



October 9, 2020

To All Parties Concerned

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Notice regarding Determination of Terms and Conditions of Sustainability-Linked Bonds

TOKYO, October 9, 2020 - Hulic Co., Ltd. (“Hulic” or the “Company”) hereby announces that it has determined the terms and conditions of its Japan’s first Sustainability-Linked Bonds (*1) (“the Bonds”) set forth in the announcement dated August 25, 2020 as follows.

Hulic, in its new medium-and-long-term management plan, currently focuses on "Management Commitment to Environmental Sustainability" as one of initiatives under the Basic Strategy and promotes ESG-conscious business operations, value creation for solving social issues and measures linking social value creation with corporate growth. As a part of these efforts, the Company decided the issuance of the Sustainability-Linked Bonds with an aim to more widely communicate Hulic’s sustainability policy.

The Bonds are the world’s first publicly offered Sustainability-Linked Bonds that align with the “Sustainability Linked Bond Principles” (“SLB Principles”) published by The International Capital Market Association (“ICMA”) (as of the date of this announcement).

1. Overview of the Bonds

	10 th series unsecured subordinated bonds (with an inter-bond pari passu clause, Sustainability-Linked Bonds)
Maturity	10 years
Issue amount	10 billion yen
SPTs linked with the issue terms (*2)	① Achievement of RE100(*3) by 2025 ② Completion of Japan's first 12-story fire-resistant wooden commercial facility in the Ginza 8-chome Development Plan by 2025 *The Bonds set out additional SPTs subject to monitoring (*4)
Interest rate	An interest rate of 0.44% per annum will be applied during the period from the day immediately following October 15, 2020 through October 15, 2026. A coupon step-up of 0.10% is triggered if any of the SPTs linked with the issue terms has not been achieved as of August 31, 2026
Pricing date	October 9, 2020

Issue date	October 15, 2020
Maturity date	October 15, 2030
Credit rating	A+ (Japan Credit Rating Agency Ltd., “JCR”)
Lead managers	Mizuho Securities Co., Ltd. (administrative lead manager), Nomura Securities Co., Ltd., Daiwa Securities Co, Ltd., SMBC Nikko Securities Inc.
Sustainability-Linked Bond Structuring Agent (*5)	Mizuho Securities Co., Ltd.
Model issuance case in the Model Creation Projects on Sustainability Linked Loans 2020	It was publicly announced that the Bonds were selected as a “Model Issuance Case in the Model Creation Projects on Sustainability Linked Loans 2020 (*6)” promoted by the Ministry of the Environment and were confirmed by the Ministry and its commissioned independent verification agency (*7) for the alignment with the “Green Loan and Sustainability Linked Loan Guidelines” (“GL SLL Guidelines”) published by the Ministry and the SLB Principles published by ICMA. https://www.env.go.jp/press/108337.html (Japanese Website)

(*1) Sustainability-Linked Bonds (“SLBs”)

SLBs are bond instruments for which the terms change depending on whether the issuer achieves pre-determined sustainability/ESG objectives. Funds raised through SLBs need not be necessarily restricted to a particular use of proceeds. SLBs are assessed based on Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) predefined by the issuer. SPTs are set per relevant KPI as numerical targets to be achieved. SLBs incentivize the issuer to achieve the SPTs by changing the terms depending on whether the predefined KPIs achieve their SPTs.

(*2) Sustainability Performance Target

Targets based on the issuer’s management strategy, used to decide the issue terms of SLBs.

(*3) RE100

Led by the Climate Group in partnership with CDP, RE100 is a collaborative initiative of the world’s most influential businesses committed to 100% renewable power. More than 170 companies have joined the campaign as of June 2019. The Climate Group is an international, not-for-profit organization that addresses climate change to accelerate the transition to a low-carbon economy, and CDP is an international NPO providing a system for companies and cities to disclose environmental information.

(*4) SPTs that are not linked with the issue terms but subject to the monitoring from 2026

SPTs achievement realized by 2025 will stay unchanged until redemption. Hulic will obtain an independent limited verification report about whether the achievement is maintained from Japan Credit Rating Agency in August each year to disclose to the public. If a circumstance unforeseeable at the time of issuance temporarily disables Hulic from committing to RE100, Hulic, in the verification report, will disclose to its investors details of the circumstance and what actions it will take.

(*5) Sustainability-Linked Bond Structuring Agent

An agent that supports the implementation of sustainable finance by advising issuers on instrument designing for SLBs and on obtaining a third-party assessment

(*6) Model Issuance Case in the Model Creation Projects on Sustainability Linked Loans 2020

A model issuance case where the issuer has applied for the public offering for model cases launched by

the Ministry of the Environment (the “Public Offering”) that aims to establish model cases of new financing schemes having modeling and pioneering features from an environmental perspective, including Sustainability-Linked Loans/Bonds that align with the GL SLL Guidelines, and increase public recognition of such model cases by releasing relevant information and the issuance has been selected as a model case in the Public Offering.

(*7) Commissioned independent verification agencies

Independent verification agencies appointed by the Ministry of the Environment to confirm alignments of loans/bonds with the GL SLL Guidelines and the SLB Principles. For the Public Offering, Japan Credit Rating Agency, Ltd. (JCR) and E&E Solutions Inc. (E&ES) provide issuers a third-party verification.

2. List of investors that have committed to investing in the Bonds

The following is the list of investors that have committed to investing in the Bonds as of the date of this announcement.

<List of the Investors> (Alphabetical order)

- Daitokyo Shinkumi Credit Cooperative
- HAMAMATSU IWATA SHINKIN BANK
- JA Fukuoka Shinren
- KANONJI SHINKIN BANK
- KUMAMOTO DAI-ICHI SHINKINBANK
- Nagano Shinkin Bank
- Owarichuoh Nogyo Kyodo Kumiai
- Shibata Shinkin Bank
- Shinjo Shinkin Bank
- SHINONOME SHINKIN BANK
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- THE NISHIO SHINKIN BANK
- WASHIN CHEMICAL INDUSTRY CO.,LTD.
- Zentouei Shinyokumiai