

News Release

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Contact:
Mary Welder
Hitachi Consulting
pressinquiries@hitachiconsulting.com

Hitachi Consulting to Lead the Establishment of a Sustainable Finance Platform to Accelerate Investments That Promote Sustainability

London, England — June 27, 2019 — [Hitachi Consulting Corporation](#), a subsidiary of Hitachi, Ltd. (TSE: 6501) and a leading provider of digital business solutions, today announced the launch of a global digital platform to accelerate sustainable financing.

The platform, which uses blockchain, the internet of things (IoT) and artificial intelligence (AI), will address inefficiencies currently hampering investment in sustainable projects. The investment community, insurers and government institutions will use the platform for reporting and analytics, drawing together currently fragmented information.

“Currently, there are significant opportunities to improve sustainability metrics at the corporate level that are not realized due to high transaction costs limiting the size at which opportunities are economically viable,” said Roberto Rodriguez Labastida, Senior Research Analyst, Navigant Research. “The market needs a platform to help standardize and aggregate these opportunities to reduce transaction costs and bring capital that otherwise would not be available,” he added.

Hanna Varttö, Practice Leader, Investments and Climate Change, South Pole, said there is a need to accelerate sustainable finance in order to reach global climate goals. “This is not possible without industry cross-cutting initiatives to increase transparency and improve risk metrics on climate impacts – an area our team at South Pole is committed to advance together with partners such as Hitachi. We’re excited to continue our collaboration complementing Hitachi’s technological prowess with robust advisory on green bonds and climate risks.”

The sustainable finance platform aims to connect Hitachi’s digital technologies and experience in the decarbonization of the energy and transportation sectors with the financial sector to accelerate investments that promote sustainability. Hitachi brings together the experience and scale in manufacturing, infrastructure, digital technologies and financial know-how to support this platform on a global scale. The diverse participants can benefit from:

- **Efficient Reporting:** Reduce the time and cost associated with the measurement, reporting and verification (MRV) of impacts using standardised metrics.

- **Enhanced Decision-Making:** Compare the impacts of financial assets to support the investment decision-making process and facilitate the visualisation of the desired granularity depending on the stakeholder.
- **Transparency and Security:** Increase the transparency and visibility of evidenced social, environmental and economic impacts achieved by the traceable allocation of proceeds, and securely share information solely to relevant stakeholders.
- **Aggregation:** Facilitate the aggregation and reduction of risks of eligible projects into structured financial instruments such as green bonds.



Hitachi’s leading capabilities in operational technology and information technology, including distributed ledger technology, IoT, big data and AI are the core of the MRV infrastructure to deliver the value propositions. The aggregated value propositions can increase the supply of eligible projects or aggregated projects for sustainable finance products including green loans, green bonds and sustainability-linked loans. Simultaneously, the reliable evidence on impacts and allocation of proceeds can increase the demand from investors. Operational data from the financed assets in each project feed the standardised metrics and act as key evidence of the allocation of proceeds. It also serves as reference to compare with the expected impacts. The evidence is supported by the MRV infrastructure, designed to facilitate immutability and secure sharing of data.

Hitachi’s European Research & Development Centre in London identified the multiple societal issues and Hitachi’s technologies to deliver the solution. With support from Hitachi’s Research & Development teams globally, and by implementing socio-technical approaches, a prototype of the platform technology was developed. It was presented for the first time in public at the Innovate Finance Global Summit in London this April and received positive technical and use-case feedback.

Hitachi Consulting will carry out an ecosystem proof of value (PoV) with “forward-thinking” representatives of each type of stakeholder involved in sustainable finance. Through the ecosystem PoV, Hitachi can then launch the solution supporting the creation of this new platform and marketplace. Subsequent expansion of this solution is primarily across project categories (energy, water, transportation and urban categories) –

with stakeholders including subject matter experts and retail investors – and financial instruments, including private equity.

“I’m delighted Hitachi Consulting has chosen London as the base for its efforts to research and develop FinTech for sustainable finance,” said Rajesh Agrawal, Deputy Mayor of London for Business. “As one of the world’s leading financial centres and Europe’s largest tech hub, London is a global leader in FinTech innovation. We’re also committed to using technology to tackle important issues such as clean air and sustainability, and we look forward to working with international companies in areas such as green finance.”

Because Hitachi does substantial business in sustainable products, solutions and services for energy, water, transportation and urban infrastructure, Hitachi Europe joined the International Organization for Standardization Technical Committee for Sustainable Finance (ISO/TC 322), to represent the industry perspective in the building of a sustainable society by participating globally in the standardization activities that incorporate the necessary technical capabilities regarding the frequency, security and completeness of measured, reported and verifiable impacts.

About Hitachi Consulting Corporation

Hitachi Consulting is the digital solutions and professional services organization within Hitachi Ltd., a global technology and social innovation leader. Hitachi Consulting is a catalyst for positive business change, propelling organizations to drive disruptive innovation and to accelerate digital transformation. We help organizations leverage data as a strategic asset to innovate faster, develop new revenue streams, and respond to global dynamics with insight and agility. We collaborate with clients to create solutions that help maximize operational efficiency and deliver measurable, sustainable business results. Visit us at www.hitachiconsulting.com.

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, is focusing on Social Innovation Business combining its operational technology, information technology and products. The company’s consolidated revenues for fiscal 2018 (ended March 31, 2019) totalled 9,480.6 billion yen (\$85.4 billion), and the company has approximately 296,000 employees worldwide. Hitachi delivers digital solutions utilizing Lumada in five sectors including Mobility, Smart Life, Industry, Energy and IT, to increase our customer’s social, environmental and economic value. For more information on Hitachi, please visit the company’s website at <https://www.hitachi.com>.

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