

Carbon Reduction Plan

Commitment to achieving Net Zero

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

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases (GHG's) that have been produced by the Company in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: FY2019/20 (April 2019 – March 2020)	
<p>The baseline emission boundaries are determined following an operational control consolidation approach as described in the Greenhouse Gas (GHG) Protocol. The calculations include all emissions from UK operations.</p> <p>FY2019/20 was selected as the baseline year because it was the last fiscal year wherein standard, representative business activities were not impacted by Covid-19.</p>	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	1,191
Scope 2	546

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Scope 3 (Included Sources)	2,981 In line with the Carbon Reduction Plan (CRP) technical guidance, a subset of 5 out of the 15 categories of scope 3 emissions are included: <ul style="list-style-type: none"> • Waste generated in operations: 36 • Business travel: 473 • Employee commuting: 2,472 As a financial institution the Company's primary product is the delivery of financial services. Therefore, emissions from the categories "upstream transportation and distribution" and "downstream transportation and distribution" are considered out of scope for MHCUK's case. In addition to the categories covered in this section, MHCUK has performed a comprehensive GHG calculation of its own operations, comprising all relevant scope 3 categories identified in the GHG Protocol.
Total Emissions	4,718

Current Emissions Reporting

Reporting Year: FY2023/24 (April 2023 – March 2024)	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	278
Scope 2	376
Scope 3 (Included Sources)	947 In line with the CRP technical guidance, a subset of 5 out of the 15 categories of scope 3 emissions are included: <ul style="list-style-type: none"> • Waste generated in operations: 36. • Business travel: 573 • Employee commuting: 338 As a financial institution our primary product is the delivery of financial services. Therefore, emissions from the categories "upstream transportation and distribution" and "downstream transportation and distribution" are considered out of scope for MHCUK's case.

Total Emissions	1,601
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Emissions reduction targets

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

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

Carbon Reduction Projects

The achieved total emission reduction in FY2023/24 equates to 3,117 tCO₂e, a 66% reduction against the FY2019/20 baseline. The Company has adopted hybrid working which has contributed to the GHG emission reductions in scopes 1, 2, and 3, with the most profound drops occurring for employee commuting due to increased leveraging of virtual platforms.

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

Carbon Accounting

- In February 2022, MHCUK signed a commitment letter to join the Partnership for Carbon Accounting Financials (PCAF). By joining PCAF, the Company have committed to measure and disclose the GHG emissions associated with its portfolio of loans, investments, leasing and other financial products and services. The Company has completed five consecutive years of GHG emissions accounting, FY2019/20 – FY2023/24, in line with the GHG Protocol and the PCAF methodology to enable alignment between the Company's portfolio and the Paris Climate Agreement.

Energy Efficiency Investments

- MHCUK is on 100% renewable electricity tariffs for all its UK offices where the Company procures its own energy.
- The Novuna Vehicle Solutions division has developed an electric vehicle charging forecourt with renewable energy generated onsite through a solar canopy. The facility includes a 180kWh battery storage system and energy management capabilities, enabling the storage of unused energy and peak-saving trickle charging. This approach contributes to lower CO₂ emissions and improved energy efficiency.

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- Energy audits have been carried out in MHCUK's 3 sites in the frame of the Energy Savings Opportunity Scheme (ESOS) phase 3; the Trowbridge office in FY2023/24 and the Staines and Leeds offices this year (FY2024/25).
- MHCUK continues to investigate and invest, as appropriate, in energy-efficiency equipment (LED and heat pumps among others), subject to discussions with respective Landlords.
- Optimised heating/cooling/lighting timeout schedules.
- We are transitioning from physical data centres to more sustainable cloud services in line with MHCUK's Cloud-First Strategy, which will decrease GHG emissions through reduced on-site hardware, power/cooling, and e-waste.
- MHCUK selects reliable laptops that extend the average lifespan from three to four years, reducing the frequency of replacements, enhancing energy efficiency, and minimising the emissions associated with its manufacturing and transportation.

Sustainable Financing Activities

- Building on MHCUK's commitment to sustainable funding, the Company offers a block discounting facility focusing on assets which demonstrate a nature of sustainability, with particular emphasis on sustainable technologies such as wind turbines, biomass boilers and EV charging points. This new product is offered at favourable rates and facility sizes from £0.5 million to £30 million. The product is suitable for existing block finance customers along with new block finance customers looking to expand into this sector. The sustainable block discounting facilities are offered for up to seven years, reflecting the average finance period in the market. The facility reflects MHCUK's commitment to giving customers a platform to realise their own sustainability goals and deliver finance that fits the developing needs of UK SME's.
- MHCUK have collaborated with Osprey Charging Network to help fuel the UK's EV infrastructure landscape and the nation's transition to electric mobility. The £30 million debt facility is for the roll-out of over 50 ultra-rapid charging hubs across the country, a crucial step in building the infrastructure needed to support widespread EV adoption. Since the start of 2024, this financing has enabled Osprey to increase its installed charge points from 901 at the end of 2023 to over 1,200 by mid-2024, with further growth on the horizon. These new charging hubs, strategically located across Great Britain, provide essential infrastructure in both high-demand urban areas and underserved rural regions.
- MHCUK's Novuna Business Finance division provided funding to Luminous Energy to support the construction and operation of the 28.5 MWp Bracon Ash Solar Farm in Norfolk. Spanning 77 acres, the site will generate enough renewable electricity to power over 9,500 homes annually. Funding from Novuna Business Finance supported the viability of the project and enabled Luminous Energy to explore different commercial avenues to sell the project's electricity and renewable energy certificates, which resulted in Luminous Energy receiving a Contract for Difference (CfD) agreement for part of the project's generation. During the project, Luminous Energy also signed a 10-year virtual Corporate Power Purchase Agreement (CPPA) to sell the electricity generated at Bracon Ash Solar Farm to Bristol Airport.

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- MHCUK aims to have 20% of assets directly connected to climate action and affordable clean energy by March 2025. In 2023/24 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.

Vehicle Electrification

- MHCUK committed 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.
- MHCUK's Vehicle Solutions division works with colleagues to provide electric and hybrid car salary sacrifice schemes. MCHUK employees can lease the latest electric cars with benefits including insurance, maintenance, tyres, and breakdown assistance, all covered by a fixed monthly payment deducted from their monthly gross salary.
- MHCUK's Company Car Policy only offers fully electric vehicles for employees. In FY2023/24, 99% of the company car fleet was battery electric or plug in hybrid.
- Depot and Workplace Charging: Novuna Vehicle Solutions works directly with customers and partners to assess, design, and deploy workplace and network charging solutions tailored to fleet and operational needs. MHCUK'S integrated charging proposition includes services such as:
 - Charge Point Solutions Provider: End-to-end installation services with tailored solutions, AC/DC hardware options, vetted installers, and a single point of contact.
 - Charge Point Operator: A comprehensive charge points management system (CPMS) providing full visibility, real-time data, user access control, and support.
 - Maintenance Provider: Comprehensive SLA packages with 24/7 support, scheduled maintenance, warranty management, and remote fix capabilities.
 - Driver App Provision: The My Novuna Charging app offers live access to charge point data, driver access tools, and Radio Frequency Identification (RFID) card options.

This modular, end-to-end approach ensures flexibility, efficiency, and seamless integration for workplace and depot charging needs, helping customers future-proof their infrastructure and support the transition to zero-emission fleets.
- Battery Storage Solutions: Novuna Vehicle Solutions are exploring the repurposing of vehicle OEM batteries to accelerate the deployment of depot electrification projects. This approach aims to support fleet decarbonisation efforts by enabling more rapid and efficient integration of energy storage solutions.
- Alternative fuels: Novuna Vehicle Solutions have successfully converted several customer fleets to alternatively fuelled vehicles and continue to pioneer solutions for all fleets and vehicle types where electric is not an option.
- New CPMS: Novuna Vehicle Solutions have onboarded a new charge point management system (CPMS) with enhanced functionality to better support our diverse fleet needs and improve efficiencies and utilisation of charging infrastructure. This system integrates with grid compensation programs, enabling cheaper and greener charging both at home and at commercial properties. It also provides drivers access to alternative charging networks, enhancing flexibility and reliability.

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- Participation in the ZEHID Consortium: Novuna Vehicle Solutions is now a member of the Zero Emission HGV and Infrastructure Demonstrator (ZEHID) consortium, which focuses on advancing zero-emission heavy goods vehicles (HGVs) and their supporting infrastructure. This initiative, funded by Innovate UK, is a critical step toward decarbonising the freight sector and enhancing the adoption of battery-electric and hydrogen fuel cell HGVs.
- Tees Valley Hydrogen Transport Hub: As part of the Tees Valley Hydrogen Vehicle Ecosystem (HYVE) consortium, MHCUK are collaborating with industry partners to deliver the UK's first large-scale deployment of hydrogen fuel cell electric HGVs. This initiative includes over 20 hydrogen-powered vehicles and a strategically located refuelling hub, helping to reduce emissions and support the transition to greener transport within the region.

Operational and Behavioural Change

- MHCUK implemented hybrid working which has reduced emissions from employee commuting and business travel through remote project delivery and by leveraging virtual meeting platforms/video conferencing, limiting the need for travel to and between sites.
- The Company developed quarterly internal reporting to monitor progress towards the Group's aspirational Sustainability Targets and Net Zero journey.
- MHCUK published its first climate-related financial disclosures in accordance with UK legislation for FY2023/24 within the annual report, and in consultation with external auditors.
- The Company is developing its own platform for efficient sustainability reporting. A minimum viable product has been completed which delivers automatic carbon accounting for scope 1,2 and 3 emissions.
- MHCUK encourages employees to use cleaner transportation by taking part in the Cycle to Work green government initiative, allowing employees to use a tax-free portion of their salary to purchase a bike or cycling products.
- The Company is fostering a climate-focussed culture by raising awareness and engaging colleagues in environmentally impactful campaigns, including an annual Climate Action Fireside Chat with the CEO, to promote its sustainability goals.
- MHCUK Vehicle Solutions division held an EV Live event to promote electric vehicles and launched its electric vehicle charging forecourt which enables us to power 16 charging sockets simultaneously by onsite generated renewable energy. The division continually invests in training and events to ensure colleagues are up to date on the latest technology and the impacts upon customers, with 2024a seeing the launch of the IMI accredited EV Academy 'Electric Highway Addition'.

Accreditations

- MHCUK's Vehicle Solutions business unit holds the ISO14001 Environmental Management System accreditation for both of its sites.

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- MHCUK achieved an EcoVadis Silver rating in FY2024/25, which provides global benchmarks essential for measuring and improving the performance of our global value chain.

Furthermore, we are exploring additional measures such as:

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

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and the reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

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



Robert Gordon

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

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

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

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Chief Executive Officer

Date of last review: 12/12/2024

Date of next review:12/12/2025