

February 4, 2019
Hitachi Capital Corporation
President & CEO Seiji Kawabe
(Securities Code: 8586)
(Listed Exchange: Tokyo Stock Exchange)

Announcement of Issuance of Green Bond

Tokyo, February 4, 2019 - Hitachi Capital Corporation (TSE: 8586) (President & CEO: Seiji Kawabe, "Hitachi Capital") today announced that it is set to issue Green Bond (unsecured straight bonds) through public offering in the Japanese market. This is the second issuance of green bond for the Hitachi Capital Group ("the Group") since Hitachi Capital Management (China) Ltd. (Managing Director: Junichiro Ando), which is the Group's financial management company in China business, issued the first foreign currency (in U.S dollars) denominated green bond in Asia as a Japanese company in December 2017¹.

Green Bonds are bonds whose proceeds can be used only for green projects with environmental improvement effects (businesses related to renewable energy, energy saving, and sustainable water resources management).

Hitachi Capital plans to use the proceeds from the issuance of the Green Bond to the solar power generation business in Niimi City, Okayama Prefecture, operated by the Group as a power producer². As for external reviews on the Green Bond, the Company obtained a second-party opinion from Sustainalytics³ and a second opinion from Rating and Investment Information, Inc. ("R&I") to confirm that the Green Bond satisfies the criteria of "The Green Bond Principles 2018" issued by the International Capital Market Association (ICMA) and the "Green Bond Guidelines, 2017"⁴ issued by the Ministry of the Environment of Japan (MOEJ). In addition, the Green Bond received GA1 (preliminary), the highest assessment of "R&I Green Bond Assessment"⁵, from R&I. Undergoing the external reviews on the Green Bond is eligible for subsidies under MOEJ's FY2018 Financial Support Programme for Green Bond Issuance⁶.

The Group positions eco- and energy-related business as one of its focused sectors in the "FY2016-FY2018 Mid-Term Management Plan" and has been promoting renewable energy business such as solar and wind power, with a target of accumulated power generation capacity of 500MW by FY 2018. Annual CO₂ reduction in FY2017 through our power generation business totaled approx. 200,000 tons⁷, equivalent to the emissions from approx. 90,000 households or 230,000 persons. Taking an advantage of this issuance, Hitachi Capital intends to diversify its funding methods and accelerate its contribution toward the achievement of sustainable society through eco- and energy-related business as a "Social Values Creating Company" that creates and provides new values.

- *1 The release dated December 15, 2017 “The First Issuance of Foreign Currency Denominated Green Bonds in Asia as a Japanese Company” <http://www.hitachi-capital.co.jp/hcc/english/newsrelease/2017/20171215english.pdf>
- *2 The release dated April 15, 2016 “Hitachi Capital and Hitachi, Ltd. Constructed 36 MW Mega Solar Power Plant in Niimi City, Okayama Prefecture” <http://www.hitachi-capital.co.jp/hcc/ir/pdf/20160415.pdf> (Japanese)
- *3 A third-party certification organization with 13 offices around the world engaging in research, analysis, and ratings on ESG and corporate governance
- *4 Guidelines established for the purpose of promoting active study and efforts of green bonds issuance by market participants as well as expanding the issuance of and investment in green bonds in the Japanese market, with due consideration to the consistency with the Green Bond Principles
- *5 Assessment regarding the extent to which the proceeds from the issuance of green bonds are used to invest in businesses that contribute to solving environmental issues on a scale of 1 to 5 based on the assessment criteria including the items set forth in the Green Bond Principles, with monitoring to be conducted until the bonds are redeemed. In conjunction with this assessment, R&I may provide second opinions on Green Bond frameworks, which evaluates that a Green Bond framework established by the issuer complies with the Green Bond Principles and other regulations.
- *6 A programme where subsidies will be provided for the expenses that are required by those who support companies, local governments and other bodies who seek to issue Green Bonds, in the form of granting external reviews, consultation on establishing a Green Bond framework, etc. The eligibility criteria of the Green Bonds is that all proceeds are used for Green Projects and all of the following criteria is met at the time of issuance.
- (1) A Green Project that meets one of the following criteria at the time of bond issuance
 - 1) Contributes mainly to domestic decarbonization (renewable energy, energy saving, etc.)
 - Projects for which equal to or more than half of the procured amount, or equal to or more than half of the number of projects is domestic decarbonization-related project
 - 2) Has high decarbonization and effects on vitalization of local economy
 - Decarbonization effects: Those whose subsidy amount per ton of domestic CO₂ reduction is less than the specified amount
 - Effects on vitalization of local economy: Projects that are expected to contribute to effects on vitalization of local economy as part of the ordinance and plan, etc. decided by local governments, projects for which investment by local governments can be anticipated, etc.
 - (2) Compliance with the Green Bond Guidelines is confirmed by an external review organization before issuance
 - (3) Bonds are not “green wash” bonds (bonds labeled as “green” despite having little or no environmental benefits)
- *7 Annual CO₂ reduction was calculated by the Company using our power generation amount of the renewable energy business in accordance with the Act on Promotion of Global Warming Countermeasures.

■ Outline of the Green Bonds

Maturity (planned)	5 years
Issue amount (planned)	10 billion yen
Issue date	TBD
Lead managers	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (Structuring Agent) Nomura Securities Co., Ltd. Mizuho Securities Co., Ltd. SMBC Nikko Securities Inc. Daiwa Securities Co. Ltd. BNP Paribas Securities (Japan) Limited

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