

Framework Overview and Second-Party Opinion

Hitachi Capital Corporation Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the Hitachi Capital Corporation Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, renewable energy, is aligned with that recognized by the Green Bond Principles. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goal 7.



PROJECT EVALUATION / SELECTION Hitachi Capital Corporation's internal process in evaluating and selecting projects is overseen by its Finance Department/CSR Promotion Department/Environment Committee. The final decision is made by the President and CEO. Sustainalytics views the C-suite involvement as in line with market best practice.



MANAGEMENT OF PROCEEDS Hitachi Capital Corporation's processes for management of proceeds is in line with market standards, considering that it keeps track of the proceeds using the cash book until all proceeds are fully allocated to the eligible projects.



REPORTING Hitachi Capital Corporation is committed to reporting allocation proceeds on Hitachi Capital Report and/or the company website annually until the proceeds are fully allocated. In addition, Hitachi Capital Corporation intends to report the amount of power generated by the allocated projects (kWh) and GHG emissions reduced by the allocated projects (ton). In Sustainalytics' view, reporting on these metrics is in line with market practice.

Evaluation date	30 January 2019
Issuer Location	Tokyo Japan

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Alignment with Japan's Green Bond Guidelines 2017

Sustainalytics is of the opinion that the Hitachi Capital Corporation Green Bond Framework is in line with the ICMA Green Bond Principles 2018. In addition, Sustainalytics has also assessed the alignment between the Hitachi Capital Corporation Green Bond Framework and Japan's Green Bond Guidelines, which communicate processes and recommendations for credible green bond issuance.

Introduction

Hitachi Capital Corporation (“Hitachi Capital”) has developed the Hitachi Capital Green Bond Framework (the “framework”) under which it intends to issue multiple green bonds and use the proceeds to finance and/or refinance expenditures related to renewable energy generation.

Hitachi Capital engaged Sustainalytics to review the framework and provide a second-party opinion on the alignment of the framework with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),¹ and on the framework’s environmental credentials.

As part of this engagement, Sustainalytics held conversations with various members of Hitachi Capital’s Finance Department and CSR Promotion Department to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Hitachi Capital’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains two sections: Framework Overview – summary of the framework; and Sustainalytics’ Opinion – an opinion on the framework.

Overview of Issuer

Headquartered in Tokyo, Hitachi Capital is a comprehensive finance company established in 2000, through the merger of Hitachi Credit Corporation and Hitachi Leasing Ltd. The company operates businesses combining finance, services and commercialization in such areas as social infrastructure, renewable energy, vehicle business, and business for the public sector. The company’s operations are located across Japan, Europe, the Americas, China and ASEAN, and the other regions of the world.

Hitachi Capital advocates the following principles, “Sustainable growth”, “Respect for human dignity”, “Implementation of corporate ethics” to contribute to the creation of a richer society by creating values desired by society and customers. The company puts in practice these principles through its CSR activities and has set an Environmental Policy, to carry out its business activities in harmony with the environment and promote the provision of environmentally conscious products and services. The company is actively promoting eco-friendly business, which is not only its lease business for the equipment and power generation facilities, but also its own renewable energy power generation projects, resource-recycling, and effective use of nature resources.

To further these environmental commitments and business activities, Hitachi Capital is planning to issue green bonds to finance and/or refinance its environment and energy business.

¹ ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Framework Overview

For the purpose of issuing multiple green bonds, Hitachi Capital has developed the following framework which addresses the four key core components of the GBP: use of proceeds, project evaluation and selection process, management of proceeds, and reporting. The framework belongs to Hitachi Capital, and a summary overview has been provided below.

Use of Proceeds

The proceeds of the green bond will be allocated towards financing and/or refinancing the projects that meet the following eligible criteria.

Eligibility Criteria

1. RENEWABLE ENERGY

Costs related to the purchase, maintenance and operation of the solar and wind power generation facilities that must meet (i) and (ii) below.² These power generation facilities are invested by Hitachi Capital or the Group Companies.³

- i. Eligible Investment Criteria:
 - The project is located in Japan.
 - The facility and project comply with the laws and regulations related to environmental conservation as defined in the "Guidelines for Business Plans" required by the Feed-in Tariff Law for renewable energy⁴ and has followed properly the procedure of the Japanese Environmental Impact Assessment.
 - In case the client is the primary contractor, the client is committed to conduct the processes to mitigate environmental and social risks (described in the framework).
- ii. The project has been taken place within 24 months before the date of issuance of the green bond or will be taken place after the date of issuance of the green bond.

Project Evaluation and Selection Process

Application of Eligibility and Exclusionary Criteria in Project Selection

Hitachi Capital's Finance Department, CSR Promotion Department and Environment Committee select the projects based on the eligibility criteria and through the processes below:

² Permanently available power generation projects from renewable sources established by "The Act on the Promotion of Use of Non-fossil Energy Sources and Effective Use of Fossil Energy Materials by Energy Supplier".

³ The details of Group Companies are stated on "The Description of Each Group Companies' Operations".

⁴ Promulgation of the Partial Revision of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, Ministry of Economy, Trade and Industry: http://www.meti.go.jp/english/press/2016/0603_06.html

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- 1) The Finance Department, CSR Promotion Department and Environment Committee have confirmed that the projects meet each category of “The Guidelines for the Investment of Renewable Power Projects” established by Hitachi Capital to check the projects' impact on the environment and society.
- 2) The Asset Management Department has evaluated the projects based on the “Check list described in the Rules for the Investment of Renewable Power Projects”
- 3) The Finance Department, CSR Promotion Department and Environment Committee have confirmed that the projects meet the eligibility criteria and contribute to the key challenges based on the Mission⁵.

The final decision on whether these selected projects get a green light will be made by President and CEO.

Environmental Objectives

Hitachi Capital has identified six key CSR pillars: (1) Cooperation with partners to resolve challenges, (2) Sustainable and stable energy, resource use, (3) Smart cities, mobility, (4) Living quality, (5) Food safety and stability, and (6) Decent work. As part of its initiatives to address environmental issues, the company sets out an Environmental Policy outlining action guidelines to i) Comply with environmental laws, ordinances and regulations, ii) Deal with and provide environmentally conscious products and services, iii) Make effort to prevent environmental pollution within business activities and aim to achieve a recycling-oriented society, iv) Disclose the fact of any environmental incident in a timely and appropriate manner and take immediate actions to prevent a recurrence once an incident occurs within business activities, v) Raise awareness of staff about environmental issues and promote environmental conservation activities and local/social contribution programs. Furthermore, Hitachi Capital positions their renewable energy business as a focus sector in the FY2016-FY2018 Mid-Term Management Plan aiming to generate over 500 MW of energy through renewable energy sources by March 2019. The company also targets to expand the scope of the environmental management system (EMS) to include the scope of consolidation in order to develop an accountable EMS framework and achieve a reduction in the environmental at a group level. The framework contributes to pillar 2 of environmental policy, Common Group Strategy, and Mid-Term Management Plan.

Process to Mitigate Environmental and Social Risks

Hitachi Capital has identified environmental risks such as unintended land degradation and pollution as well as social risks for residents living in the vicinity. The company ensures the following process to mitigate the risks:

1. The projects are in compliance with the environment-related laws and regulations such as Japan's Forest Act, and follow the procedure of the Japanese Environmental Impact Assessment where the regulations are required.
2. For solar power generation projects, Hitachi Capital has established and implemented an internal investment guideline based on the business planning guidelines developed under the Revised Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities and the feed-in tariff scheme for renewable energy. For wind power generation projects, the company has established and implemented an internal investment guideline based on the environmental impact assessment manual established by New Energy and Industrial Technology Development Organization.
3. Hitachi Capital has established the Environmental Management System which is overseen by the company's environmental management officer, at the executive level, who is responsible for environmental business and the Environmental Committee, including members from each department. The Committee formulates and promotes the environmental action plan for each fiscal year. Hitachi Capital also uses the Hitachi Group's internal environmental audits to work towards continuously improving our Environmental Management System.

⁵ Mission, Hitachi Capital Corporation <http://www.hitachi-capital.co.jp/hcc/english/company/policy.html>

Management of Proceeds

Hitachi Capital's Finance Department will allocate and manage the proceeds by using the cash book. The proceeds are expected to be allocated to financing or refinancing the projects. In the case of allocating the proceeds after issuance of the green bond, the proceeds will be managed in cash or cash equivalents until all proceeds are fully allocated to the eligible projects. Hitachi Capital will disclose a policy of managing proceeds in a form of cash or cash equivalents until the process of allocating proceeds is determined in the Supplement to the Shelf Registration Statement or other statutory documents at the issuance of the Green Bond.

Reporting

Allocation Reporting

Hitachi Capital will disclose information on the allocation of the net proceeds of the green bond on "Hitachi Capital Report" and/or the Company's website on an annual basis as well as in the event of new development (subject to confidentiality and relevant parties' prior consent). The information includes the number of projects funded, the overview of the renewable energy companies funded (subject to confidentiality considerations), the amount of allocated and unallocated proceeds, and the share of the amount of proceeds allocated to financing or refinancing projects.

Impact Reporting

Hitachi Capital has committed to publishing an impact report on "Hitachi Capital Report" and/or the Company's website annually, throughout the term of the bond, containing the following impact metrics:

- Amount of power generated by the allocated projects (kWh)
- GHG emissions reduced by the projects (ton)

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Hitachi Capital Corporation Green Bond Framework

Sustainalytics is of the opinion that the framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the green bond framework.

- Use of Proceeds:
 - The eligible use of proceeds category, Renewable Energy is recognized by the GBP as a project category with clear environmental impact.
 - Hitachi Capital is committed to allocating the proceeds into the expenditures related to the purchase, maintenance and operation of renewable energy projects. Sustainalytics notes that CAPEX is generally preferred by investors for financing the projects. However, it also views that OPEX will be important to maintain renewable energy projects and to sustain positive environmental impacts, considering the nature to the eligible projects.
 - Hitachi Capital intends to use the net proceeds of the bond to refinance projects which have taken place within the 24 months preceding issuance. Sustainalytics is of the opinion that this lookback period is in line with market standards.
- Project Selection Process:
 - Hitachi Capital has a three-stage selection process, comprised of the following: (i) projects are assessed against the issuer's "Guidelines for the Investment of Renewable Power Projects"; (ii) it assesses the projects based on the check list prescribed in Rule for the Investment of Renewable Power Projects; (iii) it confirms whether the projects meet the eligibility criteria stated its Mission, which includes "Sustainable growth" among its principles.
 - Hitachi Capital's project selection process is overseen by its Finance Department/CSR Promotion Department/Environment Committee of the Company, with all final decisions being made by the President and CEO. Sustainalytics views the C-suite involvement as in line with market best practice.
- Management of Proceeds:
 - Hitachi Capital's Finance Department will allocate and manage the proceeds from the green bond, using the cash book to keep track of the budgets until all proceeds are fully allocated to the eligible projects, which is in line with market standard.
- Reporting:
 - Hitachi Capital intends to disclose the number of projects funded, the overview of the renewable energy companies funded(subject to confidentiality), the amount of allocated and unallocated proceeds and the share of the amount of proceeds allocated to financing or refinancing projects in its "Hitachi Capital Report" and/or on the company's website annually, until the proceeds are fully allocated to the renewable projects that meet the eligible criteria.
 - Hitachi Capital will annually report on environmental indicators including the amount of power generated by the allocated projects (kWh) and GHG emissions reduced by the allocated projects (ton). This is in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Alignment with Japan’s Green Bond Guidelines 2017

In addition, The Japanese Green Bond Guidelines communicate what an issuer should do to issue a credible green bond, and also highlight what an issuer is recommended to do. Sustainalytics assessed the alignment between the framework and the requirements of items outlined in the Japan’s Green Bond Guidelines.

ICMA Green Bond Principles and Japan’s Green Bond Guidelines, 2017 ⁶	Alignment with GBP and with Japan’s Green Bond Guidelines	Sustainalytics’ comments on alignment with Japan’s Green Bond Guidelines. ⁷
1. Use of Proceeds	Yes	Hitachi Capital’s selected eligible criteria, renewable energy, is clearly suggested as green projects with clear environmental benefits in the Japanese green bond guideline. Additionally, the information on the green bond proceeds, green project categories as well as the process to mitigate the negative impacts are all described in the framework and will be accessible to the investors.
2. Process for Project Evaluation and Selection	Yes	Hitachi Capital, through its Environmental Policy and underlying objectives, clearly targets the reduction of greenhouse gas (GHG) emissions through the development of renewable energy projects. Furthermore, Hitachi Capital ensures that projects are selected by the Finance Department/ CSR Promotion Department/Environment Committee and that final decisions on whether these selected projects get a green light will be made by the President and CEO. Eligible projects will be selected based on an internal investment guideline and a checklist for renewable power projects as well as the eligibility criteria.
3. Management of Proceeds	Yes	The framework clearly explains that the proceeds will be tracked and managed on the company’s cash book until all proceeds are fully allocated to the eligible projects. Hitachi Capital also commits that the unallocated proceeds will be invested in cash and cash equivalents.

⁶ Green Bond Guidelines, 2017, Summary, Ministry of the Environment, Japan: <https://www.env.go.jp/en/policy/economy/gb/summary2017.pdf>

⁷ For detailed comments on alignment with ICMA GBP, please see Appendix.

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4. Reporting	Yes	Hitachi Capital will report relevant information annually via the “Hitachi Capital Report” and/or the company’s website and includes, among others, the list of projects, amount of allocated and unallocated proceeds, information on unallocated proceeds, as well as KPIs on the environmental impact of the projects.
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Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer’s sustainability strategy

In line with its stated mission to be a “Social Value Creating Company”, Hitachi Capital has identified key CSR pillars, and, based on these pillars, it is committed to working on sustainable and stable energy, resource use through its business. Hitachi Capital has a special focus on the development of its Renewable energy business and has set a target of generating a cumulative capacity of over 500 MW from renewable energy sources such as wind power and solar by March 2019. By March 2018, the company achieved over 453 MW of renewable energy power production, a 23% increase from the previous year. In addition, the company sets out an environmental policy to carry out business activities in harmony with the environment and contribute to the sustainable development of society. The policy outlines action guidelines including compliance with environmental laws and regulations, provision of environmentally conscious products and services, and prevention of environmental pollution in business activities.

Given the company’s commitments, environmental objectives and policies, Sustainalytics is of the opinion that the framework aligns with its business strategy, and will contribute to the achievement of its sustainability goals.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that renewable energy development projects may expose developers to workers’ health and safety risks or other environmental and social risks such as unintended waste and waste water discharges, construction noise, particulate and dust pollution, which may damage Hitachi Capital’s reputation as a lender to the projects. Sustainalytics considers Hitachi Capital to be well prepared to manage risks related to social and environmental matters based on the following:

- i. Hitachi Capital has an Environmental Committee which is overseen by an executive officer who is responsible for its Environmental Management System, and the Committee formulates the environmental action plan for each fiscal year. To ensure meeting its environmental targets, two of Hitachi Capital’s subsidiaries acquired ISO14001:2004 certification,⁸ which is a set of standards that specify the requirements for a robust environmental management system.
- ii. Hitachi Capital ensures compliance with environmental impact assessment as well as environment-related laws by monitoring their implementation through environmental audits on a regular basis. According to the company, between fiscal years 2014 - 2017 there were no legal violations of environmental laws and regulations, nor any external claims related to the matter.
- iii. Hitachi Capital has established internal investment guidelines for solar power generation which were developed under the Revised Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, as well as a feed-in tariff scheme for renewable energy.
- iv. Hitachi Capital has established internal investment guidelines based on the environmental impact assessment manual for wind power generation developed by New Energy and Industrial Technology Development Association.

⁸ Environmental Management System, Hitachi Capital: <http://www.hitachi-capital.co.jp/hcc/english/company/environment.html>

Section 3: Impact of Use of Proceeds

Importance of renewable energy generation in Japan

Prior to the country’s accident at Fukushima Daiichi Nuclear Plant, Japan was to a great extent, dependent on nuclear power, which accounts for more than 30% of its total electricity production.⁹ However, subsequent to the nuclear disaster, only nine out of the 42 previously operable reactors are still in use.¹⁰ Due to its significantly reduced energy-generating capacity, Japan is currently heavily reliant on carbon-heavy energy sources, such as oil, coal and natural gas. According to Japan’s Fifth Strategic Energy Plan¹¹ from July 2018, renewable energy generation has been identified as a primary measure for contributing to the country’s energy needs and supporting its nationally determined participation towards the Paris Climate Agreement. The country has committed to reduce its GHG emissions by 26% by 2030, and by 80% by 2050, including by increasing its renewable energy (wind, solar, geothermal, biomass and hydro) reliance from 10% to 22-24%.¹² Moreover, specific measures have been formulated to meet these targets, such as decreasing the financial burden on the public, the appropriate use and review of feed-in tariffs, grid system maintenance and consolidation of grid system operation rules.¹³

Given Japan’s small ratio of energy self-sufficiency, including compared to other OECD countries,¹⁴ and its national strategic plan to tackle climate change through the promotion of renewable energy, it is expected that the demand in renewable energy will increase and determine further growth in the needs to finance the construction of energy facilities in Japan. As such, Sustainalytics holds a positive view of Hitachi Capital’s financing of renewable energy projects which will contribute to a national priority and have a clear environmental impact.

Alignment with/contribution to SDGs

The Sustainable Development Goals (“SDGs”) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Hitachi Capital has developed a Green Bond Framework under which it intends to issue green bonds. Proceeds of the bonds will be used to finance and/or refinance expenditures related to renewable energy such as solar and wind power generation facilities.

The framework displays market practices in (i) alignment of the eligibility criteria with projects recognized by the GBP as having clear environmental benefits, (ii) managing the allocated and unallocated proceeds by using a cash book, and (iii) committing to annual allocation and impact reporting. It also displays market best practice in C-level involvement in the approval of eligible projects. Additionally, Sustainalytics is of the opinion that projects funded by the proceeds of the green bonds will positively contribute to achievement of its

⁹ Nuclear Power in Japan, World Nuclear Association; <http://www.world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

¹⁰ Nuclear Power in Japan, World Nuclear Association; <http://www.world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

¹¹ Japan’s Fifth Strategic Energy Plan available at: http://www.enecho.meti.go.jp/en/category/others/basic_plan/5th/pdf/strategic_energy_plan.pdf

¹² Strategic Energy Strategy, Ministry of Economy, Trade and Industry, Japan
http://www.enecho.meti.go.jp/en/category/others/basic_plan/5th/pdf/strategic_energy_plan.pdf

¹³ Energy 2018 Japan available at <https://www.globallegalinsights.com/practice-areas/energy-laws-and-regulations/japan>

¹⁴ Japan’s Energy, Ministry of Economy, Trade and Industry Agency for Natural Resources and Energy, Japan
http://www.enecho.meti.go.jp/en/category/brochures/pdf/japan_energy_2016.pdf

environmental goals and business strategies such as Common Group Strategy and Mid-Term Management Plan and are well aligned with the company's targets to generate renewable energy sources.

Based on the above, Sustainalytics is confident that the framework to be robust, transparent and in alignment with the GBP as well as Japan's Green Bond Guidelines 2017 and Hitachi Capital is well positioned to issue green bonds.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form Section 1. Basic Information

Issuer name:	Hitachi Capital Corporation
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Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Hitachi Capital Corporation Green Bond
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Review provider's name:	Sustainalytics
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Completion date of this form:	30 January 2019
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Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	
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Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Executive Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible category for the use of proceeds, renewable energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advancing the UN Sustainable Development Goal 7.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Hitachi Capital's internal process in evaluating and selecting projects is overseen by its Finance Department/CSR Promotion Department/Environment Committee of the Company. The final decisions are made by the President and CEO. Sustainalytics views the C-suite involvement as in line with market best practice.

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Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Hitachi Capital’s processes for management of proceeds is in line with market standard, considering that it keeps track of the proceeds using the cash book until all proceeds are fully allocated to the eligible projects.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

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- | | |
|--|---|
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section (if applicable):

Hitachi Capital is committed to reporting allocation proceeds on Hitachi Capital Report and/or the company website annually until the proceeds are fully allocated. In addition, Hitachi Capital intends to report the amount of power generated by the allocated projects (kWh) and GHG emissions reduced by the allocated projects (ton). In Sustainalytics' view reporting on these metrics is in line with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
|---|---|

- | | |
|--|--|
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): the amount of power generated by the projects (kWh) |
|--|--|

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Hitachi Capital's Capital Report and/or the company website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.

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- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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