

## Carbon Reduction Plan

### **Commitment to achieving Net Zero**

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

<b>Baseline Year: FY2019/20 (April 2019 – March 2020)</b>	
<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>	
<b>EMISSIONS</b>	<b>TOTAL (tCO<sub>2</sub>e)</b>
<b>Scope 1</b>	1,191
<b>Scope 2</b>	546
<b>Scope 3</b> (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"> <li>• Waste generated in operations: 36</li> <li>• Business travel: 473</li> <li>• Employee commuting: 2,472</li> </ul> <p>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.</p> <p>In addition to the categories covered in this section, MHCUK has performed a comprehensive GHG calculation of its own operations, comprising all relevant scope 3 categories identified in the GHG Protocol.</p>

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

**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.

**Current Emissions Reporting**

<p><b>Reporting Year: FY2024/25 (April 2024 – March 2025)</b></p>	
<p><b>EMISSIONS</b></p>	<p><b>TOTAL (tCO<sub>2e</sub>)</b></p>
<p><b>Scope 1</b></p>	<p>249</p>
<p><b>Scope 2</b></p>	<p>410</p>
<p><b>Scope 3</b> (Included Sources)</p>	<p>760</p> <p>In line with the CRP technical guidance, a subset of 5 out of the 15 categories of scope 3 emissions are included:</p> <ul style="list-style-type: none"> <li>Waste generated in operations: 41</li> <li>Business travel: 386</li> <li>Employee commuting: 333</li> </ul> <p>As a financial institution our primary product is the delivery of financial services. Therefore, emissions from the categories “upstream transportation and distribution” and “downstream transportation and distribution” are considered out of scope for MHCUK’s case.</p>

<b>Scope 3</b> <b>(Voluntary Disclosure)</b>	1,109,691 MHCUK has chosen to voluntarily disclose two additional and material Scope 3 emissions categories beyond the mandatory CRP subset, to demonstrate our commitment to climate transparency and accountability. <ul style="list-style-type: none"> <li>• Downstream leased assets: 713,302</li> <li>• Investments: 395,729</li> </ul>
<b>Total Emissions</b>	<ul style="list-style-type: none"> <li>• CRP required emissions (Scope 1,2, and 3a): 1,419</li> <li>• Total emissions including voluntary Scope 3b: 1,111,110</li> </ul>

### 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 the Company began reviewing its decarbonisation targets to ensure alignment with evolving business priorities, regulations, and customer expectations. The following business decarbonisation targets have been set:

- MHCUK aspires to transition 100% of its own company car fleet to battery electric vehicles by March 2028
- MHCUK aspires to transition 100% of its new direct business car fleet to battery electric vehicles by March 2030.
- MHCUK aspires to transition 70% of its new direct light commercial vehicle fleet (2.8 tonne and under) to battery electric vehicles by March 2030.

### Carbon Reduction Projects

The achieved total emission reduction in FY2024/25 equates to 3,299 tCO<sub>2</sub>e for the mandatory CRP emissions subset, a 70% 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.

In addition, MHCUK has voluntarily disclosed reductions in two additional scope 3 categories currently in scope with our operations and activity. These emissions are reported under Scope 3 (Voluntary Disclosure) to maintain transparency and alignment with PPN 06/21 guidance.

While total reported emissions have increased by 36% compared to the baseline year due to growth in new business and hence our assets, MHCUK continues to direct finance toward climate aligned assets. This strategic shift is expected to contribute to future emissions reductions.

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

### **Carbon Accounting**

- MHCUK continues to be a signatory to the Partnership for Carbon Accounting Financials (PCAF), and remains committed to measure and disclose the GHG emissions associated with its portfolio of loans, investments, leasing, and other financial products and services.

### **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, supported by battery storage and energy management systems. This approach contributes to lower CO2 emissions and improved efficiency.
- 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 in 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**

- MHCUK delivered £901 million in green asset funding in FY2024/25, including green energy, electric vehicles, and energy efficiency assets.
- In FY2024/25, MHCUK's Business Finance (BF) Project Finance sales channel, focused on sustainable energy, facilitated over £100 million in investments across approved facilities.

## Vehicle Electrification

- MHCUK's vehicle electrification decarbonisation targets can be found in the ESG Review section of our Annual Report.
- MHCUK's Company Car Policy only offers fully electric vehicles for employees. In FY2024/25, 89.2% of the company car fleet was battery electric.
- Battery Storage Solutions: Novuna Vehicle Solutions are exploring the repurposing of vehicle OEM batteries to accelerate depot electrification and support fleet decarbonisation.
- 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.
- Novuna Vehicle Solutions is a member of various zero emission consortiums; The Tees Valley Hydrogen Vehicle Ecosystem (HYVE) Consortium and The Lighter Than Air Consortium.

## 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.
- Waste from our UK sites is sorted into recycling and landfill by our waste providers. We also track, monitor, and report our waste data internally on a semi-annual basis in attempts to reduce waste generated from our direct operations. Our electronic waste is disposed of in a manner that is both The Waste Electrical and Electronic Equipment (WEEE) regulation and Environment Agency compliant.
- The Company developed quarterly internal reporting to monitor progress towards the Group's aspirational Sustainability Targets and Net Zero journey.
- In FY2023/24, MHCUK published its first climate-related financial disclosures in accordance with UK legislation and continues to annually publish these disclosures within the annual report, and in consultation with external auditors.
- 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-focused culture through employee engagement and training activities, by raising awareness of current and emerging ESG topics.

## Accreditations

- MHCUK's Vehicle Solutions business unit holds the ISO14001:2015 Environmental Management System accreditation for both of its sites.
- 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.

## Supporting Information

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

- [Annual Report - ESG Review](#)
- [Methodology Report](#)
- Environmental Statement
- [Environmental Policy](#)

## 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 standard<sup>1</sup> and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>2</sup>.

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) Standard<sup>3</sup>.

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

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

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

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

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

**Robert Gordon**

**Chief Executive Officer**

Date of last review: 18/12/2025

Date of next review: 01/04/2026