

News Release

FOR IMMEDIATE RELEASE
Hitachi Capital Corporation
Hitachi Capital Management (China) Ltd.

The First Issuance of Foreign Currency Denominated Green Bonds in Asia as a Japanese Company

Executed Environmentally-Friendly Green Finance in Hong Kong

Tokyo, December 15, 2017 - Hitachi Capital Management (China) Ltd. (Managing Director: Masashi Takeda, “HCMC”), which is a group company of Hitachi Capital Corporation (President & CEO: Seiji Kawabe, “Hitachi Capital”) and also a financial management company in China business (Regional Manager in China: Ryoji Satoh, Executive Officer of Hitachi Capital), issued the first foreign currency denominated green bonds amounting to 100 million U.S. dollars (approximately 11.2 billion yen) in Asia as a Japanese company.

Through the issuance of the green bonds whose usage is limited to environmentally-friendly projects such as renewable energy and energy-saving projects, we will contribute to the promotion of environment and energy that realize low-carbon society and also meet the needs of institutional investors strongly interested in ESG (Environment, Society, Governance) initiatives.

Green bonds have been actively issued mainly in Europe since European Investment Bank (EIB) issued the first green bond in 2007. Recently, companies and financial institutions as well as governments such as France issue green bonds. In Japan, the national and local governments have been issuing a number of green bonds, including the plan by the Tokyo Metropolitan Government to issue 20 billion yen of green bonds in October and December 2017.

There is increasing interest in green bonds in Hong Kong as the Financial Services Development Council (FSDC) released a report entitled “Hong Kong as a regional green finance hub” in May 2016 and introduced measures to establish a benchmark for green bonds issued by governments and private companies.

The green bonds issued by HCMC in Hong Kong obtained a certification from DNV GL Business Assurance*1 for meeting the standards of “Green Bond Principles (GBP)” which were formulated by the International Capital Market Association (ICMA). We plan to use the proceeds of total 100 million U.S. dollars from the green bonds mainly to fund three businesses (renewable energy, circular economy, and sustainable water infrastructure in mainland China) with an aim to contribute to sustainable development and quality of life improvement in the region.

In order to enhance the financial management function including funding and investments in China business, Hitachi Capital Group reorganized*2 HCMC into a corporate treasury center (intermediate holding company) in the region in November 2017, and this issuance of the green bonds is the first case of the flexible funding after the reorganization. We will aim for further business expansion corresponding to the social and economic environment in Hong Kong and mainland China through the enhancement of financial management functions of HCMC.

*1 A third party certification body with more than 88,000 certificates issued worldwide. A certification service provider of DNV GL Group which is an independent foundation with the management philosophy of safeguarding life, property and the environment, headquartered in Oslo, Kingdom of Norway.

*2 The release dated September 29, 2017 “Announcement of Shift to an Intermediate Holding Company System and Statuses Change to Sub-Subsidiaries toward Enhancement of Financial Management Functions in China”
<http://www.hitachi-capital.co.jp/hcc/english/newsrelease/2017/20170929english.pdf>