

**Environmental, Social and Governance Report  
Year Ended 31st March 2021**



# CEO Message



**R. Gordon**  
Chief Executive  
Officer

**Over the past few years, environmental, social and governance issues have evolved from supplementary reporting within the financial statements, to deeply embedded commitments in our strategies, policies and daily routines at Hitachi Capital (UK) PLC (HCUK). Our sustainability scorecard reflects the significant progress made over the past year and we are well on the pathway to emerging from the COVID-19 pandemic as a stronger organisation; building back better.**

We are actively evolving our operation to direct the flow of finance to sectors of the economy which help to reduce greenhouse gas (GHG) emissions. We have assessed how we can make a material impact in the transportation sector, which is one of the largest sources of GHG emissions. Our action plans are delivering real change in a sustainable manner. The financing of non-subsidised Hybrid Solar Farms and funding the development of a sustainable UK charging infrastructure are key actions which support the widespread adoption of Electric Vehicles. We issued our first Green Bond in March 2021 and plan to continue issuing under our Green Financing Framework, as direct evidence of our aspirational commitment to have 20% of our assets directly connected to climate action and affordable clean energy by March 2025.

The net zero economy is very capital intensive and finance companies have a key role to play in the distribution of capital and in developing partnerships with innovative companies seeking to deliver sustainable change. The sustainability section of this report focuses upon a small number of our key partnerships.

Last year we reported that we are aligning our business to address the United Nations Sustainable Development Goals (SDGs) to ensure that we work towards achieving a cleaner, healthier and more sustainable society. The linkage between all the goals becomes more apparent as more projects are undertaken and perhaps the greatest reward is that the culture of the company continually evolves in a positive way, employee engagement strengthens and a high level of customer service is delivered. Lasting change is about building awareness and commitment, from the smallest innovation to the largest project we undertake. We plan to continue learning and adapting our business to the environment to increase our contribution to society.

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

**Robert Gordon**  
Chief Executive Officer | 27 August 2021








# Sustainability Scorecard

Our sustainability strategy responds to the changes taking place in the sectors we operate in and the world around us. We have developed targets which are summarised in our scorecard.





## —Customers Creating a truly frictionless customer journey

Number of agreements 	Credit - % fixed rate agreements 	Complaints per 1000 agreements <sup>1</sup> 
18/19: 1.4m	18/19: 99.7%	18/19: 22.8
19/20: 1.5m	19/20: 99.9%	19/20: 14.0
20/21: 1.4m	20/21: 99.9%	20/21: 18.1






## —Colleagues Strengthening our contribution to societal wellbeing

Employee engagement sentiment <sup>2</sup> 	Employee equal opportunity for career development sentiment <sup>3</sup> 
18/19: 89.1%	18/19: 80.5%
19/20: 89.0%	19/20: 80.2%
20/21: 91.0%	20/21: 89.2%
<b>TARGET</b> : Maintain an engagement level of <b>85%</b> or more	<b>TARGET</b> : Achieve figure of <b>85%</b> favourable rating by 2023



## —Communities Making a positive difference to the communities where we live and work

Amount donated by HCUK 	Percentage staff who volunteer 	Total volunteering hours 
18/19: £258,584	18/19: 7.6%	18/19: 739
19/20: £265,725	19/20: 12.5%	19/20: 1,493
20/21: £249,382	20/21: 4.0%	20/21: 881
<b>TARGET</b> : Maintain donation at <b>0.25%</b> of PBT	<b>TARGET FOR FY21/22</b> : <b>15%</b>	

## Sustainability scorecard (cont.)



### — Electric Vehicles Shaping the future of low-emission mobility

% Fleet Battery-powered Electric Vehicles (BEV)



18/19

0.5%

19/20

1.0%

20/21

3.9%

% Fleet Hybrid including both plug-in (PHEV) & self-charging vehicles (HEV)



18/19

4.9%

19/20

4.9%

20/21

6.8%

Our Target



HCVS committed to electrify 100% of the 62,500+ funded car & small van (3.5t and under) and 50% of funded larger van fleet (vehicles over 3.5t) by 2030.



### — Sustainable Business Creating a greener, cleaner future, supporting businesses making a sustainable difference

Net book value of Green assets<sup>4</sup>



19/20

£153.9m

20/21

£315.6m

Sustainable Agriculture assets<sup>5</sup>



19/20

£11.52m<sup>6</sup>

20/21

£12.41m

TARGET BY 2023

£70m

Other Green Assets

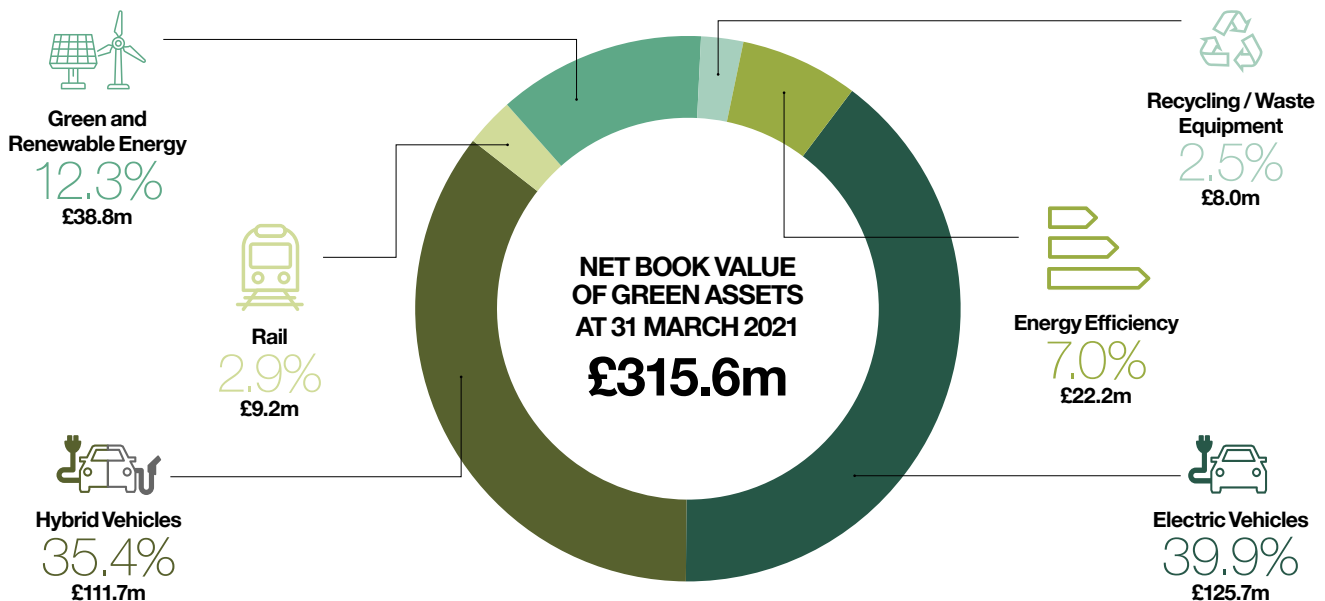


19/20

N/A

20/21

£1.69m



1. FCA Regulated Credit Agreement complaint

2. & 3. HCUK staff insights survey figures

4. Specifically related to the assets eligible to be included in a green bond issuance

5. Sustainable agriculture assets includes irrigation systems, biomass boiler, heat pump, solar panels, drills, feeder, harvester, wood chipper and sprayer.

6. We improved our MI capability and methodology of reporting. As a result, we reviewed and updated the 19/20 figure.

# Materiality Analysis

## Materiality Analysis: Starting the Journey

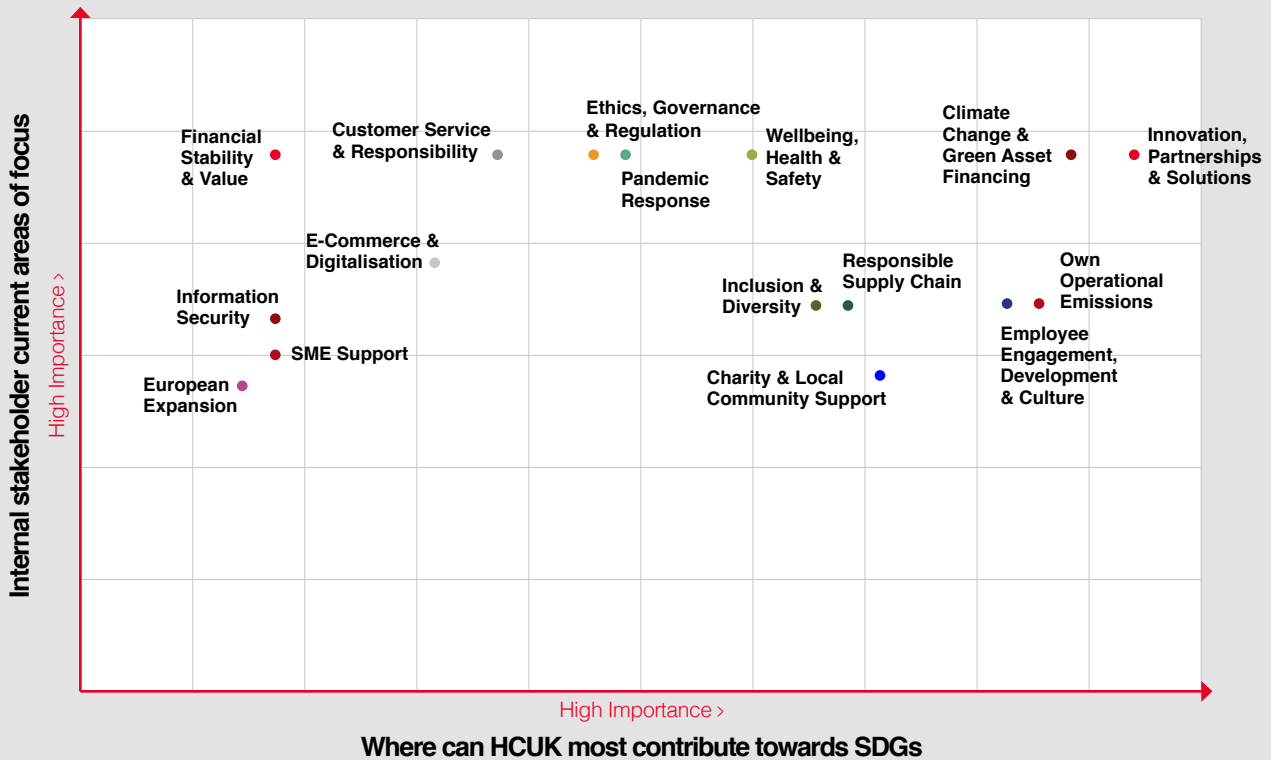
We have started the process of assessing and defining the areas which have the greatest materiality to the HCUK business. For 2020/21 we have a view from the HCUK internal perspective only, but this will be expanded to include internal and external stakeholder opinions in 2021/22.

The UN SDGs are at the heart of our business; so alongside the areas which are on our internal materiality scale, we have assessed how HCUK’s work in these areas can help in achieving the SDGs.

The expanded analysis next year will help us to better understand the relationship between the factors which are important to each of our stakeholders, and those which have the greatest impact towards achieving the UN SDGs and on business performance. This will provide enhanced visibility and enable greater understanding of priorities, risks and opportunities to aid decision making.

Our Materiality Analysis methodology is disclosed in Appendix 1.

## HCUK ESG Materiality Analysis 2020/21



# Our Key Achievements

HCUK has moved further forward in many areas during 2020/21, taking a positive stance through the pandemic. Our headline achievements, aligned to the UN Sustainable Development Goals are:

## Innovation and Infrastructure & Clean Energy



Despite the challenging pandemic conditions we have dramatically increased our focus on innovation to help combat climate change and improve infrastructure.

- We financed over £47.6m in GRIDSERVE Sustainable Energy Ltd to help deliver multiple projects including construction of the Braintree Electric Forecourt® which opened in December 2020 and clean energy production at the Clayhill hybrid solar farm.
- During the year we have also partnered with British Gas to provide charging point installation and grant application management for customers who lease electric or hybrid vehicles through us. This is a measure which will help more people to feel confident and supported in transitioning to an electric vehicle.
- For customer workplace and depot charging we are working directly with customers and partners to assess, design and deploy their own charging capacity from the bottom up.

## Climate Action & Sustainable Cities and Communities



- The net book value of green assets we funded at March 2021 was £316m, an increase of £162m on the prior year.
- In March 2021 we issued our first Green Bond: this \$40m 3-year debut bond (approx. £29m at March 2021 FX rate) demonstrates HCUK's commitment to an ongoing sustainability strategy. The bond will be used exclusively for the financing of eligible projects under our recently published Green Financing Framework. Both the bond and the framework are part of our wider vision of supporting projects which go towards delivering a net zero carbon economy.
- We re-designed our Ultra-Low Emission Vehicle (ULEV) scheme in 2020 to encourage take-up of lower emission cars, and the successful impact on our own company car fleet is now evident. We have seen a shift from 30% of the fleet being electric to 66% since the scheme went live. We are now able to use this as a proven example of how our customers can also transition to such a fleet policy.

## Our Key Achievements (cont.)



### Decent Work and Economic Growth



- Through the Covid-19 pandemic HCUK has taken a clear stance of focusing on maintaining high levels of customer service, balancing and diversifying our portfolio and providing strong support for our colleagues. This has resulted in the recruitment of 233 permanent, 49 fixed term and 95 contingent new starters in 2020/21; with no need to put any employees on furlough or use any support schemes.
- We continued to run our many programmes to help develop our people and those outside our organisation to build a strong future economy, by moving all the programmes to virtual formats. These include the Aspire leadership programme and Mentoring circles within HCUK, and the Apprenticeships programme, “Gamechangers”, through which we aim to provide apprenticeship opportunities and mentoring to pupils from diverse backgrounds. We have also partnered with Be The Business, a mentoring charity for SMEs, to help support small business owners as they emerge from lockdown.
- HCUK was the first asset provider to join the British Business Bank’s Coronavirus Business Interruption Loan Scheme (CBILS) in March 2020 and paid out £138.3m of funding.

### Good Health and Well-Being



- Our priority remained the health and wellbeing of our colleagues and their families. We supported colleagues within our organisation through providing free access to the Foundations (formerly Evermind) mental wellbeing app. We have a network of wellbeing champions throughout the business who are trained in mental health first aid. During the year we held virtual wellbeing events, circulated regular communications to all employees on ideas for coping with working from home during the pandemic, and introduced virtual yoga classes to employees and members of their households.
- We carried out a wellbeing survey to understand our colleagues’ opinions and needs. 93% of employees answered favourably to HCUK prioritising the protection of the overall health and safety of its employees. 71% of employees answered favourably when assessing their wellbeing over the last year.
- In July 2020 we launched the My Voice platform to ensure employees can provide feedback at any time and anonymously. The comments are analysed and each month a report is published, which is reviewed by senior management. Where action is required we then ensure this is taken quickly. Our aim is to have a continuous dialogue with our employees.
- We are committed to ensure our customers can continue their vital work during the pandemic by providing funding solutions, extra vehicles at short notice and reliable maintenance services, especially to mission critical fleets. Key examples of these customers are NHS Blood and Transplant, apetito (who deliver meals to the vulnerable), Sainsburys and Network Rail.



## Our Key Achievements (cont.)



### No Poverty



- To support customers who were hit hard by lockdown, HCUK has offered flexible payment terms and payment holidays for individuals and businesses struggling during the pandemic. These policies and initiatives were offered from the start of the first lockdown, and HCUK was able to provide this support to our customers even though we did not use the furlough scheme or any other governmental support initiatives ourselves.
- During the year we have stepped up the support we provide to one of our main charity partners, FareShare, by donating 3 new refrigerated vans to enable them to deliver more food to vulnerable people. This was in addition to our annual donation and further fundraising by staff.
- In April 2020 we started to formally partner with Crisis to help support homeless people in the UK, particularly through the challenging times of the pandemic. We maximised the support given by bringing forward our annual donation to help with their emergency campaign.

### Gender Equality & Reduced Inequalities



- HCUK was named as one of the UK's top 50 most inclusive employers by Inclusive Companies, for the second year running.
- We held virtual events to support International Women's Day and PRISM LGBTQ+ during the year. The International Women's Day event brought together participants of all genders across the world by holding a joint conference between HCUK and our sister companies in the US and Canada. Our PRISM (Partnership for the Representation of gender Identity & Sexual Minorities) community event was held in February to mark and raise awareness of LGBTQ+ History Month throughout the business.
- We continue to make progress on our gender pay gap, with new measures implemented. Our mean gap reduced by 2.5% and our median by 6.2%.
- We completed a full review of the recruitment lifecycle to identify further opportunities to support inclusion and equality including gender balanced shortlisting and interview panels where possible.
- During the year we introduced diversity metrics into monthly HR reporting to monitor progress around employee lifecycle events.



# Policy and Strategy

**During 2020/21, COVID-19 brought significant changes and challenges to people's lives across the globe. At Hitachi Capital (UK) PLC, we recognise our responsibilities in supporting society, communities, and the expectations of our 1.4 million customers and kept our focus on making a positive and sustainable difference to people's lives during the pandemic.**

Aligned to our business strategy, this year we expanded those of our activities which contribute towards the UN Sustainable Development Goals (SDGs) by delivering sustainable products and initiatives.

We are conscious of our role in tackling climate change through decarbonisation of our business operation and increasing our sustainable business across the Group.

In order to fulfil our customers' and society's needs, we have established a very clear vision, mission and set of values. All of our colleagues live and breathe our vision, mission and values every single day, whilst providing solutions to our customers and society in general, to help support their dreams and ambitions to come true.

- **Our vision:** "The trusted brand of financial services in the UK and across Europe"
- **Our mission:** "Exceptional people providing outstanding customer experiences today"
- **Our values:** "Harmony, Sincerity and Pioneering Spirit"

In line with our vision, mission, and values, we focus on markets where we can contribute towards UN Sustainable Development Goals and provide innovative solutions that require high service levels and a commitment to customer care. Our aim is to work with our customers to make them aware of more sustainable asset choices, and to work with our suppliers, where possible, to help identify more sustainable solutions.

We are committed to supporting society and the communities in which we operate to make a sustainable difference.



## Policy and Strategy (cont.)

◀ Our key activities, outlining how we are making a difference, are summarised below under four key pillars.

### Sustainable Business

- We have set an aspirational target of 20% of our assets being directly connected to climate action and affordable clean energy by March 2025.
- We further strengthened our focus on environmental agendas through investment and by financing projects and assets to further mitigate carbon emissions. We are committed to enhancing our contributions towards tackling climate change continuously.
- We continue to enhance our expertise in electric vehicle adoption as a market leader in decarbonisation of fleets of all complexities. Our vehicle business is responding to the Government's 2030 ban on the sale of new petrol and diesel cars and vans by providing alternative fuel vehicles that drive improved cost and environmental efficiencies for customers.
- We are committed to electrifying 100% of our total funded car and small van fleet (3.5t and under), and 50% of our funded large van fleet (vehicles over 3.5t) by 2030.
- We strengthened our partnership with GRIDSERVE by investing in its holding company. We also continued to provide financial support on projects that will provide the infrastructure for not only the future of electric vehicle charging in the UK, but also for the wider energy needs of the country as we move towards the Government's target of producing net zero greenhouse gas emissions by 2050.
- Human rights and anti-slavery are a key part of our corporate social responsibility (CSR) strategy. We have set 4 initial KPIs to assess the effectiveness of our efforts to prevent modern slavery from occurring in our business and our supply chain in accordance with the Home Office guidance and will review progress on a quarterly basis.

### Community and Development

- We continue to develop and maintain partnerships, providing support to our national charity organisations that are working to achieve a cleaner, healthier and sustainable society. We also continued throughout the year to support charitable activities which are close to the hearts of our employees.
- We support our partner organisations through donations, volunteering advice and guidance utilising our knowledge and expertise. For example, this year we donated 3 new refrigerated delivery vans to FareShare, provided by our Vehicle Solutions Division.
- We recognise the need to address and overcome social mobility challenges and we're committed to contribute to reducing inequality in society. We launched 2 programmes this year; our Gamechangers apprenticeship programme, in partnership with Visionpath, and our Extended Project Qualification (EPQ) pilot programme, in partnership with Young Enterprise. Those programmes aim to provide support to pupils and school leavers from diverse backgrounds to enhance their learning and improve their career pathways.
- We are expanding our support to small business owners to facilitate Decent Work and therefore promote Economic Growth. Our Business Finance division partnered with Be The Business and provided a complimentary 12 weeks rapid response mentoring programme to small business owners during the year.
- We are committed to support society and communities through volunteering activities. Physical volunteering was difficult during the pandemic, therefore HCUK promoted digital mentoring volunteering opportunities to employees through our Gamechangers, EPQ and Be the Business partnerships. Those mentoring programmes are designed to utilise our employees' expertise and skills and enhance their leadership skills at the same time.

## Policy and Strategy (cont.)



### Environmental

- We are committed to reducing our energy consumption and carbon footprint and to complying with environmental laws. All of our managed sites (Staines, Leeds, Newbury, Telford and Trowbridge) are now supplied with electricity from renewable sources.
- We have started our journey to net zero by setting up a project team reviewing and determining our best route to a net zero position.
- We continue to promote the Ultra- Low Emission Vehicles (ULEV) incentive scheme for cars below 75g/km CO<sub>2</sub>, through the new Group company car policy introduced in November 2019, in order to reduce HCUK's carbon footprint.

### Inclusion and Diversity

- We recognise the importance of an inclusive culture and encourage diversity at HCUK as well as in the community and society.
- We continue to operate an equal opportunities policy and oppose all forms of unlawful discrimination on any grounds. In October 2020, we launched HCUK's new inclusion and diversity strategy, which sets out our approach to make a positive impact under four key pillars – Gender, Ability, LGBTQ+ and Multicultural.
- Safety and wellbeing of our employees is a key priority for the Company. We adopted a homeworking policy during the pandemic, offering agile and flexible working options to provide additional support and achieve the right work-life balance.
- Employee engagement is a focus area for HCUK and integral to the success of the Company. We are committed to keep our employees “connected” via MS teams, regular communication from the CEO and senior leadership team and a newly introduced real-time listening post platform, “My Voice”, to hear employees' feedback anonymously.
- We are committed to achieving a stronger culture of equality and diversity across HCUK. Our latest gender pay gap report shows further indication of progress. By regularly monitoring gender and diversity-focussed metrics, we firmly believe we can further reduce our gender pay gap, building a more diverse workforce.



Since the foundation of our business in 1982, we have become a leading financial services company, by transforming the business and responding to the ever-changing business and customer environment.

We will continue to evolve to make a positive impact on society and communities that we operate in, contributing towards change and towards achieving the SDGs by 2030.



# Customers



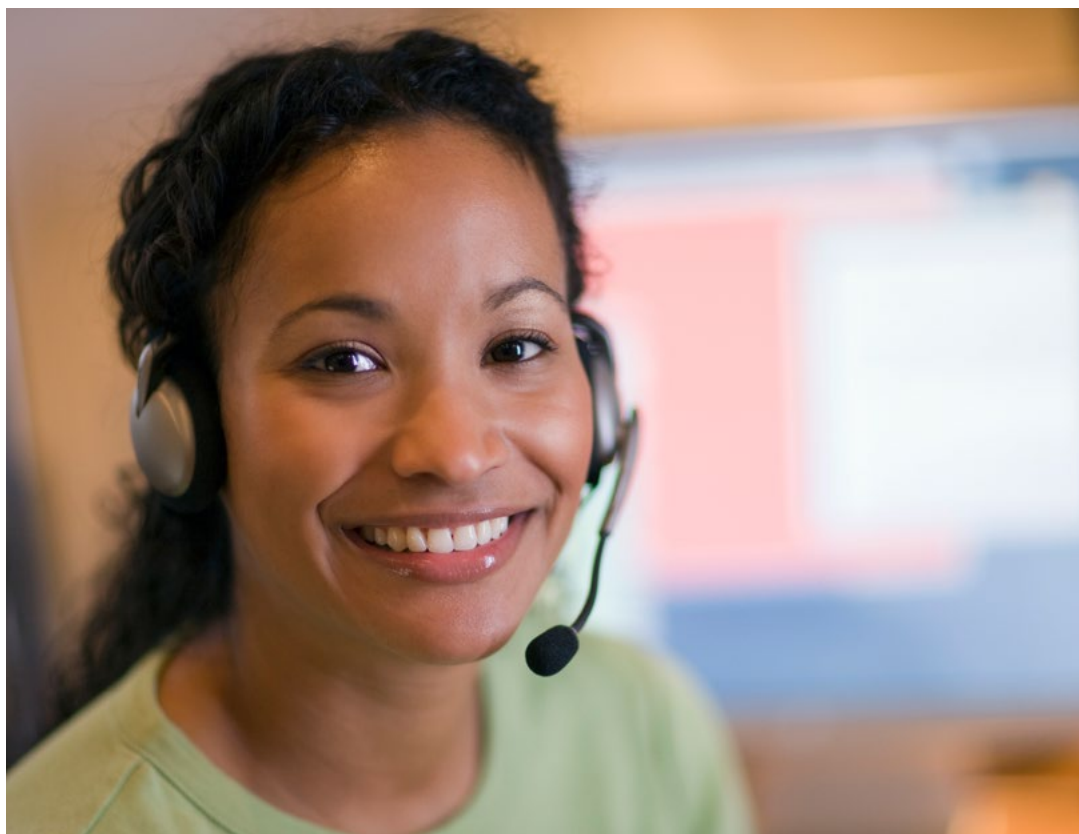
## Highlights

2021  
**Feefo  
 Platinum**  
 Trusted Service Award

Net Promoter Score of  
**79**  
 higher than many high  
 street banks, lenders and  
 major household name  
 retailers\*

Your Money Best Direct  
 Personal Loan Provider for  
**7 consecutive  
 years**

CBILS loan funding worth  
**£138.3m**  
 paid out to support SMEs  
 during the pandemic



**Our vision is to be the trusted brand of financial services in the UK and Europe with a mission of providing outstanding customer experiences today.**

**Customer service is at the heart of our business and we are committed to delivering excellent performance on a consistent basis.**

### Metrics

	2020/21	2019/20	2018/19
Number of agreements	1.4m	1.5m	1.4m
Credit - % fixed rate agreements	99.9%	99.9%	99.7%
Customer satisfaction - NPS*	79	83	75
Complaints per 1,000 agreements**	18.1	14.0	22.8
Feefo score out of 5***	4.9	4.9	4.9

\*Net promoter score (NPS) is in relation to the Hitachi Capital Consumer Finance division  
 \*\*Figure relates to FCA Regulated Credit Agreement complaints  
 \*\*\*Feefo score is in relation to the Hitachi Capital Consumer Finance division

### Coronavirus customer support

Despite facing significant challenges in 2020/21, HCUK continued to provide outstanding service to support our customers during the pandemic by taking the necessary action to implement operational changes, process payment holidays and continue to invest in technology.

The pandemic prompted a considerable number of forbearance requests as the business responded to unprecedented inbound customer call volumes. During the first UK-wide lockdown we experienced a 700% increase in inbound customer calls in Consumer Finance and a 400%

## Customers (cont.)



increase in Vehicle Solutions. Across HCUK, emails and digital contacts also increased markedly. We implemented operational changes, with automated callbacks and signposting online to help our customers and we also redeployed some of our employees to support customer service teams.

We took significant steps to relieve financial pressure for our customers, with flexible payment terms for struggling businesses and individuals. HCUK responded to payment holiday requests and rescheduling requests in line with FCA guidance.

Our immediate operational response in our Consumer Finance division included proactively contacting our 1.3 million customers with signposting to additional digital channels enabling them to self-serve their accounts online. We added Virtual Hold technology to our systems to improve customer experiences, by eliminating call holding queues through automated callbacks, and adapted our marketing activity, providing customers with added value content to help them cope with lockdown and respond to changes in consumer behaviour. In addition, our Invoice Finance division supported customers who temporarily mothballed their businesses during the pandemic by mutually agreeing to pause, rather than cancel, their credit facilities.

During 2020/21, Hitachi Capital Vehicle Solutions played a leading role in keeping essential fleets mobile during the pandemic. For our mission critical fleet customers, facing unprecedented demand for their products and services, it was vital that they could serve their customers. We responded to the needs of essential operators of specialist and light commercial vehicles and processed orders for customers at the forefront of the COVID-19 response including the NHS,

online food and delivery retailers, utility, power and transport operators.

After becoming the first asset finance provider to join the Coronavirus Business Interruption Loan Scheme (CBILS) in March 2020, this year Hitachi Capital Business Finance paid out £138.3m of funding through the CBILS scheme and also launched CBILS Hire Purchase to support UK SMEs during the coronavirus pandemic. European Vendor Solutions provided over £39m of Government-backed funding via the CBILS scheme in the UK and the BMKB-C scheme in The Netherlands to support the business recovery of existing customers.

### Digital transformation

Investing in technology to provide a frictionless customer experience is a priority for HCUK and we accelerated our digital servicing transformation during the pandemic. As customer expectations evolved this year, with increased demand for self-service across digital channels, we deployed new front and back end systems with increasing levels of automation to enhance the customer experience for individuals and businesses and reduce operating costs. This included undertaking improvements to our MyHPF mobile app.

Our retail finance business has responded to a rapidly changing sector severely impacted by the pandemic, which has seen increased demand for retail point of sale finance integrations in e-commerce channels. As we strive to be the leading retail finance provider in the market, we launched an improved, market leading retail point of sale credit application decisioning system in July 2020, with new functionality to support our retail partners.



## Customers (cont.)



Hitachi Capital Vehicle Solutions is leading on the UK's fleet electrification transition. Our intelligent fleet decarbonisation approach enables drivers to make informed decisions in order to make the move to electric - and to know which option is right for them. This year we launched our EV-Hub, an interactive digital journey which provides drivers with the detail they need to make the transition to EV with confidence. In 2020/21, our Vehicle Solutions division also transitioned to Key2, a new core operating system which is the foundation of its digital future, enabling fleet customers to have a live, real-time picture of their whole fleet.

When applying for finance with Hitachi Capital Business Finance, a key stage in the process is legally verifying the identity of the applicant, which is typically performed by our experienced brokers and introducers in person. To help businesses apply for funding when social distancing restrictions were enforced during 2020/21, Hitachi Capital Business Finance introduced a digital ID checker featuring biometric facial technology to validate identity. The digital ID checking platform, capable of processing ID verification in 30 seconds, ensured customers could apply for finance remotely despite COVID-19.

“Hitachi Capital Business Finance introduced a digital ID checker featuring biometric facial technology to validate identity.”

### Customer service recognition

Despite operational pressures caused by unprecedented volumes of payment rescheduling requests in the wake of COVID-19, HCUK continued to demonstrate its commitment to providing outstanding customer experiences and fair outcomes. As a result, our customer satisfaction performance exceeded industry benchmarks.

In the latest Institute of Customer Service (ICS) independent survey, Hitachi Capital Consumer Finance achieved 94.7 customer satisfaction – above both the average for banks and building societies (79.1) and the all sector UK average (77.0). Our Net Promoter Score of 79, is also higher than the financial services sector average. Hitachi Personal Finance was awarded the Feefo Platinum Trusted Service Award in 2021 for the third consecutive year with a consistent Feefo customer average service rating of 4.9 and above from over 40,000 reviews.

Our Business Finance division also achieved excellent results from ICS, with a business benchmarking score of 89.8 points out of 100 – putting Hitachi Capital Business Finance well above the UK national average of 77.7. Reflecting the value of our customer first ethos within our Vehicle Solutions division during the height of the pandemic, our engagement scores from Rant & Rave customer service satisfaction ratings were 93% at the end of 2020. Hitachi Capital Invoice Finance maintained high levels of customer service, achieving a rating of 4.8 out of 5 stars on Feefo.



### Case Study: *apetito*

#### Supporting critical fleets

Hitachi Capital Vehicle Solutions (HCVS) ensured *apetito*, a leading meals provider to the health and social care sectors, could continue to serve its customers during the coronavirus pandemic.

HCVS funds, builds and manages the *apetito* fleet of vans with bespoke chamber ovens. The whole fleet is capable of delivering almost 13,000 meals per day.

As lockdown began and day centres across the country closed, demand for *apetito*'s hot food deliveries dramatically increased through its Meals on Wheels services. HCVS supported *apetito* by sourcing additional vans and fitting refurbished ovens in under 24 hours, ensuring *apetito* could continue to keep up with the increased demand to deliver hot food to vulnerable people.

"An average round for one *apetito* vehicle is around 34-40 meals per day, but since lockdown hit, demand for meals-on-wheels has dramatically increased, and all *apetito* vans and ovens are being used to their maximum," said Ian Laing, VPC Installation and Repair Technician at HCVS.

"If an oven fails to work, it can have a big impact on *apetito*'s ability to deliver the meals. Luckily, at our Vehicle Preparation Centre (VPC), we run an in-house oven repair and refurbishment programme in order to deliver the best value to our customers, and this has ensured that during the crisis *apetito* has been equipped to cater for the increased demand."

The VPC team not only prioritised fixing all the oven breakdowns so that the ovens were repaired ready for the next day's round, they also fitted refurbished ovens into additional vans.

In less than a week, HCVS took two triple ovens from stock and fitted them into two second-hand vehicles, and a third single chamber oven was refurbished before it was then fitted into a second-hand vehicle.



A triple chamber oven would normally take 40 hours to refurbish and fit, and a single chamber oven around 16 hours. The VPC staff carried out safety checks and serviced each vehicle to ensure that they were safe and reliable.

"We've always had an honest and open working relationship with the team at HCVS which works really well. Whenever we raise issues they are dealt with rapidly and with good communication," said Charlotte Bell, Commercial & Operations Manager for *apetito* services.

"Our biggest priority is to continue to serve our customers and as the demand has increased, the team at HCVS has been right there with us to do just that."

“An average round for one *apetito* vehicle is around 34-40 meals per day, but since lockdown hit, demand for meals-on-wheels has dramatically increased.”

## Customers (cont.)



### Outstanding customer service recognition



We are continuing to transform our customer experiences to be the best in the market, illustrated by our recent acknowledgements from industry bodies.

#### Consumer Finance

- **Best Direct Personal Loan Provider**  
YourMoney Awards 2021 – (seven years running)
- **Best Personal Loans Lender**  
The Money Pages Personal Finance Awards 2020/21 – (seven years running)
- **Gold - Responding in a Crisis** (supporting colleagues)
- **Silver - Responding in a Crisis** (supporting customers)  
European Contact Centre & Customer Service Awards 2020
- **Platinum Trusted Service**  
Feefo Awards 2021

#### Business Finance

- **Lessor of the Year**
- **Excellence in Adversity**  
Leasing World Awards 2020
- **Best Support for SME's**
- **Customer Service Excellence**  
Credit Strategy Lending Awards 2020
- **Best Product or Service in Equipment Finance**  
International Asset Finance Network Awards 2020
- **Best Service from an Asset Based Lender**
- **Best Motor Finance Provider**  
Business Moneyfacts Awards 2021

#### HCUK Group

- **Excellence in Sustainability**  
Leasing World Awards 2020

#### Vehicle Solutions

- **Leasing Company of the Year** (20,000+ vehicles)  
Fleet News Awards 2020 – (two years running)

#### Invoice Finance

- **Best Service from an Invoice Finance Provider**  
Business Moneyfacts Awards 2021





# Colleagues



## Highlights

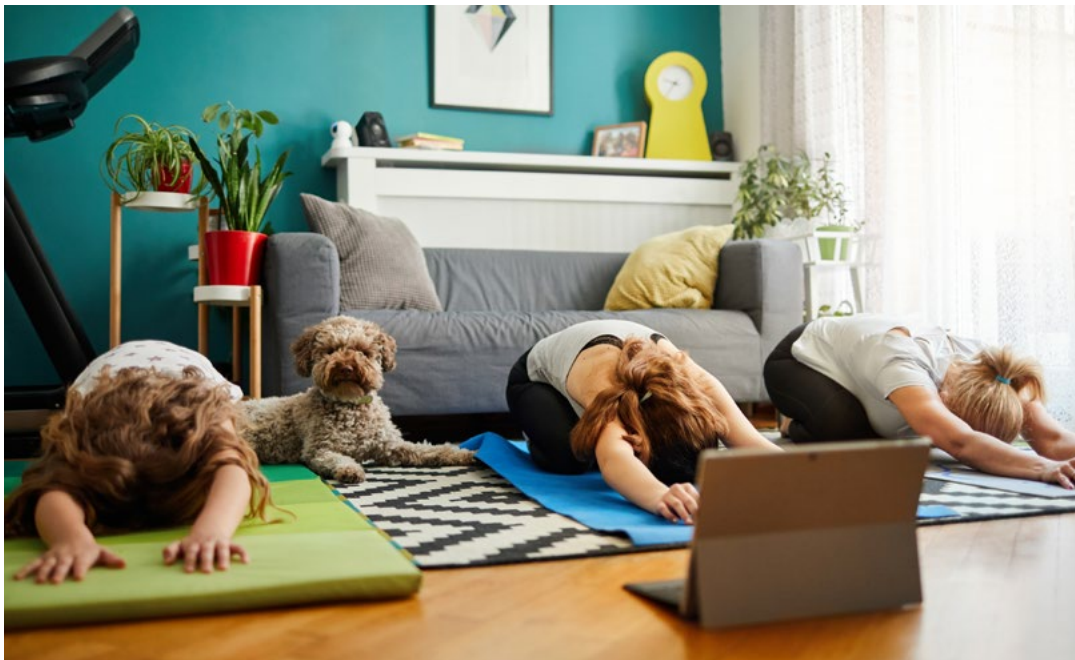
**89%**  
staff recommend HCUK as a great place to work, up by 7%

**96%**  
positive staff sentiment in response to HCUK's COVID-19 colleagues support programme

**1:94**  
ratio of trained Mental Health First Aiders to colleagues

**0**  
staff furloughed during the pandemic

**233**  
permanent new employees recruited during 2020/21 (a net increase of 125)



Our business is about our people. During the pandemic, the wellbeing and safety of our employees and their families has been a key priority. We continue to invest in our people, providing development opportunities and reward their passion and enthusiasm. Creating an environment that ensures all our people

have the opportunity to fulfil their potential is key to delivering the outstanding customer experiences that lead to our strong financial performance year after year. We believe in an inclusive and diverse workplace that welcomes everyone.

### Metrics

	2020/21	2019/20	2018/19
Total number of staff*	1,550	1,425	1,364
Average length of service	5 years, 0 months	4 years, 9 months	4 years, 7 months
% Female staff	50%	51%	53%
% of Colleagues who have changed role since they were originally recruited	41.3%	41.8%	41.8%
% Female promotions in the year	46.8%	44.9%	43.3%
Training days (instructor-led)	2,598	4,252	3,053
Compliance training days (e-learning)**	1,365	685	1,227

### Insights Survey Results

Completion Rate	91%	89%	89.1%
Staff who would recommend HCUK as a great place to work	89.2%	81.8%	79.8%

\*Full Time Equivalent Headcount

\*\*We improved our MI capability and methodology of reporting. As a result, we reviewed and updated past figures.

## Colleagues (cont.)



### Safety and welfare support during pandemic

The safety and welfare of all our employees has been a key priority for HCUK during the pandemic. We adapted to a homeworking policy making the transition from six offices to a network of 1,500 home offices; over 95% of the team were set up and working from home before the first lockdown commenced, with the vast majority of staff undertaking remote working during 2020/21. We also created COVID-safe environments to enable a small minority of staff to continue to work from our offices to perform essential activities that could only be performed from our network of offices, which were compliant with the Government Coronavirus Guidelines.

Following the COVID-19 outbreak, we have taken steps to maintain the physical and mental health and wellbeing of our people. We implemented a coronavirus support programme providing a range of initiatives for all our colleagues.

Our Wellbeing Champions hosted regular live chatrooms in a safe and non-judgmental environment, discussing a range of topics helping staff to overcome the mental health challenges they faced during new ways of working. Staff were also provided with free access to the Foundations mental wellbeing app. In February 2021, we introduced Ashtanga yoga classes for our staff, delivered remotely on a weekly basis with at least 30 colleagues regularly taking part.

At HCUK we provide agile and flexible working options to enable our colleagues to achieve the right work-life balance. We acknowledged that many of our employees experienced new challenges in their personal lives during the pandemic and we provided flexible working arrangements for parents to enable them to manage home-schooling and childcare with their normal working day, through enhanced parental and emergency leave. We also launched a staff loan with preferential fixed rates to support our employees through the pandemic.

Employee turnover from voluntary leavers fell to 6.3% during 2020/21, down from 12.1% in the previous year, which was in part due to reduced mobility in a recession but was also a product of high employee engagement levels. We have also seen low rates of absence, with an average of 1.5% days lost this year, down from 1.9% in 2019/20 and 2.2% in 2018/19.

### Employee engagement during the pandemic

Employee engagement has always been integral to the success of HCUK. Over the past 12 months, a significant focus has been on ensuring our staff were connected and supported remotely. Frequent internal communication with all staff from our CEO and senior leadership team was provided via blogs, vlogs and weekly managers' briefings.

Despite remote working, we took appropriate steps to make sure that colleagues felt connected. We introduced Microsoft Teams across HCUK in March 2020 to adapt to the changing environment. To continue to achieve effective interaction and collaboration across HCUK, during 2020/21, we made 830,979 video calls and broadcast 28.7 million minutes of audio over Microsoft Teams.

Virtual social events were organised throughout the year, including HCUK Happy Hour which was held in September 2020. Over 100 colleagues participated in a live cocktail making session on Microsoft Teams hosted by our CEO, Robert Gordon, with members of the ExCo and Senior Leadership Teams. Each attendee was provided with a £5 e-voucher to help towards their cocktail shopping list.

In July 2020, we launched My Voice, a new real-time listening post platform inviting colleagues across the business to provide feedback anonymously at any time and after particular career milestones. Employee sentiment across several categories including People, Environment, Policy & Processes and Terms & Conditions is continuously automatically analysed by the platform to identify trends and themes. Monthly reports are published on the HCUK intranet and circulated to the Senior Leadership Team to help drive continuous improvement across the business. Since its launch, My Voice has received over 700 individual comments from employees.

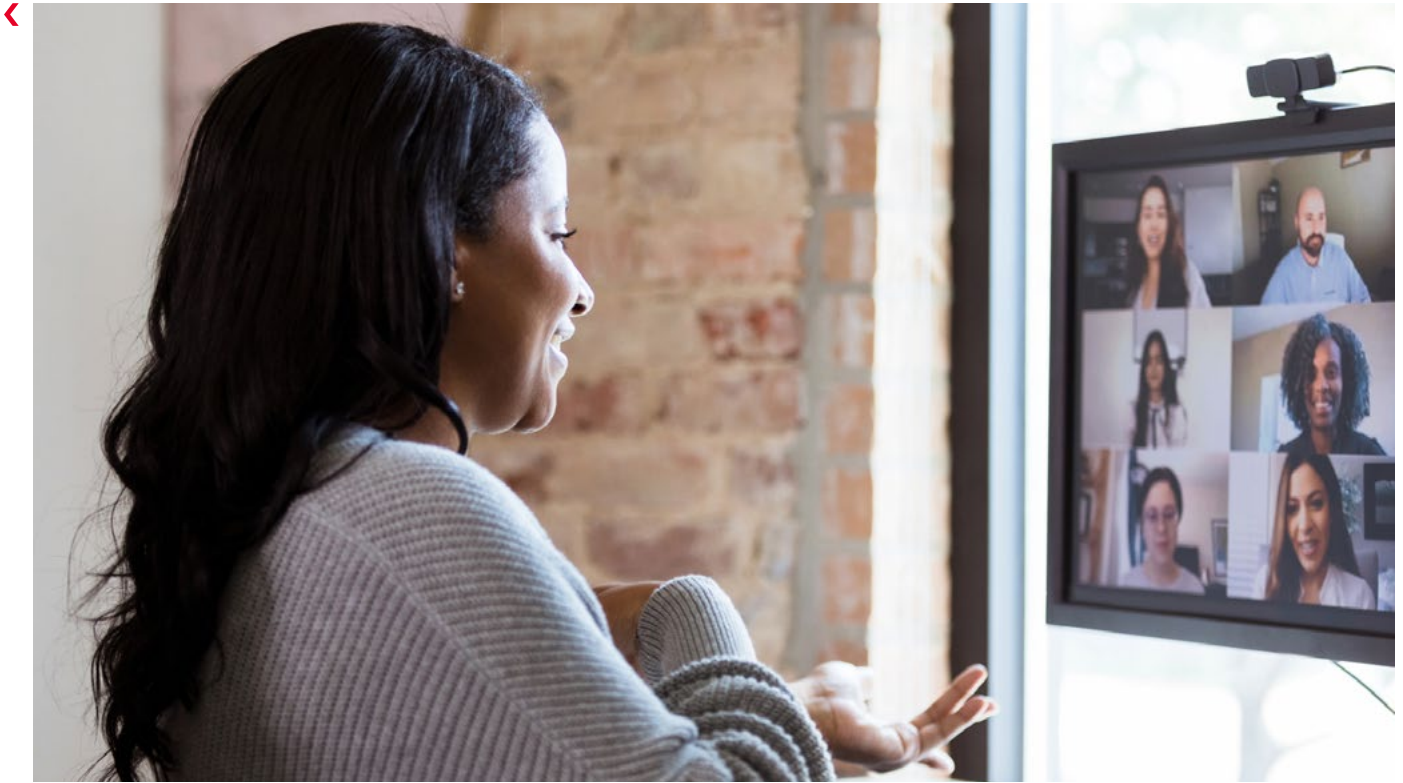
“ The way management dealt with the COVID-19 situation has reassured me about how they handle situations and also about my job security. I was really anxious but all the extra things they have added made me feel really supported. ”

**My Voice Feedback – June 2020**





## Colleagues (cont.)



### Talent acquisition during the pandemic

In order to continue to provide outstanding customer experiences consistently, meeting the increasing customer contact, collections and regulatory changes, we continued to hire new people. 233 permanent team members were recruited, including 10 new apprentices through our Gamechangers programme, as well as 49 staff on fixed term contracts and 95 contingency personnel. We transitioned all face to face interviews to virtual interviews and launched a groupwide onboarding kit to support new starters and managers in a remote environment.

HCUK continued to invest in existing and new colleagues; we did not participate in furlough programmes or lobbying for Government support during the COVID-19 crisis as we adapted our products and services to support businesses and individuals. Our Talent Acquisition Team are using My Voice to measure new starter satisfaction three months into their role; during 2020/21 the average sentiment score after 3 months employment is 4.3 out of 5.

“ We did not participate in furlough programmes or lobbying for Government support during the COVID-19 crisis. ”

### Training and development

During 2020/21, we have provided Group-wide professional development for our people to retain our talent and enable our colleagues to grow and develop to fulfil their potential, whilst also improving performance and productivity.

This year we extended our Aspire programme across HCUK, which was first launched in 2019/20 within our Consumer Finance business. Aspire is an ILM endorsed leadership programme focussed on training the next generation of people leaders. Five new cohorts across the Group joined the programme, comprising of modules and materials which were adapted in order to be delivered virtually. The 12-month programme, involving 6 modules, provides each cohort with on-the-job experience, guidance from current leaders within HCUK and access to a variety of educational resources.

The fifth cohort of HCUK's Mentoring Circles Programme was launched virtually this year with 8 mentors and 50 mentees following the programme over a six-month period. This year's cohort of mentors delivered 2,146 hours of mentoring. Over the entirety of the scheme, 15% of our workforce have passed through, or are still actively engaged in, our Mentoring Circles programme.

## Colleagues (cont.)



\*Photo of Aspire programme cohort taken pre-pandemic in 2020

In our Consumer Finance division, we launched our Virtual Training Academy in April to onboard and upskill Customer Experience Advisors remotely through a comprehensive 90-day training programme. During 2020/21, 103 new starters participated in the virtual learning experience and emerged equipped to become multi-skilled advisors after going through a comprehensive training programme.

We provided a suite of virtual workshops to support the personal and professional development of our employees. Our Learning and Development team provided online learning modules to help with change and managing remotely across four key topics to more than 100 of our leaders. In addition, our We Mean Business Community hosted a virtual workshop, helping employees to overcome self-doubt, and our Wellbeing Community organised a stress management and building resilience event.

During 2020/21, our compliance e-learning days increased to 1,365 from 685 in 2019/20. 13 separate e-learning modules were undertaken by employees during the past 12 months covering topics including health and safety, fraud awareness, conduct risk, GDPR and data privacy training.

### **Achieving an inclusive and diverse workforce**

Everybody in our business is treated with dignity and respect, whilst having access to the required training and support. We are proud to be an inclusive place to work and we are committed to developing our people.

We operate an equal opportunities policy and oppose all forms of unlawful discrimination on the grounds of sex, marriage or civil partnership, sexual orientation, disability, race, religion or belief, age, gender reassignment, or pregnancy, paternity or maternity.

In October 2020, to coincide with National Inclusion Week, we launched HCUK's new inclusion and diversity strategy which sets out our approach to make a positive impact under four key pillars – Gender, Ability, LGBTQ+ and Multicultural.

Our Corporate Communities span across the Group and are based on focus areas identified by our colleagues. These include our Wellbeing Community, which has focused on the physical, mental and emotional wellbeing of our colleagues during the pandemic, PRISM Community (Partnership for the Representation of gender Identity and Sexual Minorities), which focusses on raising awareness and issues faced by our LGBTQ+ colleagues and We Mean Business Community which promotes gender parity in the workplace.

During LGBTQ+ History Month in February 2021, we held our first live Q&A event hosted by one of our PRISM community leads. Colleagues shared their experiences and discussed ways everyone across HCUK can become a good ally who supports LGBTQ inclusion.

To mark International Women's Day in March 2021, our We Mean Business Community organised an international live event to celebrate the incredible women we work with.

## Colleagues (cont.)



Speakers from HCUK, Hitachi Capital America and Hitachi Capital Canada came together to discuss gender equality, share their personal experiences and tackle questions posed by our global audience.

This year, we launched our Multicultural Community, which focuses on representing and raising awareness of different cultures and religions with an event to celebrate Chinese New Year.

### Gender pay gap progress

Reflecting our position at 5 April 2020, our latest gender pay gap report shows further indications of progress; we achieved reductions in both our mean and median gender pay gap by 2.5% and 6.2% respectively. We reported a mean gender pay gap in hourly pay of 29.4% and a median gender pay gap in hourly pay of 31.7%. This reflected the underlying workforce demographics of the Group, which are consistent with many organisations in the financial services sector. The implementation of company-wide remuneration benchmarking, with a deliberate gender pay focused annual salary review, and a rigorous gender-balanced talent acquisition process for senior position vacancies, demonstrated progress within our 2020/21 report.

By regularly monitoring gender and diversity-focused metrics and driving a stronger culture of equality and inclusion across HCUK, we continue to focus on reducing our gender pay gap and building a more diverse workforce.

[Our latest Gender Pay Gap report is available to read here](#)

### Stakeholder recognition

Benchmarking our progress internally and externally is an important step in our continuing journey.

Our response to the challenges our people faced during the COVID-19 pandemic during 2020/21 was recognised by industry peers. Competing against contact centres from 26 countries across the continent, HCUK received the Gold award in the Responding in a Crisis – Supporting Colleagues category at the ECCCSA (European Contact Centre & Customer Service Awards) this year.

We were also named as one of the UK's top 50 most inclusive employers for the second year running. Featuring in the Inclusive Top 50 UK Employers ranking for 2020/21 reflects the continued progress we've made to create opportunities for our people to fulfil their potential. Over the past 12 months our employee rating on Glassdoor has increased from 3.7 to 4.4.

In recognition of our Aspire training programme, HCUK was named as a finalist in the UK Employee Experience Awards in the "Employee Training and Development – Empowering Programme" category.

We have regularly measured employee engagement during the pandemic, listening and responding to the views of our employees. An annual survey of all employees undertaken in October 2020 showed that 89.2% would recommend Hitachi Capital (UK) PLC as a great place to work, up 7.4% from last year. The survey incorporated the COVID-19 Index, measuring our perceived performance in response to the pandemic; we achieved 95.9% positive sentiment.





# Sustainability



## Highlights

**368%**  
growth in funded customer EV fleet

**£316m**  
Net book value of green assets

**£47.6m**  
funding for GRIDSERVE projects to accelerate the adoption of electric vehicles powered by clean and affordable sustainable energy

**95 tonnes**  
CO<sub>2</sub> saved since opening of GRIDSERVE's first electric forecourt in Braintree

Funding for electric vehicles delivered a total saving of  
**2,138 tonnes**  
CO<sub>2</sub>



Financially supporting innovative sustainable business projects which help accelerate electric mobility and address climate change is vitally important to our business strategy.

We have set a target for 20% of our assets to be directly connected to climate action and affordable clean energy by March 2025.

### Metrics

	2020/21	2019/20	2018/19
Electricity emissions – average per employee (Kg of CO <sub>2</sub> )*	288.4	369.0	511.7
Gas emissions – average per employee (Kg of CO <sub>2</sub> )*	9.8	11.3	11.4
Water consumption (m <sup>3</sup> )*	7,773.0	8,790.0	9,420.6
Fleet CO <sub>2</sub> reduction (g/km)	18.2	2.3	6.3
% Battery electric vehicles within HCUK company car fleet	31%	9%	N/A

\*Due to remote working the figures are low this year.

## Sustainability (cont.)



### Vehicle electrification

In 2019/20, we made a clear commitment to electrify 100% of our car & small van fleet (3.5 tonne and under), and 50% of our funded van fleet (vehicles over 3.5 tonne) by 2030. Over the past 12 months, we grew our leasing fleet of Battery-powered Electric Vehicles (BEV) and Hybrid fleet including both plug-in (PHEV) and self-charging vehicles (HEV), with an additional 4,501 cars and vans.

Being early EV adopters, at HCUK we have an attractive company car policy for ultra-low emission vehicles which we launched in November 2019. The percentage of pure battery electric vehicles has grown from 9% to 31% in 12 months. Only one third of the company car fleet is now petrol or diesel, with the remaining two thirds being battery electric or plug in hybrid.

The decarbonisation of both our own fleet and those of our customers is integral to all our activities. The funded customer fleet has seen alternative fuelled vehicles grow from 6% to 11% across all asset types with the overall pure EV fleet growing 368% in 1 year.

We have a clear and bold strategy which will deliver environmental and cost efficiencies and help the UK to meet

its carbon reduction targets. In collaboration with Hitachi Europe and Hitachi ABB PowerGrids, we are continuing to adapt, drive and embrace the changes in the market environment to support drivers, fleets and customers to decarbonise their fleets.

This year, we were awarded one of the most sought-after contracts to go to tender over the past 12 months, selected as the chosen partner by DEFRA (Department for Environment, Food & Rural Affairs) to manage their fleet of 4,500 cars. DEFRA have an ambitious electric vehicle transition programme that will see their entire fleet shift into electric variant models over the next four years. DEFRA have recognised that our decarbonisation strategies and ambitions are closely aligned and that we have the agility and capability to deliver for them.

We are also the only leasing company in the industry to partner in the world's biggest commercial electric vehicle trial, Optimise Prime, a three-year innovation project led by Hitachi Vantara and UK Power Networks, which is designed to address how the UK can manage a mass adoption of EV's between now and 2030. During 2021/22, our Trowbridge office will become a centre of Alternative Fuel Vehicle excellence as part of the Optimise Prime project.



Image Credit > GRIDSERVE





## Sustainability (cont.)



### Sustainable energy and mobility

In 2019/20, we formed a strategic partnership with GRIDSERVE Sustainable Energy Ltd to accelerate the adoption of electric vehicles powered by clean and affordable sustainable energy. This has included the development of technically advanced hybrid solar farms which combine bifacial solar panels with lithium-ion battery storage and the creation of a new network of rapid charging Electric Forecourts® across the UK powered by renewable energy.

During 2020/21 we funded £137m for Electric Vehicles and Ultra Low Emissions Vehicles and purchased a 19.63% equity holding in GRIDSERVE to partner in the delivery of sustainable energy and EV charging solutions. In the year we made facilities worth £44.5m available for sustainable energy and Electric Vehicle charging infrastructure and funded over £47.6m for projects including construction of the Braintree Electric Forecourt® which opened in December 2020. GRIDSERVE's first Electric Forecourt® enables 36 electric vehicles to be charged simultaneously with high power chargers that can deliver up to 350Kw of charging power from both the solar power canopies above the chargers and a network of hybrid solar farms also operated by GRIDSERVE.

Following the successful launch of the Braintree Electric Forecourt®, our funding is supporting GRIDSERVE's project to upgrade the 'Electric Highway' network of Ecotricity charge points and provide faster charging facilities across the UK motorways and major roads network.

Our partnership with GRIDSERVE has also facilitated the launch of the UK's first net zero electric vehicle leasing business, which is designed to bring the cost of driving electric vehicles powered by net zero carbon energy well below that of petrol or diesel cars, and simultaneously minimise the environmental impact of EVs. We are the sole funder for GRIDSERVE's electric vehicle leasing offering and have worked with several vehicle manufacturers to forward purchase EVs for GRIDSERVE customers. Within this agreement, we have a joint commitment to plant 100 trees for each vehicle lease to help offset the carbon produced in manufacturing the vehicle.

### Green bonds – Impact report

In March 2021, we successfully issued a \$40m Green Bond for exclusively financing eligible projects under the HCUK [Green Financing Framework](#) which underlines our vision of financially supporting clean transportation and renewable energy projects. Total eligible projects comprised of £125.7m (electric vehicles), £111.7m (hybrid vehicles) and £38.8m (green and renewable energy). The total sum of eligible projects was £276.2m, which meant that the \$40m of Green Bond proceeds were fully utilised.

From opening on 7 December 2020 to 31 March 2021, the Braintree Electric Forecourt® delivered 88 MWh of solar energy to power the equivalent of 309,000 electric vehicle miles whilst saving 95 tonnes CO<sub>2</sub> and 189 kg NO<sub>2</sub>.

Between 1 August 2020 and 31 March 2021, GRIDSERVE's Clayhill solar farm delivered 4,261 MWh of solar energy to power the equivalent of 14.9m electric vehicle miles whilst saving 1,003 tonnes CO<sub>2</sub>.

During 2020/21, our financing for supplying electric vehicles and related charging infrastructure delivered an overall saving of 2,138 tonnes CO<sub>2</sub>.

### Sustainable agriculture

During 2020/21, our Business Finance division supported the agricultural sector by writing £24m of Farm loans with over £12m of the loans being used directly by British farmers to invest in green energy projects, ranging from Biomass, Solar and Wind installations to anaerobic digesters, gasification and irrigation systems. A number of these projects work alongside government grants for environmental schemes. Funding in this sector is vital to future-proof agricultural businesses whilst contributing to environmental goals.

“During 2020/21 we funded £137m for Electric Vehicles and Ultra Low Emissions Vehicles and purchased a 19.63% equity holding in GRIDSERVE to partner in the delivery of sustainable energy and EV charging solutions.”



### Case Study: British Gas

#### Tailored funding for British Gas to enable faster electrification transition

Hitachi Capital Vehicle Solutions is helping British Gas electrify all of their vehicles by 2025 by allowing diesel vans to be terminated early at no extra cost.

Centrica, owner of British Gas, has committed to electrify its 12,000 strong operational fleet by 2025, five years earlier than planned, as part of its commitment to become a net zero organisation. It has also committed to make its 1,500 company cars EV-only in the same time frame.

However, in order for the total cost of ownership (TCO) to remain competitive on diesel vehicles still joining the fleet, HCVS needed to be creative. HCVS role was to find the solutions to match British Gas's ambition.

Jon Lawes, Managing Director of Hitachi Capital Vehicle Solutions, said: "Normally, the most economic Total Cost of Ownership (TCO) for British Gas would be leasing a diesel vehicle for six years, but that doesn't make sense if you've got a strategy and ambition to electrify your fleet by 2025."

The issue for British Gas was how to make that TCO calculation stack up with a shorter cycle on diesel vehicles joining the fleet now, and potentially over the next couple of years, while electric equivalents are not available.

In working out a solution for British Gas, Mr Lawes explains that HCVS looked at the "components of the cost". Racking, which has been installed in diesel VW Crafter vans currently joining the fleet, will be re-used in the electric equivalent when it joins the fleet, effectively spreading the cost over two vehicles. "We've also given them a shorter lease period, but with a window to be able to terminate the vehicle free of charge."



Steve Winter, Head of Fleet at British Gas, said: "Due to the lack of suitable large electric vans that currently work on our TCO model, we have taken the decision to lease through HCVS a number of diesel VW Crafter vans on a short lease with the flexibility to transition to the e-Crafter when launched and recycle racking across the two vehicles. Although there are no fixed dates for the transition, VW's roadmap for EV's matched ours and gave confidence in the plan and having Hitachi on board enabled the flexibility we were looking for."

“The issue for British Gas was how to make that TCO calculation stack up with a shorter cycle on diesel vehicles.”

### Case Study: Rabbit Group

#### Coronavirus Business Interruption Loan Scheme support for sustainable waste management and plant hire business

With the help of Hitachi Capital European Vendor Solutions, Rabbit Group successfully applied for finance under the Coronavirus Business Interruption Loan Scheme (CBILS) to enable business continuity during a challenging period, as well as enable investment for the future. Rabbit Group is an environmentally friendly, family-run business, committed to recycling and the creation of green energy from waste.

Rabbit Group typically replaces its equipment every three years, using finance to make these purchases. Before the pandemic, Rabbit Group had never had any issues with bank-based funding, but when construction sites shut down last March, its plant hire arm faced a significant downturn in business.

To allow Rabbit Group to purchase the necessary assets for business continuity, they identified CBILS as an ideal solution. Hitachi Capital European Vendor Solutions recognised the change in circumstances faced by Rabbit Group and was able to provide them with access to the CBILS. Rabbit Group qualified for two CBILS hire purchase deals – one enabled it to invest in a new shredder and vehicles for its waste management business; the second brought in new construction equipment for its plant hire company.

Peter Gilmartin, Finance Director of the Rabbit Group, commented: “The assets Hitachi Capital has enabled us to purchase are vital for securing the future of Rabbit Group. Hitachi Capital European Vendor Solutions took an interest in our business goals, was responsive to our needs, and worked hard to ensure we got the best deal. The security offered by the CBILS has allowed us to focus on rebuilding the business after a difficult year, and we are looking forward to putting our latest purchases to the test.”



Dilek Mackenzie, Managing Director, Hitachi Capital European Vendor Solutions, added: “We were delighted to support Rabbit Group through its successful CBILS application and the subsequent purchase of new equipment. In particular, it’s fantastic to see that the investment has gone towards an eco-friendly mobile shredder, reinforcing Hitachi Capital UK’s commitment to supporting businesses working towards a green future.”

“ To allow Rabbit Group to purchase the necessary assets for business continuity, they identified CBILS as an ideal solution. ”

# Pathway to Net Zero

We have completed the first stage of quantifying our pathway to net zero by assessing the emissions from our own operations. This has been carried out in reference to the Greenhouse Gas (GHG) Protocol, UK Government Environmental Reporting Guidelines, and our Energy and Carbon Report produced by a third party.

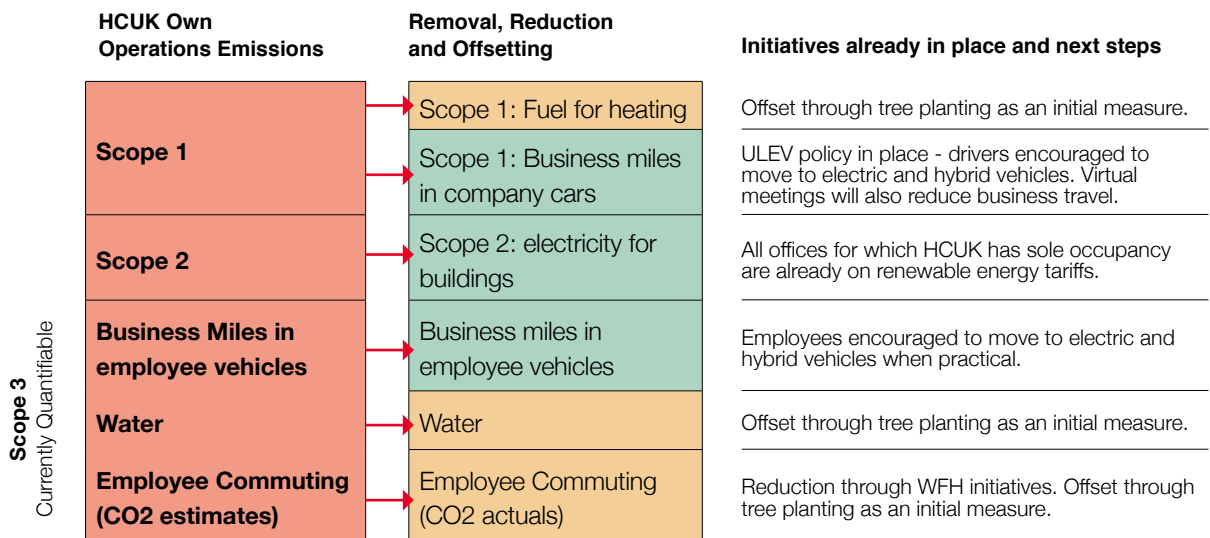
Under the GHG Protocol, which informs all emissions categorisation and calculation standards, emissions are classified into 3 scopes:

- Scope 1 – Direct emissions from owned or controlled sources.
- Scope 2 – Indirect emissions from the generation of purchased energy.
- Scope 3 – All other indirect emissions not included in scope 2 which occur in the value chain both upstream and downstream.

At HCUK we understand that a comprehensive net zero target includes all areas of scope 1,2 and 3 and needs to be auditable and aligned to recognised standards. Therefore, this is only the first stage of our project to quantify all types of emissions related to our business and set our full net zero target.

In order to start making progress on our decarbonisation journey now, while carrying out the full quantification project, we have started by looking at our ‘Own Operations’ emissions. These are made up of scope 1 and 2 from our 2019/20 Energy and Carbon Report, plus a few items from scope 3 that we can quantify a target for at present. We have used the 2019/20 numbers for our target, as 2020/21 will not have been representative given lockdown working conditions.

## Decarbonisation Stage 1 = Own Operations (1,529 tCO2e per year)



Scope 3 will be expanded further as CO2 from areas such as waste and working from home emissions are quantified.





### Pathway to Net Zero (cont.)

Notably we are already making progress on reducing other emission areas through our work on electric vehicle funding, our investment in GRIDSERVE, aligning our business to the UN SDGs, and working with customers and suppliers to fund more sustainable asset choices in our portfolio.

As part of our comprehensive net zero quantification project we will look at our wider scope 3 emissions by working closely with suppliers, quantifying emissions from home working, assessing emissions from our funding activities, and looking to align to an accredited standard such as Science Based Targets or PAS2060. This will allow us to publish an auditable net zero target with staged milestones and clear strategies for how we will achieve this goal in an ambitious but realistic timescale.





# Communities



## Highlights

HCUK provided the equivalent of **1,356,183** meals through our partnership with FareShare

**Three** new refrigerated delivery vans were donated to FareShare during the year

**£61,703** in donations provided to Crisis to tackle homelessness during the pandemic

**1,650** young people supported through our partnership with Young Enterprise



We are passionate about making a positive difference to the communities in which we live, work and serve, be it through helping small businesses to grow or charitable donations.

Our partnerships with national organisations are making a sustainable difference to society. During the year, we have supported a number of charities and paid over £249,000 in donations.

### Metrics

	2020/21	2019/20	2018/19
Number of charities supported	67	74	90*
Total monetary donation by HCUK	£249,382	£265,725	£258,584**
Total amount donated by staff	£45,259	£55,408	£53,108
Number of staff volunteer days used	113	185	106
Total volunteering hours	881	1,493	739
Number of hours committed to FareShare by HCUK	0	262	546***
% staff who volunteer	4%	13%	8%
Pupils supported through Young Enterprise	1,650	1,250	1,250
Equivalent number of meals provided through FareShare	1,307,250	136,962	312,000

\*Revised figure from 2018/19 report

\*\*Revised figure from 2018/19 report

\*\*\*Figures for period January 2018-February 2019

### Volunteering

Our total volunteering hours declined in 2020/21 due to the COVID-19 pandemic and national lockdown as we made our employees' safety a priority. HCUK did not promote in-

person volunteering during the year. Instead, the Company introduced e-mentoring sessions to support the Gamechanger's apprenticeship and Young Enterprise programmes.

## Communities (cont.)



### Crisis

HCUK has been supporting Crisis, the national charity for people experiencing homelessness since 2017, mainly through annual Christmas donations.

In April 2020, we officially formed a partnership with Crisis, to become our social equality partner. Crisis is committed to ending homelessness by providing year-round education, training, and one-to-one support with housing, employment and mental health and wellbeing support for vulnerable people so they can rebuild their lives.

This year, we brought forward our annual donation of £20,000 to April 2020, to support their emergency coronavirus response campaign, “In This Together”. Our donation provided vital care to vulnerable people during the pandemic, as well as keeping their core homelessness support services running.

We made a further donation of £30,000 for the Christmas services run by Crisis to help provide accommodation, companionship and essential support to people who otherwise would have spent Christmas homeless and alone. This donation helped provide more than 1,000 people with safe and secure accommodation and support over the festive period.

HCUK staff donations also supported the Christmas campaign, together with matched funding, which raised £11,703 towards supporting 414 Christmas guests by providing a helpline, self-contained accommodation, emotional support, nutritious meals, and help for the future.



### FareShare

During 2020/21, we expanded our support to our National Charity partner, FareShare. The organisation provides innovative solutions to save food from going to waste by redistributing surplus supplies to charities and community groups across the UK.

This year was remarkably challenging with COVID-19 leading to unprecedented demand for FareShare’s food redistribution services – increasing from 1 million to 3 million meals per week. Our donation of £20,000 along with fundraising initiated by our staff meant in total we donated £25,616 which helped provide an equivalent of 102,464 meals for some of the most vulnerable children and families in need during the pandemic.

During the year, we also donated three brand new refrigerated delivery vans to FareShare. The vans were supplied to FareShare’s East Anglia and Merseyside Regional Centres to help redistribute surplus food and ease warehouse demand. During 2020/21 the vehicles made 3,738 deliveries which weighed 506 tonnes, which equates to delivery of 1,204,786 meals for frontline charities and community groups across the UK.

“We donated three brand new refrigerated delivery vans to FareShare to help redistribute surplus food and ease warehouse demand.”



## Communities (cont.)



### Young Enterprise

We also continued our partnership with Young Enterprise the UK's largest business, enterprise and financial education charity. Our donations during the year supported two key projects for Young Enterprise – the Extended Project Qualification (EPQ) Pilot and Digital Skills Audit.

We committed £25,000 to fund five 'less privileged background schools' for Young Enterprise's Company Programme, enabling up to 150 students to take part (between September 2020 and June 2022). From that, 25 students will complete an EPQ Qualification to enhance their academic credentials on their journey into future education or employment. 14 of our colleagues have volunteered to be Business Mentors and have been trained to mentor Company Programme students.

We also donated £20,000 of annual funding that was used to conduct a Digital Skills Audit which will inform new programme developments intended to reach over 230,000 students per annum in the future.

### Macmillan

We continue to support Macmillan as our Wellbeing partner via donations of £22,637 during 2020/21 which included our staff charity activities such as virtual coffee morning, half marathon challenge as well as HCUK's annual donation. The donation was used towards the Macmillan Grants, which offers a one-off payment of £350 to individual cancer patients.

Our support funded 65 Macmillan Grants, helping with the extra costs that living with cancer can bring. The grants can be used to buy specialist equipment, or meet the costs associated with hospital appointments and cancer treatment.



Image Credit > Adam Cormack

### The Wildlife Trusts

We're in our second year partnering with The Wildlife Trusts, the third largest voluntary sector land owners in the UK, who preserve and maintain 2,300 nature reserves across almost 100,000 hectares. This year we were unable to offer 'Wild Work' volunteering opportunities to staff due to the pandemic. However, our £20,000 donation will support existing conservation projects at nature reserves close to our 5 office locations. Once COVID-19 restrictions are eased, we will be able to recommence activities to save and protect wildlife and natural habitats within our communities.

### Partnering with Be the Business

Hitachi Capital Business Finance partnered with Be the Business, a not for profit organisation, to help small business owners based in the UK access a 12-week Rapid Response Mentoring programme free of charge. Through the scheme, our experienced mentors helped businesses navigate the impacts of the pandemic. We have also shared full details of the programme directly to our customers and highlighted the benefits to all our brokers, so they are able to refer their eligible customers.

We're also running a series of 'Sparks' workshops in collaboration with Be the Business, which have been designed to help business leaders feel more confident about their financial management. The programme provides structure for a small business to build a strategy and a road map to achieve their goals, especially throughout a time of uncertainty.





## Communities (cont.)



### Gamechangers apprenticeship programme

We launched an apprenticeship programme named “Gamechangers” in partnership with Visionpath in September 2019. The programme was designed to unlock career pathways in financial services for school leavers from diverse social backgrounds whilst completing their studies as an effective way of contributing to our local communities and addressing social mobility challenges.

Over the course of the 12 months programme pre-pandemic, we visited 51 schools in close proximity to our 5 office locations, running engagement sessions with over 1,000 sixth form and college students to help them plan career paths, and conducted assessment centres across all of our office sites.

53 candidates joined the programme in January 2020, allocated with mentors from HCUK who provided 461 hours of support. Planned face-to-face meetings were replaced with virtual events and mentoring sessions during lockdown with various speakers, including CEO Robert Gordon opening the sessions. 10 apprentices joined HCUK in permanent positions in October 2020 working across IT, Customer Experience, Credit Operations, Quality Assurance & Business Change roles.

## Gamechangers apprenticeship success story:

### Hands-on opportunities. Hanisha Pal, Operations Apprentice, Invoice Finance

“I joined Hitachi Capital UK in 2020 as an Operations Apprentice in the Transactions team and since my first visit to the office on my assessment day, it was clear to see the company culture being presented at the forefront of the day-to-day operations. One of the things I look forward to most in my role is the unknown.

There are plenty of hands-on opportunities for me within my role and team. I love learning as I progress, and this apprenticeship gives me the chance to do exactly that. The experience that I have gained in this short period has been so valuable, and I look forward to learning more. Not only has this apprenticeship been a great way to gain experience and learn on the job, I love the opportunities to network, get involved in HCUK communities, and meeting people from a range of backgrounds with different stories!”



> Hanisha Pal



# Corporate Governance



## Highlights

**100%**  
of suppliers have HCUK Supplier Code of Conduct (or equivalent) within their contracts

**100%**  
of workers (including on-site contractors) paid the Real Living Wage



**Strong corporate governance underpins the effective running of our organisation. Through the development of our corporate governance**

**structure, we are committed to addressing the needs of all of our stakeholders.**

### Metrics

	2020/21	2019/20	2018/19
% Board members who are independent	60%	60%	50%
% Suppliers with HCUK Supplier Code of Conduct (or equivalent) in their contracts*	100%	n/a	n/a
% Workers (incl. on-site contractors) being paid the Real Living Wage or above*	100%	n/a	n/a
% Right to work checks completed on workers (incl. on-site contractors) before they start work for HCUK*	100%	n/a	n/a

\*New metrics for 2020/21

### Corporate Governance Code

Regulations in the UK require companies to disclose in their Annual Reports (for accounting periods beginning on or after 1 January 2019) which corporate governance code, if any, has been applied and how.

Since 1 April 2019 HCUK has applied the Wates Corporate Governance Principles, which are designed as a framework for companies whose

shares are not listed to comply with corporate governance reporting requirements.

Nevertheless, the Board still regards the UK Corporate Governance Code (the Code) as representing best practice in corporate governance and HCUK continues to take the Code's principles and provisions into account to the extent that it considers them to be relevant to HCUK.

## Corporate Governance (cont.)



### Hitachi Capital Group Codes of Conduct

We aim to maintain a culture of openness, honesty and integrity, which seeks to create an atmosphere of trust and collaboration across the organisation. A key element of this transparency is that HCUK adheres to the Hitachi Capital Group Codes of Conduct.

These codes consist of rules and principles intended to assist employees in making decisions that are in line with our mission; to establish a more affluent society through the creation of values that society and our customers seek.

On 1 April 2021 Hitachi Capital (UK) PLC became a wholly-owned subsidiary of Mitsubishi HC Capital Inc., our new parent company. We are in the process of updating relevant Policy Statements, Standards, Processes and Procedures to reflect this change – meaning some documents may still refer to our former parent company.

### Whistleblowing

Under our Whistleblowing Policy, all employees may raise a concern of wrongdoing to an appointed senior individual internally, to the Whistleblowing Champion (a nominated Non-Executive Director) or to an external organisation skilled in this area.

Our Whistleblowing Policy and processes support staff so that they feel comfortable to raise concerns without worrying that doing so could harm their careers with HCUK. Staff can make contact via any of these three routes in complete confidence with their anonymity protected if required.

We offer an external whistleblowing hotline to provide a channel for colleagues to raise concerns anonymously under the whistleblowing framework. Colleagues are also provided with guidance on when and how to use the whistleblowing framework via a dedicated intranet page.

## Corporate Governance (cont.)



### Product Governance

HCUK is committed to ensuring that we offer a range of financial products which meet the needs of stakeholders in the financial services industry. We recognise that a failure to understand, and adequately respond to changes in, our product risk profile may lead to Commercial issues (financial losses, operational incidents), Conduct issues (adverse customer experience) or Regulatory issues for HCUK or the wider market.

We strive to demonstrate the value of new and existing products, identify and address the risks inherent in our products – strategic, financial, conduct, and operational, and provide a consistent approach to product design and on-going oversight.

HCUK operates a Product Governance Framework which ensures that we continue to offer products which address a tangible need of stakeholders in the market, whilst addressing any risks (to both customers and the business) in the design and operation of those products.

Our Product Governance Framework provides a tool to Senior Leaders to help them design and deliver commercially viable, customer-focused products.

### Enterprise Risk

Following the implementation of the Group-wide Enterprise Risk Management System, HCUK has developed system-generated management information in relation to incidents. During the pandemic and the rapid transition of operations to remote working, this management information provided assurance that incidents continue to be reported at expected levels. HCUK now has a full suite of Group Policy Standards across all the risk categories of our risk management framework; the standards set out the applicable minimum requirements that we expect our internal and external stakeholders to adhere to. In addition, our Board level risk appetite process ensures we continue to monitor our conduct measures and meet our corporate objectives.

### Financial Crime

HCUK is committed to supporting regulators and law enforcement authorities in the fight against financial crime. The regulatory expectation has increased for firms to detect and report suspicious activity related to COVID-19 relief programme frauds and other emerging threats and HCUK has supported this initiative and has reported a number of cases in a timely and compliant manner.

During 2020/21, we have implemented the following further enhancements:

- A section on the HCUK external website to inform customers of how they can protect themselves and their business against financial crime and the steps that they can take should they become victims.
- The Group Financial Crime Prevention Team (GFCPT) has developed a new internal process to ensure any victims receive a fair outcome.
- GFCPT have also developed an internal team site which provides employees with advice, education, and guidance about financial crime prevention in addition to periodic staff communications relating to new and emerging financial crime risks.

All HCUK staff have received annual training in both fraud and financial crime during 2020/21. GFCPT have also embarked on training programmes for financial crime staff to expand their understanding of the role and to provide new and maintain existing skills. GFCPT employees have also undertaken professional development, including an advanced certificate in International Anti-Money Laundering from the International Compliance Association and Investigative skills training courses.

Existing 1st Line business resource was further strengthened during 2020/21 across all business units.



## Corporate Governance (cont.)



### Information Security

HCUK invests in people, processes and technology to ensure its customer and corporate sensitive information is appropriately protected from cyber security events. Our strategy looks to ensure that multiple layers of security are designed into all systems from the point of inception. We undertake detailed reviews of all systems and perform due diligence on the key providers in our supply chain to identify and remediate risks. By proactively monitoring our entire estate, we are able to prevent, detect and correct issues in a timely manner.

Our information security practices are independently certified to the globally recognised ISO27001 framework.

### Data Protection

HCUK takes data protection and privacy very seriously, ensuring all staff know of their responsibilities when handling personal data for our customers, prospects and employees. This includes mandatory high-level training for all employees and contractors with tailored training for those completing specific, higher risk activities.

HCUK operates a Data Protection Impact Assessment (DPIA) process to identify proposed changes, ranging from new projects to small changes, which may create new data privacy risks. Changes within processes require mandatory privacy screening, ensuring privacy concerns are given immediate and continuous attention where appropriate.

All areas of HCUK are engaged in personal data retention. HCUK retains data in line with respective legislative requirements (to process claims and complaints, responsible lending requirements and relevant counter fraud legislations) and recent work has focused on ensuring highest risk systems have appropriate retention routines in place. The data minimisation and privacy by design principles are also encouraged through DPIA assessments, and regular reviews of existing data/processes. By following these principles, HCUK continues to reduce its overall data processing risks.

Additionally, HCUK operates robust processing of customers' privacy rights, most commonly of access and to be forgotten requests. Trained staff collate the data, applying appropriate redactions of third-party data with support from the data privacy (DP) team.

### Quality Assurance

HCUK monitors our customer interactions ensuring all mandatory expectations are adhered to and more importantly our customers are receiving the right outcomes. Our Quality Assurance framework focuses on key customer interactions across their relationship with Hitachi with quality findings feeding back into training, coaching and process improvements. Recent enhancements include a group wide QA system supporting both the independent QA Team but also provides the operational areas the ability to conduct their own checks supporting T&C frameworks.

### Statements

In accordance with the Modern Slavery Act 2015, the statement below sets out the steps we have taken as an organisation during the year ended 31st March 2021 to ensure modern slavery is not taking place in our business or supply chains.

[Read our Hitachi Capital \(UK\) PLC Anti-Slavery and Human Trafficking Statement here](#)

The corporate governance statement in our 2020/21 Annual Report describes the Company's corporate governance structure and the main features of its internal control and risk management systems in relation to the financial reporting process.

[Read our Corporate Governance Statement on page 60 of our Hitachi Capital \(UK\) PLC 2020/21 Annual Report here](#)





## Corporate Governance (cont.)



### Appendix 1 - Materiality Analysis methodology

To inform the process we have been through so far, and to inform the expanded process for next year, we have reviewed external frameworks and reference documents such as the Sustainable Development Goals (SDGs), the KPMG Essentials of Materiality Assessment guide, and the materiality analysis of others in our industry.

This year we have focused on identifying the all applicable material areas, grouping them into materiality categories, and generating an initial assessment by the ESG project team. This assessment reflects internal stakeholder focus during the year, and the impact HCUK can make in helping to achieve the UN SDGs.

The 16 ESG materiality categories for HCUK in 2020/21 are as shown in the graph: all are of high importance, and their relative levels are as shown in this preliminary assessment.

To arrive at a scoring system we reviewed sources such as our Insights Survey results, customer service scores, a wide variety of ESG metrics and activity levels in the year. In order to develop a comparative scoring system for this cross-section of materiality categories this information was then used to produce a score out of 100 for each category with debate by the project team. A higher score means we prioritised or accelerated initiatives this year. A lower score indicates work is already in place and ongoing, or there are no new initiatives this year, but doesn't mean a category is less important.

Our scores are based on HCUK's contribution to the 169 targets (which form the SDGs) within each materiality category.

In next year's report we will enhance the analysis to include the wider stakeholder views such as a broad spectrum of internal stakeholders, our parent group, investors, partners, customers, suppliers, industry authorities and associations, community groups, charities we partner with and other areas of influence on our business.

# SUSTAINABLE DEVELOPMENT GOALS

