions from NBF have decreased from 280,965 tCO₂e in the FY2019/20 base year to 226,846 tCO₂e during FY2025/26 despite portfolio growth, with emissions intensity (tCO₂e/£m) also decreasing by 45%, showcasing the NBF's strong capabilities and expertise in financing lower-emission assets and driving measurable decarbonisation progress.

MHCUK will achieve its Net Zero near-term targets through the implementation of a comprehensive set of carbon reduction measures:

Carbon Accounting

- MHCUK continues to be a signatory to the Partnership for Carbon Accounting Financials (PCAF), and remains committed to measure and disclose the GHG emissions associated with its portfolio of loans, investments, leasing, and other financial products and services. In line with this commitment, MHCUK has initiated the transition of its Scope 3b financed emissions to the PCAF methodology.

Energy Efficiency Investments

- MHCUK is on 100% renewable electricity tariffs for all its UK offices where MHCUK procures its own energy.
- The NVS division has developed an electric vehicle charging forecourt with renewable energy generated onsite through a solar canopy, supported by battery storage and energy management systems. In FY2025/26, 58,153 kWh of solar energy was delivered directly to onsite EV chargers from 105 solar panels, the equivalent of driving a BEV 174,933 miles. This approach contributes to lower CO₂ emissions and improved efficiency.
- Energy audits have been completed across MHCUK's three sites as part of Phase 3 of the Energy Savings Opportunity Scheme (ESOS): the Trowbridge office in FY2023/24, and the Staines and Leeds offices in FY2024/25. In addition, MHCUK submitted its ESOS energy efficiency action plan in 2025.
- MHCUK continues to investigate and invest, as appropriate, in energy-efficiency equipment (LED and heat pumps among others), subject to discussions with respective Landlords.
- Optimised heating/cooling/lighting timeout schedules.
- We are transitioning from physical data centres to more sustainable cloud services in line with MHCUK's Cloud-First Strategy, which will decrease GHG emissions through reduced on-site hardware, power/cooling, and e-waste.

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- MHCUK selects reliable laptops that extend the average lifespan from three to four years, reducing the frequency of replacements, enhancing energy efficiency, and minimising the emissions associated with its manufacturing and transportation.

Sustainable Financing Activities

- MHCUK delivered £838 million in green asset funding in FY2025/26, including green energy, electric vehicles, and energy efficiency assets.
- In FY2025/26, NBF division's Project Finance sales channel, focused on financing sustainable energy and transport projects, facilitated project investments by providing c£60million of new lending facilities.
- The NBF division was selected as the funding partner for the Green Asset Finance pilot under the Business Banks Growth Guarantee Scheme (GGS) in FY2025/26. This initiative aims to address barriers to green investment by leveraging government backed guarantees.
- MHCUK established a three-year peatland restoration partnership with the Yorkshire Peat Partnership during FY2025/26. The initiative focuses on restoring degraded peatland, with a commitment of £25,000 per year (totalling £75,000). This contribution is equivalent to supporting the restoration of approximately 16.67 hectares of peatland annually. Healthy peatlands act as carbon sinks, but when they become degraded they release CO₂, making their restoration important for climate change mitigation. Beyond carbon storage, healthy peatlands help reduce flood risk, improve drought resilience, lower wildfire risk, and provide habitats for rare species.
- In FY2025/26, the European Vendor Finance (EVF) division provided a £5 million 10 year loan to Re-Gas Energy Limited, for the upgrade of their anaerobic digestion plant, converting food waste and crops into clean biogas and electricity.
- In January 2026, MHCUK successfully completed a 3-year €50 Million Green Term Loan Facility Agreement with BBVA. The proceeds were allocated to a listing of 1,280 battery electric vehicles. The environmental impact includes an estimated 9,051 tCO₂e (petrol equivalent) being avoided annually over the 3-year period that the loan will remain outstanding.

Vehicle Electrification

- MHCUK has vehicle electrification decarbonisation aspirations mentioned in the above Emission Reduction Targets section.
- MHCUK's MHCUK Car Policy only offers fully electric vehicles for employees. In FY2025/26, 94.6% of MHCUK car fleet was battery electric.
- Battery Storage Solutions: NVS are exploring the repurposing of vehicle Original Equipment Manufacturer (OEM) batteries to accelerate depot electrification and support fleet decarbonisation.
- Alternative fuels: NVS have successfully converted several customer fleets to alternatively fuelled vehicles and continue to pioneer solutions for all fleets and vehicle types where electric is not an option.

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- NVS is a member of various zero emission consortiums; The Tees Valley Hydrogen Vehicle Ecosystem (HYVE) Consortium and The Lighter Than Air Consortium.
- In FY2025/26, NBF division provided a £15m loan facility to Evyve, a leading EV charging network, to accelerate the rollout of 1,000 DC and ultra rapid chargers across the UK by 2028. It also provided £30million of new lending facilities to Osprey, the UK's 2nd largest rapid and ultra rapid charger network operator, as part of Osprey's new £110m multi lender funding package to support the expansion of its nationwide network.

Operational and Behavioural Change

- MHCUK's hybrid working model, supported by extensive use of digital meeting functions, has contributed to reducing emissions within the "commuting and business travel" category. As the business grows, including expansion into Europe, essential commuting and travel will continue where they directly support customers and business growth. We remain committed to managing our climate impact responsibly by prioritising virtual collaboration where possible and continually reviewing opportunities to further reduce our travel footprint.
- Waste from our UK sites is sorted into recycling and landfill by our waste providers. We also track, monitor, and report our waste data internally on a semi-annual basis in attempts to reduce waste generated from our direct operations.
- Our electronic waste is disposed of in a manner that is both The Waste Electrical and Electronic Equipment (WEEE) regulation and Environment Agency compliant. Old electrical equipment is recycled for materials using a secure specialist corporate provider who are able to reuse more than half, and recycle 99% of the rest of the materials.
- MHCUK developed half yearly internal reporting to monitor progress towards the Group's aspirational Sustainability Targets and Net Zero journey.
- In FY2023/24, MHCUK published its first climate-related financial disclosures in accordance with UK legislation and continues to annually publish these disclosures within the annual report, and in consultation with external auditors.
- MHCUK is developing its own platform for efficient sustainability reporting. A minimum viable product has been completed which delivers automatic carbon accounting for scope 1,2 and 3 emissions.
- MHCUK encourages employees to use cleaner transportation by taking part in the Cycle to Work green government initiative, allowing employees to use a tax-free portion of their salary to purchase a bike or cycling products.
- MHCUK is fostering a climate-focused culture through employee engagement and training activities, by raising awareness of current and emerging ESG topics.

Accreditations

- NVS division holds the ISO14001:2015 Environmental Management System accreditation for both of its sites.

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- MHCUK achieved an EcoVadis Bronze rating in FY2025/26, which provides global benchmarks essential for measuring and improving the performance of our global value chain.

Furthermore, we are exploring additional measures such as:

- Working with the broker network to incentivise them to adopt green practices as part of our green contracts.
- Continuing to finance the EV charging network.
- Reducing the amount of waste being generated in the office through education and, review suppliers who provide recycling services in line with new and future recycling initiatives.
- Provide incentives to further encourage employees to utilise public transportation when commuting to work.

Supporting Information

For further details on MHCUK's Emission Reduction Targets, Carbon Reduction Projects, Carbon Accounting Methodology, and Sustainability Engagement Activities, please refer to:

- [Mitsubishi HC Capital Group Environmental Policy](#)
- Annual Report - ESG Review

Further Sustainability information

- Methodology Report
- Environmental Statement

Available at <https://www.mitsubishihccapital.co.uk/sustainability/resources/>

And more information on our website:

<https://www.mitsubishihccapital.co.uk/sustainability/>

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN006 and associated guidance and the 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 standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas MHCUK reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published

¹ <https://ghgprotocol.org/corporate-standard>

² <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³ <https://ghgprotocol.org/standards/scope-3-standard>

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reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

A handwritten signature in black ink, appearing to be 'R. Gordon', written in a cursive style.

Robert Gordon

Chief Executive Officer

Date of last review: 11/06/2026

Date of next review: 11/06/2027