

News Release

FOR IMMEDIATE RELEASE

Hitachi Launches Framework for Issuing Green Bonds

Tokyo, June 20, 2022 – Hitachi, Ltd. (TSE: 6501) today announced the launch of Hitachi Green Bond^{*1} framework as our effort to achieve carbon neutrality by FY2030 at business sites (factories and offices), one of our long-term environment targets called "Hitachi Environmental Innovation 2050".

The framework is established in alignment with the International Capital Market Association (ICMA) Green Bond Principles 2021 (GBP)^{*2} etc. and provides information about the four core components of the GBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting). Hitachi has obtained a second opinion from Rating and Investment Information, Inc. (R&I) on the alignment of the framework with GBP etc. Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd. was appointed as the structuring agent^{*3}.

Summary of the framework

(1) Use of Proceeds

Hitachi will allocate green bond proceeds to projects meeting the following eligibility criteria.

GBP Projects Categories ^{*4}	Eligibility Criteria	Projects Examples	Contribution to SDGs
Green buildings <u>Environmental objectives^{*5}</u> : climate change mitigation	Expenditures related to construction or refurbishment of buildings which have received or will receive at least one of the following certification or re-certification: 1. ZEB Certification (ZEB, Nearly ZEB, ZEB Ready or ZEB Oriented) ^{*6} 2. DBJ Green Building Certification ^{*7} : 5 Stars or 4 Stars 3. CASBEE ^{*8} : Rank S or Rank A 4. BELS ^{*9} : 5 Stars or 4 Stars 5. LEED ^{*10} : Platinum or Gold	<ul style="list-style-type: none"> Expenditures of the construction and refurbishment of <i>Kyōsō-to</i> (CASBEE : Rank S) of the Central Research Laboratory 	Goal7: Affordable and clean energy Goal 13: Climate action
Renewable energy <u>Environmental objectives</u> : climate change mitigation	Expenditures related to switching to renewable energy at Hitachi's laboratories, offices and data centers <ul style="list-style-type: none"> Expenditures of introduction of 	<ul style="list-style-type: none"> Expenditures of introduction of renewable electricity at <i>Kyōsō-to</i> of the Central Research Laboratory Expenditures of 	Goal7: Affordable and clean energy Goal 13: Climate action

	renewable electricity <ul style="list-style-type: none"> Expenditures of installation of solar, wind power generation equipment etc. 	installation of renewable power generation equipment at Yokohama Office and Okayama Data Center	
Energy efficiency <u>Environmental objectives:</u> climate change mitigation	Expenditures related to energy efficiency improvement at Hitachi's laboratories, offices and data centers <ul style="list-style-type: none"> Installation or update of high-efficiency equipment such as air conditioners etc. Energy efficiency improvement based on information technology (IT) 	<ul style="list-style-type: none"> Expenditures of installation of high-efficiency equipment at Yokohama Office and Okayama Data Center Expenditures of system development, introduction and maintenance for energy efficiency improvement at offices in Ibaraki district 	Goal7: Affordable and clean energy Goal 13: Climate action

(2) Process for Project Evaluation and Selection

Hitachi's Treasury Department, Finance Division, Finance Group and relevant business divisions will discuss and select the eligible projects as defined in (1).

Hitachi complies with laws and regulations of various countries and regions and is working on reducing environmental risks. In the implementation of the eligible projects, Hitachi will behave appropriately in accordance with laws and regulations and take potential negative environmental and social impacts into consideration.

(3) Management of Proceeds

Hitachi's Treasury Department, Finance Division, Finance Group and relevant business divisions will manage the allocation of the green bond proceeds quarterly using the internal management system. The proceeds will be managed in cash and cash equivalents until they have been allocated to eligible projects.

(4) Reporting

Hitachi will report on the allocation of proceeds and the environmental impacts on its website annually. The first reporting of a green bond will be made within one year after its issuance.

*1 Any type of bond instrument that is issued by corporations or municipalities etc. for the purpose of exclusively financing or re-financing domestic and overseas green projects. Specifically, bonds that (1) limit the allocation of the use of proceeds only to green projects, (2) ensure the proceeds are tracked and managed reliably, and (3) ensure transparency through post-issuance reporting.

*2 Guidelines for issuing green bonds published by the Green Bond Principles Executive Committee with the support of the ICMA.

*3 An entity that provides support for the issuance of green bonds through the advice on the development of a green bond framework and obtaining an external review.

*4 The project categories stated in the ICMA GBP 2021.

*5 The environmental objectives stated in the ICMA GBP 2021. The five environmental objectives are climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.

*6 Abbreviation for Net Zero Energy Building, a building that aim to achieve annual primary energy consumption balance of zero while maintaining a comfortable indoor environment.

*7 A certification system based on a scoring model developed solely by Development Bank of Japan Inc. Japan Real Estate

Institute defines green buildings as real estate properties evincing high environmental and social awareness and will assign one of the five ranks (1 Star to 5 Stars) of certification to the qualified green buildings.

*8 A method for evaluating and rating (Rank S to Rank C) the environmental performance of buildings and the built environment. This system comprehensively assesses the environmental performance of buildings, including consideration for landscapes, in addition to the environmental impact reduction aspects of energy and resource conservation and recyclability.

*9 A public evaluation system based on the evaluation guidelines established by the Ministry of Land, Infrastructure, Transport and Tourism. BELS evaluates energy conservation performance in five stars (1 Star to 5 Stars) based on the primary energy consumption of buildings.

*10 U.S. certification system for residential and commercial buildings. Buildings are awarded points that correspond to a level of LEED certification (Certified, Silver, Gold and Platinum).

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About Hitachi, Ltd.

Hitachi drives Social Innovation Business, creating a sustainable society with data and technology. We will solve customers' and society's challenges with Lumada solutions leveraging IT, OT (Operational Technology) and products, under the business structure of Digital Systems & Services, Green Energy & Mobility, Connective Industries and Automotive Systems. Driven by green, digital, and innovation, we aim for growth through collaboration with our customers. The company's consolidated revenues for fiscal year 2021 (ended March 31, 2022) totaled 10,264.6 billion yen (\$84,136 million USD), with 853 consolidated subsidiaries and approximately 370,000 employees worldwide. For more information on Hitachi, please visit the company's website at <https://www.hitachi.com>

Hitachi Environmental Vision and Long-term Environmental Targets

<https://www.hitachi.com/environment/vision/index.html>

Hitachi Green Bond Framework (Japanese only)

<https://www.hitachi.co.jp/New/cnews/month/2022/06/0620-1.pdf>

R&I ESG Information Website

<https://www.r-i.co.jp/rating/esg/index.html>

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
