

Environmental Statement

Scope

Mitsubishi HC Capital UK PLC (MHCUK) is one of the UK's leading non-bank financial services providers, authorised, and regulated by the Financial Conduct Authority (FCA). MHCUK work with consumers, small to medium enterprises (SME's) and, government bodies as well as corporate multinationals in the UK and mainland Europe. MHCUK predominantly trades under the Novuna brand. The Company has six main commercial business units; Novuna Consumer Finance, Novuna Vehicle Solutions, Novuna Business Finance, Novuna Business Cash Flow, European Vendor Finance and MHC Mobility Europe Group, providing innovative finance solutions to enable consumers and businesses to grow and prosper in the UK and Europe.

In line with the Company's vision, mission, and values, its focus is on markets where it can contribute towards the United Nations Sustainable Development Goals (UN SDGs) and provide innovative solutions that require high service levels and a commitment to customer care.

Purpose

This statement provides a framework to reduce MHCUK's environmental impact from its UK operations and outlines its commitments to sustainability, climate change, preventing pollution and protection of the environment.

Areas of environmental impact

MHCUK directly impacts on the environment through:

- Its consumption of energy, use and disposal of resources, and transport practices across all its UK sites.
- Its supply chain; and
- Its suite of financial products and accompanying services.

Approach to Climate Change

As one of the UK's largest non-bank financial services providers, MHCUK acknowledges its responsibility to provide sustainable products and services that will contribute towards the UN SDGs and carbon neutrality in line with the Paris Agreement, to support the society and communities in which we operate. The Company is actively evolving its operation to direct the flow of finance to sectors of the economy which help to reduce greenhouse gas (GHG) emissions. MHCUK's action plan is to deliver real change in line with sustainable development principles.

In addition to promoting and delivering sustainable financial services solutions externally, MHCUK is looking to reduce the environmental impact of its internal operations. MHCUK will achieve this through; promoting operational and behavioural change, conducting energy audits of sites, and looking at all working practices, such as hybrid working, to find models that

not only work for the business and employees, but also minimise the impact on the environment.

MCHUK aims to identify, assess, and manage environmental risk by incorporating environmental risk and opportunity considerations, where relevant and appropriate, into internal strategy planning processes. This includes external expectations and factors related to climate risk and opportunities in line with the UK Government Climate-Related Financial Disclosure (UK CFD) framework.

Commitment to Sustainability

MCHUK's commitment to sustainability comes from the understanding that its range of services both influence and are influenced by the environment, economy, and society.

To demonstrate this commitment, the Company ensures compliance with compulsory environmental laws, legislation, and regulatory frameworks such as Energy Savings Opportunity Scheme (ESOS), Streamlined Energy and Carbon Reporting (SECR), UK CFD and Procurement Policy Note (PPN) 06/21. MCHUK also strives to continually improve upon and exceed these requirements where possible by integrating best practices into its business, as demonstrated through the following actions:

- Remain as signatories to Partnership for Carbon Accounting Financials (PCAF) which provides sector specific carbon accounting methodologies for financial institutions.
- Establishing and embedding climate focused teams across relevant, key areas of the Company.
- Setting aspirational carbon reduction targets to reach Net Zero emissions no later than 2050 in line with the Paris Agreement.
- Supporting the advancement of the UN SDGs by partnering with charities aligned to the same principles and objectives.

Specifically, partnering with environmentally focused charities such as The Wildlife Trusts, to assist in tackling environmental issues and climate change as per MCHUK's Climate Strategy.

- Engage with several sustainability rating platforms such as Carbon Disclosure Project (CDP) and EcoVadis to provide both MCHUK and select external stakeholders, with verified sustainability benchmarking and reliable sustainability performance monitoring.
- Published the Company's first climate-related financial disclosures in accordance with UK legislation for FY2023/24 within the annual report, and in consultation with external auditors.
- Endeavor to minimise the impact on natural capital through MCHUK's supply chain.

Commitment to Net Zero

These are the primary actions MCHUK are taking to ensure it reduces scope 1, 2, and 3 emissions in line with the commitment to reach net zero emissions.

Scope 1 and 2 – Energy efficiency and electrifying fleet

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The company car scheme was updated on 1 March 2022 to only offer employees fully electric vehicles. MHCUK's company car fleet is now 83% electric vehicles.

MHCUK continues to invest in improvements that increase site energy efficiency in addition to already maintaining a 100% renewable energy tariff for sites where the Company procures its own energy.

Energy audits have been conducted in the Staines and Leeds offices in the frame of ESOS and, the phase 3 report has been completed and submitted this financial year (FY2024/25).

Scope 3 - Sustainable Funding and activities

MHCUK aspires to electrify 100% of its car and small van (3.5 tonne and under) fleet and, 50% of its larger van fleet by 2030 to support the UK goal of banning the sale of new petrol, diesel, and hybrid cars by 2035.

The Business Finance Division's Sustainable Energy Team supports the development and construction of sustainable energy and transport projects, which are critical to the decarbonisation of the UK's infrastructure.

MHCUK's Business Finance division provides sustainable project finance to support projects from early development through to the operational phase, every step of the lending process, providing a flexible end-to-end sustainable project finance solution.

Partnering with customers, from SMEs to large global corporates, MHCUK Business Finance supports a range of different project technology types including onshore wind, solar PV, battery energy storage system (BESS) and EV charging infrastructure.

In FY2019/20, MHCUK set an aspirational target to have 20% of assets directly connected to climate action and affordable clean energy by March 2025. In FY2023/24 the Company funded £756m of green assets, including green energy, electric vehicles, and energy efficiency assets, representing 10.2% of its total net earning assets.

For a comprehensive list of our sustainable initiatives for Scope 1,2, and 3 see our PPN 06/21: [Sustainability | Mitsubishi HC Capital UK PLC](#)

ISO 14001 certification

The Vehicle Solutions division has been certified under the ISO14001:2015 international standard for environmental management system which provides the framework for monitoring and improving environmental performance to achieve environmental targets and protect biodiversity.

Carbon calculations and committed targets

MHCUK calculated its baseline emissions for FY2019/20 (April 1, 2019, to March 31, 2020) in line with the Greenhouse Gas (GHG) protocol and PCAF methodologies to quantify its carbon emission inventory, which enabled emission reduction targets to be set. MHCUK aims to reach Net Zero emissions by no later than 2050.

- MHCUK commits to reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from an FY2019/20 base year and commits to continue to annually source 100% renewable electricity by year end 2030.

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- MHCUK commits to reduce absolute Scope 3 emissions from business travel, employee commuting, and waste by 30% by 2030 from an FY2019/20 base year.
- MHCUK commits to reduce absolute Scope 3 GHG emissions from downstream leased assets by 30% by 2030 from an FY2019/20 base year.
- MHCUK commits to continue providing project finance in the power sector for renewable electricity through 2030.

During FY2024/25 and FY2025/26, we will review and update our targets to ensure they align with the current business environment, customer requirements and stakeholder expectations.

Communications

MHCUK's Environmental Statement, including key information and data points, will be available to all colleagues and external stakeholders. MHCUK will provide adequate and appropriate resources in which to implement the Environmental Statement and ensure it is communicated and understood.

Actively promoting sustainability and environmental awareness and embedding them into company culture throughout the organisation is a priority for MHCUK. A robust internal communications strategy and tool kit enables MHCUK to connect with colleagues and share updates and initiatives that support the sustainability agenda. These include volunteering days, fundraising and charity events, awareness and, learning and development opportunities, all of which encourage active engagement and participation. MHCUK also communicates environmental awareness externally through resources such as the Sustainability Toolkit for SME's and an EV Hub for customers.

MHCUK's Vehicle Solutions division held an EV Academy live event to promote electric vehicles and charging solutions and launched their showcase electric vehicle charging forecourt. The solar forecourt enables 16 charging sockets to be powered simultaneously by onsite generated renewable energy.

External stakeholders will be kept up to date on the Company's sustainability goals predominantly via the website which shares the most recent statements and commitments.

If an issue should occur as a result of MHCUK's business activities, we will ensure to publicly disclose, in a timely and appropriate manner, and implement measures to prevent recurrence.

Supporting Information

More information, including a full list of the United Nations Sustainable Development Goals can be found here: <https://sustainabledevelopment.un.org/sdgs>

MHCUK's key reports, including progress towards the ESG agenda can be found here: <https://www.mitsubishihccapital.co.uk/sustainability> or <https://www.mitsubishihccapital.co.uk/investors/>

Review

The Sustainability Team will be responsible for the annual revision of this statement, wherein any changes made, will be reviewed by the ESG Environmental Committee, and signed off by

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the CEO, to ensure its continued relevance and effectiveness, and to account for any significant changes to legislation and regulation. Interim changes made by the Sustainability Team will be reviewed and signed off by the General Manager CEO Office & Sustainability, and escalated to ESG Environmental Committee where necessary.

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CEO sign off and signature

Dated

Date of last review: 12/12/2024

Date of next review: 12/12/2025