

Sustainability

By promoting sustainability initiatives, we at Mizuho aim to operate in a way that considers creation of value for our varied stakeholders and improve corporate value through sustainable, stable growth for the entire group, thus contributing to the achievement of the Sustainable Development Goals (SDGs).

We are advancing sustainability initiatives group-wide as an integral part of our strategy, in line with both our key sustainability areas and our Basic Policy on Sustainability Initiatives, which sets forth our definition of sustainability at Mizuho, our fundamental approach, and our methods.

In fiscal 2020, we have strengthened our action on climate change, environmental and social risk in the value chain, and sustainable business, based on thorough discussions between our business execution and supervisory lines and with attention to both opportunity and risk. We have taken this step in light of the changes in the social context, our own strategy and initiatives, and our stakeholders' evaluations and expectations.



Contribution to environmental conservation and the sustainable development and prosperity of the economy, industry, and society both in Japan and around the world

Contribution to achieve the SDGs

Sustainability promotion structure

Our holding company, Mizuho Financial Group, promotes integrated sustainability initiatives throughout the group.



Set key sustainability areas

Provide the necessary instructions and support for the promotion of sustainability initiatives appropriate for each company



Corporate governance

The Executive Management Committee deliberates and reports on important matters and progress of initiatives in relation to sustainability.

In addition, the Risk Committee (an advisory body to the Board of Directors) and Board of Directors provide oversight. Active discussions take place with outside directors and committee members who have experience and expertise in sustainability.

Resolutions and reports at the Board of Directors (FY2020)

Resolutions	Revision of Environmental Policy
	Key sustainability areas / sustainability target reporting
Reports	Status of sustainability initiatives
	Status of response to TCFD Recommendations
	Review of management system for responsible financing, investment, and other services

Deliberations related to oversight (Comments from outside directors / committee members)

- Mizuho's strengthening of its sustainability initiatives is heading in a positive direction. Mizuho must find a balance with trends inside and outside Japan.
- Mizuho must go beyond simply stating its group initiatives and demonstrate progress on its initiatives in a visible way.
- It is important that Mizuho's executive officers and employees gain a thorough understanding of the status of initiatives.

Awards

Mizuho Financial Group received the highest award, the Minister of the Environment's Gold Award, in the Indirect Finance (General) Category of the Japan Ministry of the Environment's 2nd ESG Finance Awards Japan. In addition, Mizuho Securities received the Bronze Award in the Financial Services (Securities) Category.



ESG indices which include Mizuho (as of June 2021)

ESG indices selected by the GIF

General index

- FTSE Blossom Japan

Themed indices

- 2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
- S&P/JPX Carbon Efficient Index

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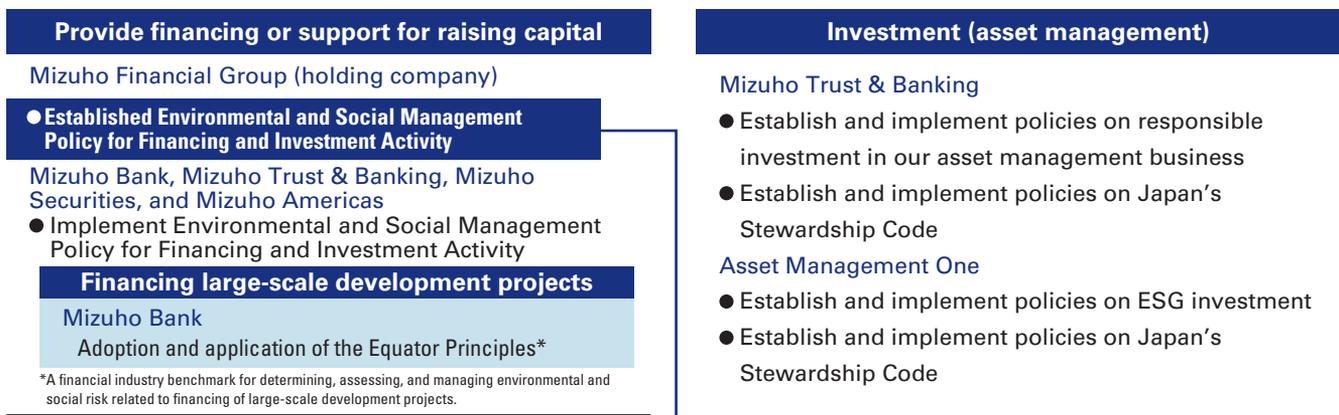
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Sustainability: Strengthening our response to environmental and social risk in the value chain

Responsible financing and investment

At Mizuho, in light of the expectations and perspectives of our stakeholders and for the purpose of avoiding and reducing negative environmental and social impacts from financing and investment, we previously established an Environmental and Social Management Policy for Financing and Investment Activity. In March 2021, we revised the policy and strengthened our initiatives to further address climate change, biodiversity, and human rights.

An overview of responsible financing and investment



Overview of our Environmental and Social Management Policy for Financing and Investment Activity

When determining whether to engage in transactions, we account for the degree to which the client has taken steps to avoid or mitigate risk and other due diligence as appropriate, based on the characteristics of the services we are providing.

Regardless of sector	Prohibited	<ul style="list-style-type: none"> Projects with an adverse impact on wetlands designated as Wetlands of International Importance under the Ramsar Convention Projects violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention) Projects with an adverse impact on UNESCO World Heritage sites Projects involving child labor or forced labor 					
	Additional due diligence	<ul style="list-style-type: none"> Projects with adverse impacts on indigenous peoples' local communities Projects involving land expropriation that causes forced relocation of residents 					
Specific industrial sectors	Weapons	Transition risk sectors			Large-scale hydropower	Large-scale agriculture	Palm oil Lumber and pulp
		Coal-fired power generation	Coal mining	Oil and gas			

Implementation of Environmental and Social Management Policy for Financing and Investment Activity

Regular engagement	<ul style="list-style-type: none"> We undertake engagement (constructive dialogue) with our clients in transition risk sectors and specific industrial sectors once or more per year. 	FY2020 engagement Approx. 900 clients <ul style="list-style-type: none"> Confirmed status of measures to address environmental and social risks Held dialogue on addressing climate change risks with clients in transition risk sectors
Governance	<ul style="list-style-type: none"> With consideration to changes in the external environment and the results of implementation, our business execution and supervisory lines* conduct regular reviews, revise our policies, and enhance implementation. 	
Education and training	<ul style="list-style-type: none"> We conduct training to enhance executive officers' and employees' understanding of appropriate risk management. 	
Stakeholder communication	<ul style="list-style-type: none"> We place a strong emphasis on engagement with diverse stakeholders. 	

* Business execution: Executive Management Committee, Risk Management Committee. Supervisory: Board of Directors, Risk Committee.

Target to reduce the outstanding credit balance for coal-fired power generation facilities based on our Environmental and Social Management Policy for Financing and Investment Activity

Reduce the FY2019 amount by 50% by FY2030, and achieve an outstanding credit balance of zero by FY2040

Revised

An overview of our Policies on Transition Risk Sectors New

Target clients	Companies whose primary businesses are in coal-fired power generation, oil-fired power generation, gas-fired power generation, coal mining, and/or other oil and gas operations
Policies	<ul style="list-style-type: none"> ● We undertake engagement to ensure clients make progress on addressing transition risks. ● If a client does not make progress on addressing their transition risks even after a certain period of time, we carefully consider our transactions with the client. ● In these policies, we also take into account the role of the client in national energy policies aligned with the Paris Agreement.

An overview of our Policies on Specific Industrial Sectors

Targeted sectors	Policies	Underlines indicate revisions made in March 2021
Weapons	<ul style="list-style-type: none"> ● We avoid providing financing or investment which will be used for the manufacture of weapons designed to kill or inflict structural damage during wars or armed conflicts. ● We avoid providing financing or investment to any manufacturer of cluster munitions, antipersonnel landmines, or biochemical weapons. 	
Coal-fired power generation	<ul style="list-style-type: none"> ● We do not provide financing or investment which will be used for new construction of coal-fired power plants.¹ ● However, when a proposed coal-fired power plant is essential to the relevant country's stable energy supply and will contribute to reduction of greenhouse gas emissions by replacing an existing power plant, we may provide financing or investment for the project, based on careful consideration. ● We will continue to support development of innovative, clean, and efficient next-generation technology that will contribute to the energy transition, as well as other initiatives for the transition to a low-carbon society. 	
Thermal coal mining	<ul style="list-style-type: none"> ● Our decisions involve a thorough examination of the impacts on the environment, industrial safety and health, and other areas. ● <u>We do not provide financing or investment which will be used for new thermal coal mining projects.</u> ● <u>When an existing thermal coal mining project contributes to the stable energy supply of a country which has announced policies aligned with the Paris Agreement, we may provide financing or investment for the project, based on careful consideration, only in these cases.</u> 	
Oil and gas	<ul style="list-style-type: none"> ● Our decisions involve a thorough examination of the impacts on the environment and of the potential for conflicts with indigenous peoples or local communities. ● <u>When providing financing or investment for oil or gas extraction projects in the Arctic Circle or oil sands, shale oil, or shale gas projects, we conduct appropriate assessments of environmental and social risks.</u> 	
Large-scale hydropower New	<ul style="list-style-type: none"> ● <u>Our decisions involve a thorough examination of the impacts on the environment and of the potential for conflicts with indigenous peoples or local communities.</u> ● <u>We recommend the client perform an environmental and social impact assessment based on the Hydropower Sustainability Assessment Protocol.</u> 	
Large-scale agriculture New	<ul style="list-style-type: none"> ● <u>Our decisions involve a thorough examination of the client's measures to address environmental and social issues.</u> ● <u>We urge our clients to formulate No Deforestation, No Peat, and No Exploitation (NDPE) policies², and to respect Free, Prior, and Informed Consent (FPIC) in relation to local communities.</u> 	
Palm oil Lumber and pulp	<ul style="list-style-type: none"> ● Our business decisions involve a thorough examination of whether the client/project has received international certifications and whether there are any potential conflicts involving indigenous peoples or local communities. ● <u>For the palm oil sector, we require that all plantations be certified by the Roundtable on Sustainable Palm Oil (RSPO). When the client does not have any plans to be certified by the RSPO, we ask that they take measures equivalent to those required for the certification and periodically report the status of said measures.</u> ● We urge our clients to formulate NDPE policies², and to respect FPIC in relation to local communities. 	

1. This revision removes the "This excludes business to which Mizuho is already committed" qualifier. "New construction of coal-fired power plants" includes expansion of existing facilities.

2. "NDPE policies": Sustainable environmental and human rights policy such as for NDPE.

Responsible procurement

Newly established Procurement Policy

We are enhancing our responsible procurement by clarifying our basic approach to procurement and our requirements for suppliers from the perspectives of consideration for the environment, respect for human rights, and compliance and information management.

For our primary suppliers

By providing this policy to our primary suppliers and urging them to pursue ESG initiatives in their business operations, we are working together with our suppliers to contribute to the development of a sustainable society.

Sustainability: Strengthening support for sustainable business

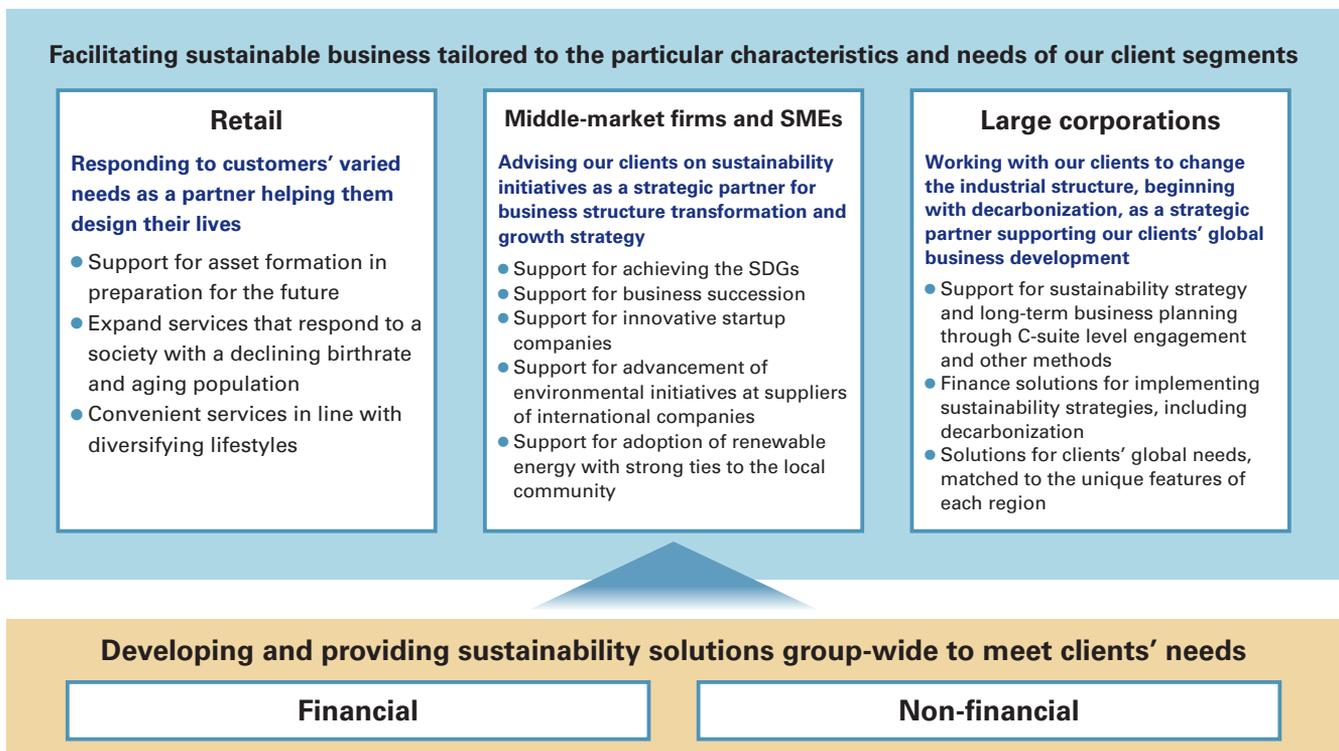
Sustainability-centered business promotion

The trend toward sustainability is an irreversible structural change, and sustainability initiatives are a critical business challenge for our clients as well. We engage in proactive, constructive dialogue with our clients to develop a deep understanding of their individual concerns and needs and support their efforts to develop and implement sustainability strategies, especially in regard to climate change countermeasures and the transition to a low-carbon society.

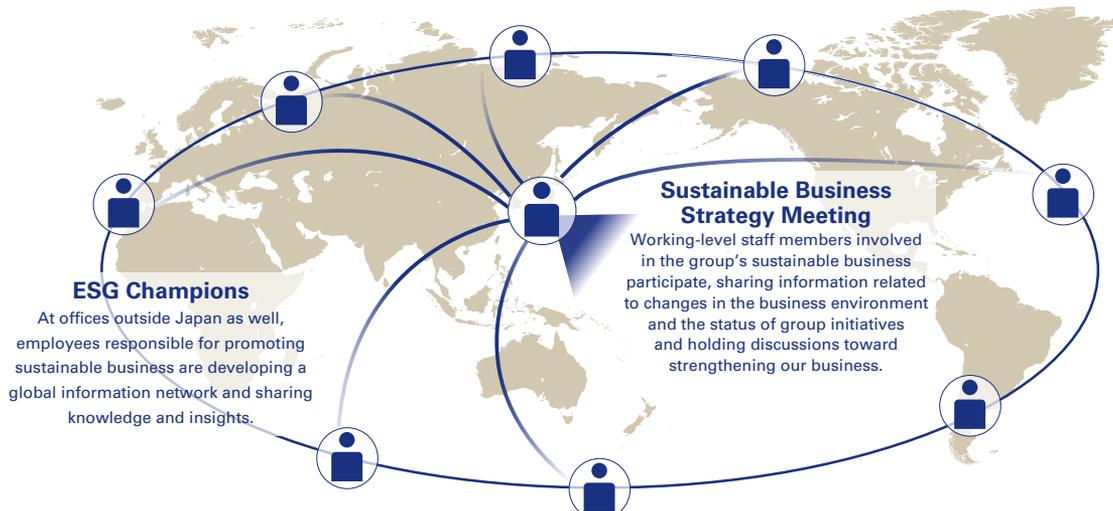
At Mizuho, we are strengthening our structure for promotion to further enhance our initiatives, while also developing and providing both financial and non-financial solutions to meet our clients' diversifying needs.

By supporting our clients' continual growth, we are increasing medium- to long-term business opportunities and improving corporate value.

Supporting our clients' sustainability initiatives as a unified group



Mizuho's sustainable business network

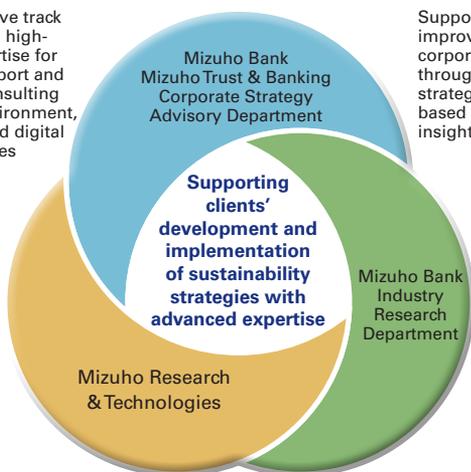


Support for clients' medium- to long-term sustainability strategies

Supporting improvement in corporate value through both financial and non-financial solutions leveraging our combined strengths in industry insight and SDG/ESG consulting

We are supporting our clients' development and implementation of sustainability strategies by applying our in-depth insight into industry, the economy, and society and our high-level expertise in sustainability.

An extensive track record and high-level expertise for policy support and private consulting on the environment, society, and digital technologies



Supporting improvement in corporate value through business strategy proposals based on industry insights

Example Support for sustainability-centered business portfolio review

- Formulate strategy by adding sustainability as a new decision-making criterion
- Support clients closely across upstream discussions, downstream consulting, and financial business

		Conventional decision-making criteria	
		Core business	Non-core business
Sustainability	Contributing	Enhance / maintain	Focus (Convert to core business)
	Non-contributing	Business transformation (Convert to contributing)	Streamline / sale

Enhancing support for clients' transitions toward a low-carbon society

The global issue of climate change demands an urgent response both from government and from individual corporations. Mizuho is supporting the transitions of companies which promote decarbonization toward achieving a low-carbon society.

Example Arranged first transition loan in Japan

In March 2021, Mizuho extended a transition loan to Kawasaki Kisen for funds to build a next-generation environmentally friendly car carrier ship fueled by liquefied natural gas. This transition loan is the first loan in Japan to follow the Climate Transition Finance Handbook (International Capital Market Association) and the Green Loan Principles (Loan Market Association).



(Photo: Kawasaki Kisen)

Comment from the arranger



The reason for proposing a transition loan

Transition loans are a type of financial product which aims to support the initiatives of companies working to reduce greenhouse gas emissions in line with long-term strategies and toward achieving a low-carbon society.

Kawasaki Kisen has set rigorous decarbonization targets which go beyond those of the International Maritime Organization (IMO), and the company is taking bold action to achieve these targets through innovation.

When looking for ways Mizuho could offer financial support for these cutting-edge and ambitious environmental initiatives as Kawasaki Kisen's primary banking institution, we explored the possibility of a transition loan and decided on making it our proposal.

Comment from Kawasaki Kisen



The reason for selecting the transition loan

As a marine transportation company, we have incorporated conservation of marine resources and other forms of sustainability into our business management from an ESG perspective, and we are pursuing them proactively.

When we received Mizuho's proposal for a transition loan, we saw it as an opportunity to gain broader trust and recognition from our stakeholders for our commitment to addressing climate change and environmental conservation, and we settled on adopting it.

The value of engagement with financial institutions

Financial institutions are valuable business partners in raising the necessary funds to further elevate our sustainability management.

In aiming to transition to a low-carbon society, we believe sharing our company's intended direction and gaining trust and support will advance our sustainability strategy and improve our medium- to long-term corporate value.

Sustainable solutions

We strive to meet our clients' diversifying needs to address the SDGs and ESG issues, and we have been proactively developing and providing both financial and non-financial solutions.

Key sustainability areas	Non-financial	Sustainable solutions	Financial
Declining birthrate and aging population, plus good health and lengthening lifespans	<ul style="list-style-type: none"> Comprehensive asset consulting 	<ul style="list-style-type: none"> ESG investment products Trust products tailored to an aging society Other asset management products for medium- to long-term asset formation 	
Industry development & innovation	<ul style="list-style-type: none"> Business succession consulting Business matching / pitch event* SDG-related open innovation platform 	<ul style="list-style-type: none"> Business succession solutions (e.g., financing) SDG initiative support finance Mizuho Positive Impact Finance 	<ul style="list-style-type: none"> ESG investment Finance for innovative startup companies Social bonds/loans
Sound economic growth	<ul style="list-style-type: none"> Cashless payments support Support for real estate development and brokerage aligned with ESG factors 	<ul style="list-style-type: none"> Sustainability-linked bonds/loans 	<ul style="list-style-type: none"> Infrastructure finance Impact investment/loans Sustainability bonds/loans
Environmental considerations	<ul style="list-style-type: none"> SDG/ESG consulting <ul style="list-style-type: none"> Support for business structure transformation Support for addressing climate change 	<ul style="list-style-type: none"> Transition finance Mizuho Eco Finance 	<ul style="list-style-type: none"> Green bonds/loans Finance for renewable energy

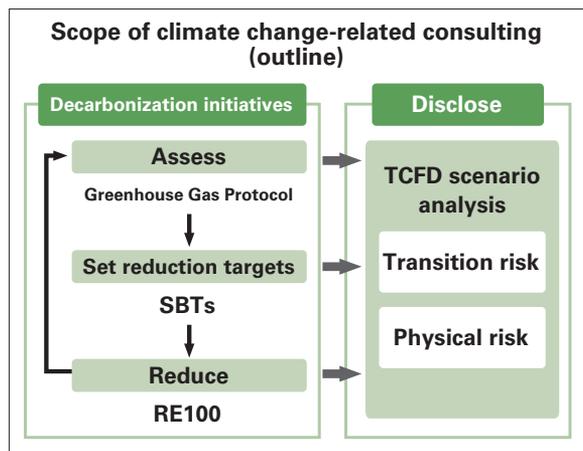
* Pitch events promote open innovation by allowing startup companies to pitch their ideas and technologies to other parties.

Major results and initiatives

SDG/ESG consulting

We are supporting clients in resolving SDG- and ESG-related challenges, with a focus on environmental and social aspects.

FY2020 Approx. **440** consultations*



* Figures: New consultations by Mizuho Research & Technologies in fiscal 2020.

Responding to the declining birthrate and aging population

We are meeting our customers' needs as a partner helping them design their lives in an age of longevity.

Major products

- Personalized trusts tailored to the needs of older customers
- Trusts providing support for customers in the event they develop dementia, fostering a society in which people affected by dementia can maintain their lifestyles
- Letter to the Future, a private data trust supporting management and inheritance of valuable information



ESG investment products



Example

We provide ESG investment products in our publicly offered investment trust lineup.

In July 2020, we built on the investment philosophy and process for our existing Future World fund to newly establish the Future World (ESG) fund, which integrates ESG evaluation more proactively.

Sustainable finance and environmental finance initiatives

In order to direct capital toward environmental conservation and achievement of the SDGs, we have set long-term sustainable finance and environmental finance targets, and we are proactively providing financing. Our initiatives are broad in scope, ranging from financing environmental projects, most prominently renewable energy, and social projects to offering ESG investment products.

Long-term target

FY2019
–
FY2030

Total: ¥25 trillion
(of which, ¥12 trillion in environmental finance)



FY2019 – FY2020 results

Total: ¥7.1 trillion
(of which, ¥2.6 trillion in environmental finance)

■ Environmental finance

Our definition of sustainable finance and environmental finance

Primary key sustainability areas referenced	<ul style="list-style-type: none"> Environmental considerations Sound economic growth Industry development & innovation
Applicable finance areas	<ul style="list-style-type: none"> Finance for clients where the intended use of funds is environmental and/or social projects Financing to support and facilitate ESG/SDG-related areas, including financing requiring clients to meet certain related conditions, and consideration and assessment of clients' responses to ESG/SDG-related areas
Applicable business areas	<ul style="list-style-type: none"> Loans, underwriting, investments, asset management

Breakdown of FY2019 – FY2020 results

Type of finance	¥ trillion
Project finance for renewable energy (loans)	0.7
Green bonds (underwriting)	0.9
Mizuho Eco Finance (loans)	0.6
Other environmental finance (loans / investment)	0.5
Environmental finance (total)	2.6
Project finance for infrastructure (loans)	0.6
Social/sustainability bonds (underwriting)	0.9
Net increase in ESG/SDG investment products under management (asset management)	1.8
Other sustainable finance (investment / loans)	1.3
Sustainable finance (total)	7.1

Sustainable finance league tables¹

Sustainable finance (loans) #2 worldwide²

Publicly offered SDG bonds #1 in Japan³

1. April 2020 to March 2021 league table results
2. Source: Refinitiv
3. Source: Capital Eye

Sustainability-linked bonds/loans

We are supporting our clients' sustainability strategies by providing sustainability-linked bonds and loans which link preferential terms to the borrower's achievement of sustainability performance targets. Mizuho arranged Japan's first sustainability-linked bond (SLB), and we are also issuing sustainability-linked loans (SLL) both inside and outside Japan.

- Arranged SLL focused on marine resource conservation, in addition to greenhouse gas reductions
- Included enhancement of traceability for procurement of marine resources in KPIs

SDG initiative support finance

We are supporting the SDG initiatives of middle-market firms and SMEs.

Finance for renewable energy

To facilitate the adoption of renewable energy, we proactively finance a wide range of projects, from those on a large scale to those rooted in local communities. In fiscal 2019 to 2020, we arranged approximately ¥700 billion in project finance and approximately ¥160 billion in asset based lending.

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Sustainability: Addressing climate change

At Mizuho, we have supported the intent and aims of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations since 2017. Based on our awareness that climate change is one of the most crucial global issues having the potential to impact the stability of financial markets, we have positioned addressing climate change as a key part of our corporate strategy and have bolstered various initiatives as a result of numerous discussions at bodies including the Executive Management Committee, Risk Committee, and the Board of Directors. Our main progress in fiscal 2020 is as below.

Main progress on TCFD Recommendations in fiscal 2020

Governance	<ul style="list-style-type: none"> • Our progress on responding to the TCFD Recommendations and our challenges are reported to the Risk Committee and the Board of Directors following deliberation at the Executive Management Committee. • Revised our Environmental Policy and clarified our transformation to a portfolio aligned with the targets in the Paris Agreement.
Strategy	<ul style="list-style-type: none"> • Utilized scenario analysis results and expanded the scope of analysis. • Utilized engagement as a starting point to proactively develop and provide both financial and non-financial solutions. • Strengthened structure for promoting sustainable business.
Risk Management	<ul style="list-style-type: none"> • Monitored as an emerging risk. In fiscal 2021, designated as a “top risk” and enhanced our monitoring. • Updated our Environmental and Social Management Policy for Financing and Investment Activity. • Enhanced measures to address transition risk (expanded engagement, improved risk control for carbon-related sectors, etc.).
Metrics and Targets	<ul style="list-style-type: none"> • Set new medium- to long-term targets for reducing Mizuho’s greenhouse gas emissions. • Revised target to reduce the outstanding credit balance for coal-fired power generation facilities. • Calculated greenhouse gas emissions (Scope 3) associated with project finance for power generation projects.

Governance

Revised our Environmental Policy and clarified our transformation to a portfolio aligned with the targets in the Paris Agreement.

In April 2020, we established our Environmental Policy in order to clarify our stance on climate change as well as our environmental awareness and specific actions that we will take on environmental initiatives, including those targeting climate change, as we work toward transitioning to a low-carbon society. Our group companies also adopted similar policies, allowing us to pursue our initiatives in an integrated manner.

In April 2021, we revised our Environmental Policy, clarifying our contribution to achieving a low-carbon society (net-zero greenhouse gas emissions) by 2050, our support for the objective of the Paris Agreement, and our transformation to a portfolio aligned with the targets in the Paris Agreement.

Underlined portions indicate April 2021 revisions

■ Efforts to address climate change

We recognize climate change as one of the most crucial global issues with the potential to impact the stability of financial markets, representing a threat to the environment, society, people’s lifestyles and businesses.

At the same time, we believe there are new business opportunities arising from the need to transition to a low-carbon society, such as the field of renewable energy and other businesses and innovations which contribute to mitigating and adapting to the impact of climate change.

Mizuho supports the Paris Agreement’s objective to “strengthen the global response to the threat of climate change”.

In light of this, we have included responding to climate change as a key pillar of our business strategy and will take the following actions in order to proactively fulfill our role as a financial services group in the effort to achieve a low-carbon society (achieve net-zero greenhouse gas emissions) and to develop a climate change resilient society by 2050.

- We are directing finance flows towards achievement of the Paris Agreement targets to limit global average temperature rise, and we are undertaking phased transformation to a finance portfolio aligned with said targets.
- We will engage in proactive, constructive dialogue in response to our clients’ individual concerns and needs, and in support of their efforts to introduce climate change countermeasures and transition to a low-carbon society in both the medium and long term.
- We will proactively develop and offer financial products and services designed to support clients’ efforts to introduce climate change countermeasures and transition to a low-carbon society.
- We understand the importance of climate-related financial disclosures, and we utilize the framework under the Recommendations of the TCFD in order to leverage growth opportunities and strengthen risk management as well as disclose information in a transparent manner regarding our progress.

Strategy

Strengthened structure for promoting sustainable business ▶ P55

**Risk
Management****Enhanced response to transition risks****Expanded engagement**

In light of our fiscal 2019 scenario analysis results and other factors, since fiscal 2020 we have been further strengthening our constructive dialogue (engagement) with our clients concerning their efforts to address climate change. Providing solutions based on a deep understanding of our clients' challenges and needs allows us to capture business opportunities and strengthen risk management.

Engagement with clients from a perspective of responsible financing and investment

	FY2019	FY2020
Engagement with clients	Approx. 530 clients	Approx. 900 clients
Target clients	Clients in sectors subject to the Environmental and Social Management Policy for Financing and Investment Activity (oil and gas, coal-fired power generation, coal mining, palm oil, lumber, and pulp)	
In-depth engagement with clients	Approx. 30 clients	Approx. 70 clients
Examples of engagement topics	<ul style="list-style-type: none"> • Status of measures to address critical environmental and social risks in each sector • Risks and opportunities related to ESG issues and climate change • Approaches to and response plans for transition risks (business structure transformation strategies and similar) • CO₂ emissions and medium- to long-term reduction plans • Capital raising plans related to renewable energy business, technological development for CO₂ emission reductions, etc. 	

Risk assessment in carbon-related sectors

At Mizuho, in line with the TCFD Recommendations, we have been measuring and disclosing the percentage of our credit exposure in carbon-related sectors. We have assessed risk along two axes—our clients' sectors and our clients' measures to address transition risk—in order to identify high-risk areas (figure below; to be managed as a monitoring indicator going forward).

Mapping of risk assessment

		Corporate credit		Project finance
		Low	High	
		Transition risk response		
Carbon-related sectors				
Electric power (utilities)	Power generation	Coal-fired		
		Oil, gas, other		
	Power transmission			
Resources (energy)	Coal	Thermal		
		Metallurgical		
	Oil and gas			

Key: High-risk area

Exposure in carbon-related sectors is ¥12.8 trillion, representing 5.5% of overall exposure, and within this amount exposure in high-risk areas composes ¥1.8 trillion (both figures are as of March 2021).

Response policy for high-risk areas

We are more thoroughly engaging with clients to support them in formulating effective strategies for their transition risks, in disclosing their progress, and in embarking on business structure transformation towards a lower risk sector at an early stage. In undertaking such engagement with our clients, if a client does not make progress on addressing their transition risks even after a certain period of time, we carefully consider our transactions with the client. In this way, we are enhancing our risk control and reducing our exposure in high-risk areas over the medium to long term.

**Metrics and
Targets****New indicators and targets, Scope 3 emission measures****Climate change-related indicators and targets**

- **Set new target to reduce the Mizuho group's¹ worldwide Scope 1 and Scope 2 greenhouse gas emissions²**
 - Reduce the FY2019 amount by 35% by FY2030
 - Aim to become carbon neutral by FY2050
- **Revised target to reduce the outstanding credit balance for coal-fired power generation facilities**
 - Reduce the FY2019 amount by 50% by FY2030, and achieve an outstanding credit balance of zero by FY2040

Measurement and management of Scope 3 greenhouse gas emissions³ from financing and investment

- As a first step toward Scope 3 measurement, estimated greenhouse gas emission intensity (basic units) in relation to project finance for power generation projects, based on the Financial Sector Science-Based Targets Guidance and the Partnership for Carbon Accounting Financials Global GHG Accounting and Reporting Standard for the Financial Industry
- Plan to set medium- to long-term targets for Scope 3 emissions by the end of fiscal 2022 and gradually expand scope of measurement
- Became the first Japanese financial institution to join the Partnership for Carbon Accounting Financials, a global initiative to develop an accounting standard for indirect greenhouse gas emissions from financial institutions' financing and investment (July 2021)

1. Eight group companies (Mizuho Financial Group, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, Mizuho Research & Technologies, Asset Management One, Mizuho Private Wealth Management, and Mizuho Americas).

2. Scope 1: Direct emissions of greenhouse gases from company-owned or –controlled sources (such as from burning of fuel). Scope 2: Indirect emissions of greenhouse gases from the use of energy of similar resources provided by other parties.

3. Scope 3: Greenhouse gas emissions from other parties involved in financial institutions' activities.

Status of Mizuho's response to TCFD Recommendations

The TCFD Recommendations call for disclosures on governance, strategy, risk management, and metrics and targets relevant to climate change-related risks and opportunities. The current status of our response to the TCFD Recommendations is as follows.

Governance	Disclose the organization's governance around climate-related risks and opportunities.																																					
	<ul style="list-style-type: none"> The Board of Directors approved and established the Environmental Policy, which clarifies our stance on climate change as we work toward transitioning to a low-carbon society. <u>We revised our Environmental Policy in April 2021 and clarified our contribution to achieving a low-carbon society (net-zero greenhouse gas emissions) by 2050, our support for the objective of the Paris Agreement, and our phased transformation to a portfolio aligned with the targets in the Paris Agreement.</u> Based on our Environmental Policy, we assess our progress on environmental initiatives, including the status of our response to the TCFD Recommendations, and other relevant information under the oversight of the Board of Directors, with consideration of the deliberations of executive management and the advice of the Risk Committee. We have identified key sustainability areas, including responses to climate change, and incorporated them into our 5-Year Business Plan, based on deliberation by our Executive Management Committee and Board of Directors. These enable us to advance our sustainability initiatives as an integral part of our strategy. 																																					
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.																																					
	<ul style="list-style-type: none"> We have identified the following climate-related risks and opportunities and impacts on business activities. We have <u>further strengthened our structure for promoting sustainable business group-wide</u>, with engagement as our starting point, to support the transition to a low-carbon society. We conduct appropriate risk management based on international concerns, trends, and other factors. <p>■ Opportunities for Mizuho</p> <ul style="list-style-type: none"> Utilizing engagement with clients as a starting point, expand business opportunities to support the transition to a low-carbon society and climate change responses. <ul style="list-style-type: none"> Provide sustainable finance, transition finance, and environmental finance. Provide financial and non-financial solutions that meet the diverse needs of clients. Enhance our reputation in society through strengthened climate change response and proactive disclosure. <p>■ Risks for Mizuho</p> <ul style="list-style-type: none"> Our transition risks include credit risk related to financing and investment clients who are impacted by more stringent carbon taxes, fuel efficiency regulations, or other policies or by delays in shifting to new technologies. Our transition risks also include operational risk related to reputational damage from financing fossil fuel projects. Our physical risks include both acute risks, consisting of operational risk related to the possibility of extreme weather causing damage to our assets and similar risk of damage to customer assets, and chronic risks, consisting of <u>credit risk arising from deterioration in the macro economy due to increased instances of infectious disease, heatstroke, and similar.</u> <p>■ Scenario analysis</p> <ul style="list-style-type: none"> Transition risk <table border="1"> <thead> <tr> <th>Scenario</th> <th colspan="2">International Energy Agency (IEA)'s World Energy Outlook 2020 Sustainable Development Scenario (SDS)¹ / Stated Policies Scenario (STEPS)²</th> </tr> </thead> <tbody> <tr> <td>Analysis method</td> <td colspan="2">We analyzed changes in Mizuho's credit costs by formulating an outlook for the impact on clients' financial results, based on changes to the parameter under the scenario. 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(Underlined portions indicate initiatives that we have enhanced since our previous Integrated Report was released in September 2020.)

Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.
	<p>■ Identification of climate change risks and integration with comprehensive risk management</p> <ul style="list-style-type: none"> By identifying physical and transition risks resulting from climate change and integrating them into our overall risk management framework for credit, operational, and other types of risk, we are ensuring comprehensive risk management. <p>■ Management of top risks</p> <ul style="list-style-type: none"> Under our management of “top risks”, which are risks recognized by management as having major potential impact on the group, <u>we position the rapid advancement of social change occurring due to climate change as a “top risk”</u>. We determine related indicators which require monitoring as well as risk control measures. Reports on the status of our response are made to the Board of Directors and other bodies. <p>■ Enhanced response to transition risks</p> <ul style="list-style-type: none"> Based on the results of our FY2019 scenario analysis, <u>we strengthened engagement with clients (undertook engagement with approximately 900 clients from the perspective of responsible financing and investment and, among these, in-depth engagement with approximately 70 large credit and similar clients)</u>. <u>Strengthened risk management by improving risk control in carbon-related sectors and revising our Environmental and Social Management Policy for Financing and Investment Activity (enhanced it to further address climate change, biodiversity, and human rights)</u>.
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
	<p>■ Targets</p> <ul style="list-style-type: none"> Sustainable finance & Environmental finance targets: FY2019 – FY2030 total: ¥25 trillion (of which the target for environmental finance is ¥12 trillion) Target to reduce the outstanding credit balance for coal-fired power generation facilities based on our Environmental and Social Management Policy for Financing and Investment Activity: Reduce the FY2019 amount by 50% by FY2030, and achieve an outstanding credit balance of zero by FY2040 <u>Target to reduce our own environmental footprint:</u> Reduce the FY2019 amount of worldwide Scope 1 and Scope 2 greenhouse gas emissions from the eight group companies by 35% by FY2030, and aim to become carbon neutral by FY2050 <p>■ Monitoring indicators</p> <ul style="list-style-type: none"> Scope 1 and Scope 2: CO₂ emissions and energy usage Scope 3: Environmental footprint from business trip-related CO₂ emissions and new large-scale power generation projects (amount of contribution to CO₂ emissions) Environmental conservation associated with new large-scale power generation projects (amount of contribution to CO₂ emission reductions) Exposure to high-risk areas within transition risk sectors ● <u>As a first step toward Scope 3 measurement, we estimated greenhouse gas emission intensity (basic units) in relation to project finance for power generation projects, based on the Financial Sector Science-Based Targets Guidance and the Partnership for Carbon Accounting Financials Global GHG Accounting and Reporting Standard for the Financial Industry. Going forward, we will set medium- to long-term targets for Scope 3 emissions by the end of fiscal 2022 and pursue initiatives to gradually expand the range of sectors subject to measurement and other factors.</u>

(Underlined portions indicate initiatives that we have enhanced since our previous Integrated Report released in September 2020.)

Please see our TCFD Report for more details on our initiatives responding to the TCFD Recommendations.

https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/tcf_d_report_2021.pdf

