

# Sustainability

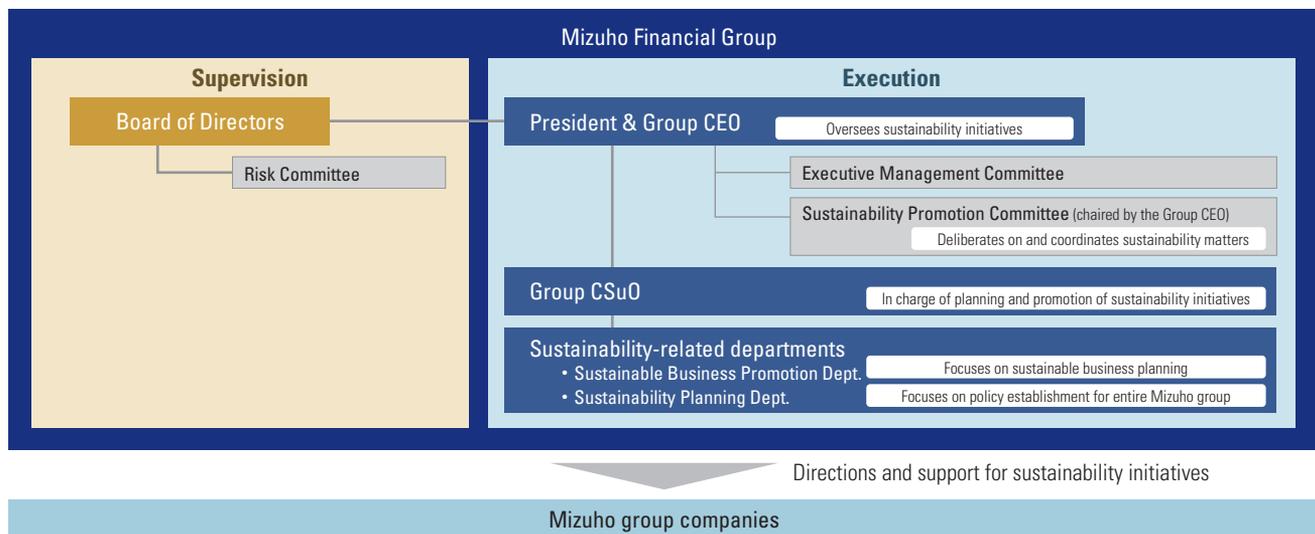
At Mizuho, we define sustainability as environmental conservation, the sustainable development and prosperity of the economy, industry, and society both in Japan and around the world, and Mizuho’s sustainable and steady growth. We identified our materiality areas (key sustainability areas) as being priority issues in our business strategy, and are proactively moving forward group-wide sustainability initiatives so that Mizuho, together with our clients and society, can achieve sustainability transformation and create new value.

In fiscal 2021, we aimed to strengthen our framework by establishing the Sustainability Promotion Committee, and by forming and expanding specialist departments for promoting sustainable business. Moreover, based on thorough discussions by our business execution and supervisory lines and with attention to both opportunity and risk, we strengthened initiatives related to climate change responses, respect for human rights, environmentally and socially responsible financing and investment activity, and sustainable business. In addition, in September 2022, we established the new position of Group Chief Sustainability Officer (Group CSuO) to promote sustainability initiatives throughout the Mizuho group. The Group CSuO will not be affiliated with any specific in-house company, unit, or group, but rather report directly to the Group CEO, and will plan and promote sustainability initiatives for the entire Mizuho group.

## Sustainability promotion structure

For important sustainability-related matters, our system consists of discussions at the business execution line, e.g., the Sustainability Promotion Committee and Executive Management Committee, and supervision by the Board of Directors and Risk Committee. Constructive discussions are held with outside directors who have experience and expertise in sustainability, as well as with external experts in attendance at Risk Committee and Sustainability Promotion Committee meetings. The resulting feedback is used in establishing policy and promoting our initiatives.

### Mizuho’s sustainability promotion structure (From Sep 1, 2022)



### Overview of the Sustainability Promotion Committee (business execution line) (established in Jan 2022)

Reason for establishment	• Discuss and coordinate sustainability-related matters based on external experts’ advice towards further promoting sustainability across the group	
Composition	Chairman	President & Group CEO
	Members	Group CSO, Group CRO, Group CFO, other executive officers (including those from Mizuho group companies), depending on content
	External experts	<ul style="list-style-type: none"> <li>External experts are invited in line with the topics of discussion</li> <li>- Meeting no. 1: Masako Konishi (Expert Director (Conservation and Energy), WWF Japan)</li> <li>- Meeting no. 4: Ashleigh Owens (Deputy Director for Financial Institutions, Shift)</li> </ul>
Meetings (topics discussed)	Meeting no. 1	<ul style="list-style-type: none"> <li>Mizuho’s Approach to Achieving Net Zero by 2050</li> <li>Approach to setting targets for greenhouse gas emissions from our finance portfolio (Scope 3 targets)</li> <li>Setting of electric power sector targets and work towards achieving those targets</li> </ul>
	Meeting no. 2	<ul style="list-style-type: none"> <li>Climate-related risk management system</li> <li>Environmental and Social Management Policy for Financing and Investment Activity</li> <li>Risk control policy for carbon-related sectors</li> </ul>
	Meeting no. 3	<ul style="list-style-type: none"> <li>Enhancing climate change response promotion structure</li> <li>Publication of TCFD Report 2022</li> </ul>
	Meeting no. 4	<ul style="list-style-type: none"> <li>Evaluations and issues concerning initiatives for respecting human rights</li> <li>Publication of Human Rights Report 2022</li> </ul>

Note: The Group CSuO became a regular member of the Sustainability Promotion Committee in Sep 2022.

Status of discussions regarding sustainability initiatives at the supervisory line (Board of Directors / Risk Committee)

Main points of deliberation	Comments from outside directors and Risk Committee members
Sustainability strategy	<ul style="list-style-type: none"> <li>● We are satisfied with the approach to revising the Basic Policy on Sustainability Initiatives, which is to achieve sustainable development for both Mizuho and society. In formulating required actions, it is important to consider not only climate change, but a whole range of other social issues.</li> <li>● It is critical for us to acquire and train experts in the field of sustainability.</li> </ul>
Addressing climate change	<ul style="list-style-type: none"> <li>● At present, there are many unresolved technological and fiscal issues that make it extremely difficult to achieve net zero by 2050. We must pool the collective strength of the Mizuho group and increase the added value of our solutions to these challenges.</li> <li>● In order to decarbonize the entire financing and investment portfolio, it is important that we continue to support not only the efforts of large corporate clients, but also those of middle-market firms and small- and medium-sized enterprises.</li> <li>● For achieving a low-carbon society, it is essential to engage not only with corporate clients but also with governmental agencies and other stakeholders, while taking global trends into account.</li> </ul>
Efforts to ensure respect of human rights	<ul style="list-style-type: none"> <li>● We must prevent and mitigate adverse human rights impacts from our financing and investment and expand our positive impacts for society. Indispensable to this will be expanding training to further enhance employees' awareness about human rights.</li> </ul>

**First-time participation in initiatives during fiscal 2021**

**Net-Zero Banking Alliance (NZBA)**

Joined to promote setting of medium- and long-term targets, formulation of action plans, and advancement of disclosures on progress among banks towards aligning lending and investment portfolios with net-zero greenhouse gas emissions by 2050.



**Partnership for Carbon Accounting Financials (PCAF)**

Global initiative that enables financial institutions to measure the greenhouse gas emissions of their loans and investments. In July 2021, we became the first Japanese financial institution to join PCAF. In November 2021, the PCAF Japan coalition was launched, and we were appointed as chair.



**Taskforce on Nature-related Financial Disclosures Forum**

Joined in order to contribute to constructing a framework for nature-related financial information disclosure, and promote environmental initiatives.



**30% Club Japan**

As part of further accelerating initiatives aimed at promoting women's participation and advancement in the workplace, we joined a global campaign aimed at increasing the percentage of women involved in important decision-making bodies within corporations.



**ESG indices which include Mizuho (as of June 2022)**

**ESG indices selected by the GPIF**

**General index**

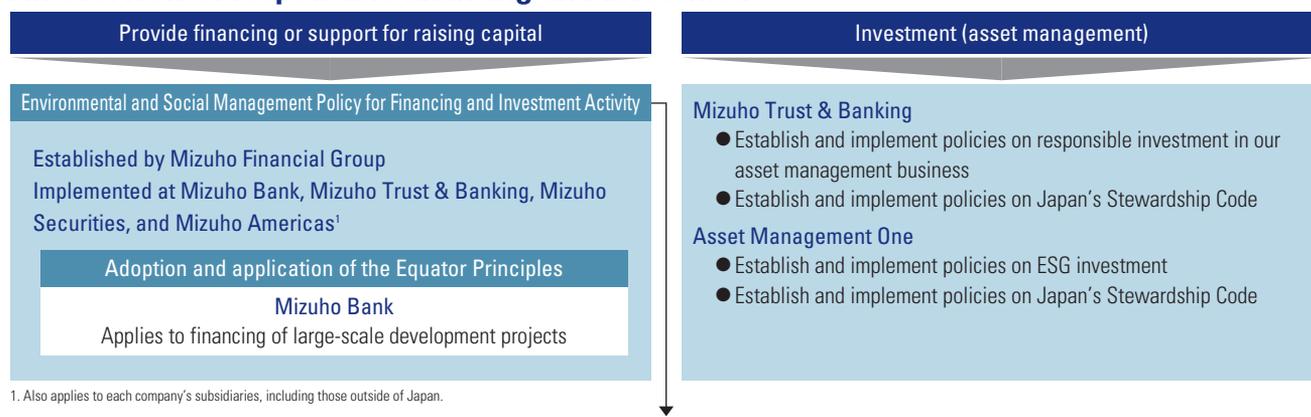
**Themed indices**

## Responsible financing and investment

Mizuho has established the Environmental and Social Management Policy for Financing and Investment Activity to mitigate and avoid adverse impacts of financing and investment on the environment and society.

In March 2022, we revised the policy to strengthen our initiatives on respect for human rights, responses to climate change, and the conservation of biodiversity in line with the expectations and perspectives of our stakeholders.

### An overview of responsible financing and investment



### Overview of our Environmental and Social Management Policy for Financing and Investment Activity Underlines indicate revisions made in March 2022

Regardless of sector	Prohibited	<ul style="list-style-type: none"> <li>Projects with an adverse impact on wetlands designated as Wetlands of International Importance under the Ramsar Convention</li> <li>Projects violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)</li> <li>Projects with an adverse impact on UNESCO World Heritage sites</li> <li>Projects which cause forced labor, child labor, or <u>human trafficking</u></li> </ul>			
	Additional due diligence	<ul style="list-style-type: none"> <li>Projects with adverse impacts on indigenous peoples' local communities</li> <li>Projects involving land expropriation that causes forced relocation of residents</li> <li>Projects which cause, contribute to, or directly link with violation of human rights in <u>conflict areas</u></li> </ul>			
<u>Forced labor, child labor, human trafficking</u>		<ul style="list-style-type: none"> <li>Companies exposed to risks of forced labor, child labor, or human trafficking</li> </ul>			
Transition risk sectors		<ul style="list-style-type: none"> <li>Companies whose primary businesses are in power generation (coal-fired, oil-fired, gas-fired), coal mining, oil and gas, <u>steel</u>, or <u>cement</u></li> </ul>			
Specific industrial sectors		Weapons	Coal-fired power generation	Thermal coal mining	Oil and gas
		Large-scale hydropower	Large-scale agriculture	Palm oil	Lumber and pulp

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

Verification process when screening a potential transaction	<ul style="list-style-type: none"> <li>When determining whether to engage in a transaction, 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.</li> </ul>
Verification process during the transaction term	<ul style="list-style-type: none"> <li>We engage (hold constructive dialogue) with clients in transition risk sectors and specific industrial sectors at least once yearly. (<u>Engaged with approx. 1,000 clients in FY2021</u>)</li> <li>- Verify the degree to which clients have taken steps to avoid or mitigate environmental and social risks.</li> <li>- With clients in transition risk sectors, discuss medium- to long-term issues and confirm the status of the client's response in regard to climate change risks and opportunities.</li> <li>In the event that we identify any acts in violation of the policy during the term of a transaction, we determine whether or not to continue the transaction after responding to the discovery, such as by urging the client to take immediate remedial measures, based on the characteristics of the services we are providing.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Our business execution and supervisory lines regularly review whether or not our measures related to risks, sectors, and other factors are appropriate and sufficient, with consideration to changes in the external business environment and the results of implementation. Following these reviews, we may revise or otherwise make changes to our policies to enhance their implementation.</li> </ul>
Education and training	<ul style="list-style-type: none"> <li>To ensure effective risk management, employees and executive officers participate in education and training.</li> </ul>
Stakeholder communication	<ul style="list-style-type: none"> <li>We place a strong emphasis on engagement with stakeholders to ensure that our initiatives are aligned with society's standards and expectations.</li> </ul>

**Overview of policies on forced labor, child labor, human trafficking, transition risk sectors, and specific industrial sectors**

Policies		Underlines indicate revisions made in March 2022	
<p>Forced labor, child labor, and human trafficking</p> <p style="border: 1px solid black; padding: 2px; display: inline-block;">New</p>	<ul style="list-style-type: none"> <li>● Mizuho will strengthen our human rights due diligence with the aim to eliminate forced labor, child labor, and human trafficking from our business and value chain.</li> <li>● For a company with which we do not currently have credit transactions, if there is evidence of forced labor, child labor, or human trafficking caused by the company, then we do not provide financing and investment.</li> <li>● If we confirm that a client with which we already have credit transactions is causing forced labor, child labor, or human trafficking, we will urge them to provide remedy and prevent recurrence. If a client does not make progress on addressing our requests even after a certain period of time, we carefully consider whether or not to continue our business with them.</li> <li>● If a client is contributing to or is directly linked with forced labor, child labor, or human trafficking, we will request a report on their responses to the relevant issue, and that they take additional steps if needed.</li> </ul>		
<p>Transition risk sectors</p>	<ul style="list-style-type: none"> <li>● We proactively undertake engagement to support transition to a low-carbon society.</li> <li>● We check at least once per year on the status of transition risk response, based on the following                             <ul style="list-style-type: none"> <li>- Willingness to take measures against transition risks, development of the strategy, setting of quantitative targets, target levels, specificity of means of achievement and status of efforts, performance and objectivity, etc.</li> </ul> </li> <li>● We make decisions on whether or not to continue our business with a client in the event that the client is not willing to address transition risk and has not formulated a transition strategy even one year after the initial engagement based on careful consideration.</li> </ul>		
Specific industrial sectors	<p>Weapons</p>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● We avoid providing financing or investment to any manufacturer of cluster munitions, antipersonnel landmines, or biochemical weapons.</li> </ul>	
	<p>Coal-fired power generation</p>	<ul style="list-style-type: none"> <li>● We do not provide financing or investment to companies with which we have no current credit transactions if the primary business of these companies is coal-fired power generation.</li> <li>● We do not provide financing or investment which will be used for new construction of coal-fired power plants or the expansion of existing plants (the same applies to replacement of existing power plants).</li> <li>● 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.</li> </ul>	
	<p>Thermal coal mining</p>	<ul style="list-style-type: none"> <li>● Our decisions involve a thorough examination of the impacts on the environment, industrial safety and health, and other areas.</li> <li>● We do not provide financing or investment to companies with which we have no current credit transactions if the primary business of these companies is the mining of thermal coal.</li> <li>● We do not provide financing or investment which will be used for new thermal coal mining projects or for expansion of existing mining projects.</li> <li>● For cases where financing or investment will be used to obtain the rights to an existing thermal coal mining project, we may provide said financing or investment, based on careful consideration, only when it is vital to the stable energy supply of a country which has announced a target of net-zero greenhouse gas emissions by 2050.</li> </ul>	
	<p>Oil and gas</p>	<ul style="list-style-type: none"> <li>● Our decisions involve a thorough examination of the impacts on the environment and of the potential for conflicts with indigenous peoples or local communities.</li> <li>● When providing financing or investment for oil or gas extraction projects in the Arctic Circle, oil sands, shale oil or shale gas mining projects, or pipeline projects, we conduct appropriate assessments of environmental and social risks.</li> </ul>	
	<p>Large-scale hydropower</p>	<ul style="list-style-type: none"> <li>● Our decisions involve a thorough examination of the impacts on the environment and of the potential for conflicts with indigenous peoples or local communities.</li> <li>● We recommend the client perform an environmental and social impact assessment based on the Hydropower Sustainability Assessment Protocol.</li> </ul>	
	<p>Large-scale agriculture</p>	<ul style="list-style-type: none"> <li>● Our business decisions involve a thorough examination of whether there are any potential conflicts involving indigenous peoples or local communities, and we take into consideration whether the client/project is addressing environmental and social issues and has received international certification.</li> </ul>	
	<p>Palm oil</p>	<ul style="list-style-type: none"> <li>● We urge clients to formulate policies to respect Free, Prior, and Informed Consent (FPIC) and practice No Deforestation, No Peat, and No Exploitation (NDPE), and to strengthen supply chain management and improve traceability to ensure the same applies to their entire supply chain.</li> <li>● For our clients in 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.</li> </ul>	
	<p>Lumber and pulp</p>	<ul style="list-style-type: none"> <li>● For our clients in the lumber and pulp sector, when financing and investing in lumbering businesses in countries that are not among the OECD high-income member states, we request them to obtain certification from the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). When the client needs more time to obtain certification, we ask that they formulate a plan with a set deadline to do so.</li> </ul>	
<p><b>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</b></p>			
<p><b>Reduce the FY2019 amount by 50% by FY2030, and achieve an outstanding credit balance of zero by FY2040</b></p>			

## Initiatives for ensuring respect of human rights

### Strengthening our initiatives for ensuring respect of human rights

At Mizuho, as well as committing to act with respect for human rights throughout our own business activities, we have established the Human Rights Policy in order to fulfil our responsibility to respect human rights throughout our global operations and value chain in accordance with the UN Guiding Principles on Business and Human Rights.

In view of increasing recognition of the importance of ensuring respect for human rights and the changes in human rights issues for financial institutions and global corporations, we have reviewed which human rights issues are of the highest concern, and are strengthening our initiatives.

#### FY2021 – FY2022 points for strengthening initiatives

- Reviewed human rights issues of the highest concern to Mizuho and revised our Human Rights Policy in May 2022.
- Clarified our approach to human rights due diligence, based on guidelines such as the UN Guiding Principles on Business and Human Rights.
- Strengthened our human rights due diligence with regard to forced labor, child labor, human trafficking, and business activities in conflict-affected areas due to the severity of these issues.
  - Enhanced the policies and operations behind our responsible financing and investment and our responsible procurement.

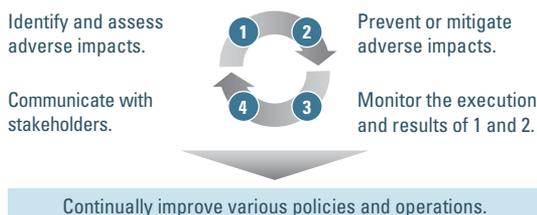
### Structure for promoting respect of human rights

#### Corporate governance

- We regularly report to the Board of Directors on the status of human rights initiatives following discussion at the business execution line.
- In June 2022, the Sustainability Promotion Committee held discussions aimed at strengthening our initiatives, with reference to the advice of an external expert. This again confirmed the importance of effective operations based on the revised policy and of promoting respect for human rights through engagement (constructive dialogue) with clients and suppliers.

#### Human rights due diligence

- Having determined and assessed the human rights risks within Mizuho's business activities, we are working to prevent and mitigate adverse impacts on human rights from human rights issues of the highest concern.



#### Stakeholder communication and disclosures

- We are using feedback from various stakeholders to enhance our initiatives for respecting human rights.
- We are working to enhance our disclosures to ensure transparency.

#### Main initiatives

- We are incorporating respect for human rights into each policy and operational process and are working to prevent and mitigate adverse human rights impacts.
- While placing emphasis on engagement and cooperation with our clients and suppliers, we are also working on human rights awareness training for employees.

#### Our clients

- Promoting responsible financing and investment
- Information management
- Financial crime risk management (prevention of money laundering)
- Ensuring safety and soundness for financial service clients\*



\*Handle through actions such as preventing over-borrowing, providing financial facilitation, improving financial and economic literacy, and supplying consumers with appropriate information.

#### Our suppliers

- Promoting responsible procurement
  - Through our Procurement Policy, we set out the guiding principles for our suppliers, and request the understanding and cooperation of our main suppliers.



#### Our employees

- Providing a safe and supportive work environment
- Promoting diversity and inclusion
- Preventing discrimination and harassment
- Ensuring employee wellbeing, etc.



#### Publication of first Human Rights Report (August 2022)

In order to improve transparency, we became the first financial institution in Japan to publish a Human Rights Report. We based the report on the UN Guiding Principles Reporting Framework, and it summarizes details about our human rights-related initiatives.

[https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/human-rights/solution/human\\_rights\\_report.pdf](https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/human-rights/solution/human_rights_report.pdf)



## Addressing climate change (Overview)

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 we are endeavoring to strengthen our initiatives.

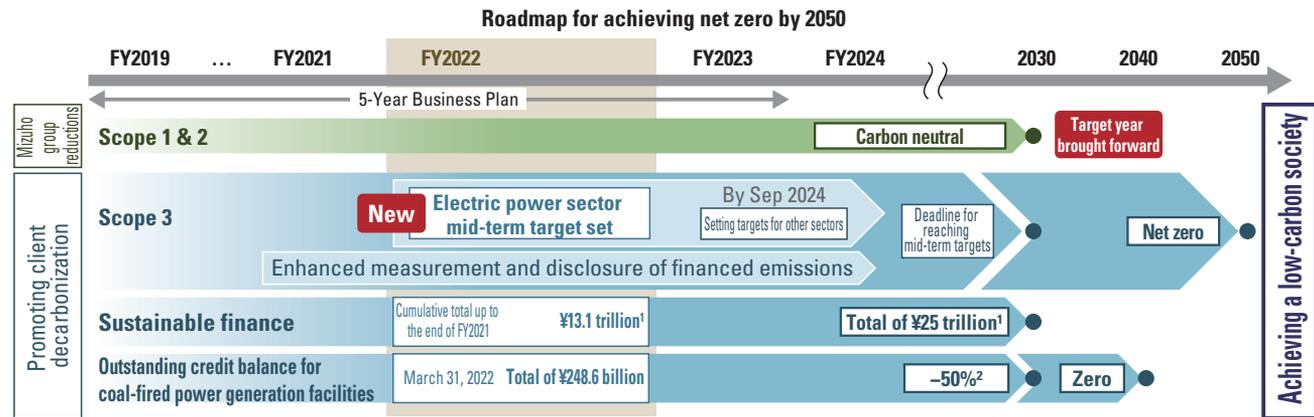
An overview of our main progress in fiscal 2021 is as below.

### Approach to climate change and plans

In taking concrete steps forward with our response to climate change as outlined in our Environmental Policy, we are pursuing efforts to limit the rise in global temperature to 1.5°C. To this end, we formulated Mizuho’s Approach to Achieving Net Zero by 2050, which demonstrates our aims and actions towards realizing a low-carbon society, and the Net Zero Transition Plan, which indicates the direction of our initiatives.

### Initiatives for achieving net zero by 2050

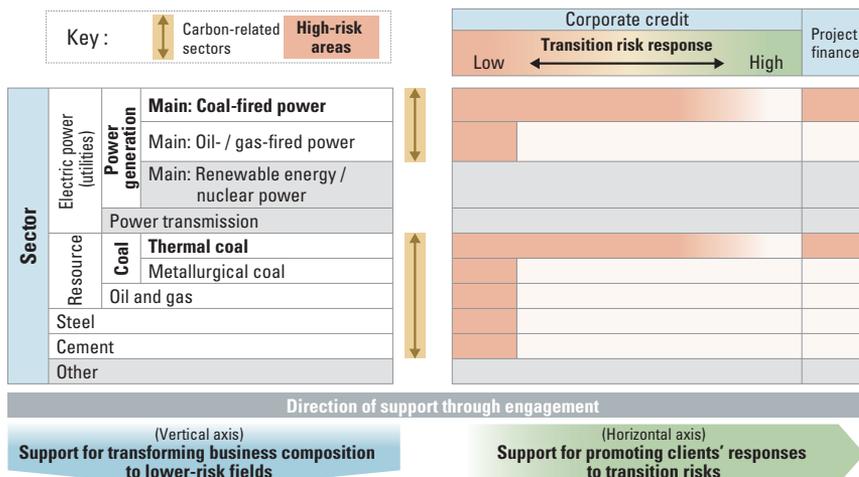
Regarding our targets for reducing greenhouse gas emissions, we have brought forward our target for reducing Scope 1 and 2 emissions by 20 years, committing to becoming carbon neutral by fiscal 2030. In addition, we have set an electric power sector mid-term target for our Scope 3 emissions (emissions from financing and investment). We will continue to move forward with setting mid-term targets, starting with targets for priority sectors.



1. Cumulative total from FY2019 2. Compared to the end of FY2019

### Enhancing risk management

For our carbon-related sectors,<sup>3</sup> we have established a structure to control risks in high-risk areas. These high-risk areas are identified through a risk assessment operating on two axes: (1) our clients' sectors and (2) our clients' measures to address transition risk.



3. Sectors recognized through Mizuho’s qualitative evaluation as facing high transition risk: Electric utilities, oil, gas, coal, steel, and cement (As of Jul 2022)

### Strengthening our promotion structure

In fiscal 2022, we have established a Climate Change Response Taskforce and five working groups, and have been enhancing our promotion structure.

### Improved scenario analysis

Transition risk analysis: Conducted analysis using the 1.5°C scenario and added steel as a target sector. (Overview of results in the following pages.)

### Initiatives for measuring Scope 3 emissions

Regarding the measurement of greenhouse gas emissions from financing and investment (“financed emissions”) based on the PCAF method, we disclosed our financed emissions from corporate finance and project finance across 19 sectors.

## Status of Mizuho's response to TCFD Recommendations (Summary)

Underlines indicate initiatives strengthened after being disclosed in the Integrated Report 2021 (published in September 2021)

### Governance

- Clarified Mizuho's stance on climate change, our aims and actions, and our medium- to long-term strategy and initiatives through our Environmental Policy, Mizuho's Approach to Achieving Net Zero by 2050, and Net Zero Transition Plan, which were approved by the Board of Directors.
- We built a supervision and business execution governance framework that centers on the Board of Directors.  
Supervision: The Board of Directors and Risk Committee conduct oversight regarding information that is reported to them and deliberated following discussions at the business execution line.  
Business execution: The Sustainability Promotion Committee (established in FY2021), Risk Management Committee, and Executive Management Committee regularly deliberate and discuss, then report to the Board of Directors. The Group CSO and Group CRO move forward initiatives in each field under the management of the Group CEO.\*
- We have established a Climate Change Response Taskforce and five working groups (new in FY2022) to enhance our promotion structure.
- Compensation for corporate officers reflects the status of sustainability initiatives (including initiatives addressing climate change). In FY2022, we began utilizing external evaluations from ESG evaluation agencies.

\*Due to the establishment of the Group CSuO role, in September 2022 a system was put in place where the Group CSuO and Group CRO move forward initiatives in each field under the management of the Group CEO.

### Strategy

- We have formulated the Net Zero Transition Plan, which clarifies our medium- to long-term strategy and initiatives (April 2022).
  1. Net-zero greenhouse gas emissions: Become carbon neutral for Scope 1 and 2 by FY2030, achieve net zero by 2050 for Scope 3 (emissions from financing and investment), and begin setting mid-term targets for Scope 3.
  2. Strengthening low-carbon business: Strengthen our support for the transition to a low-carbon society by engaging with clients and providing financial and non-financial solutions.
  3. Improving climate-related risk management: Continually enhance risk management frameworks and policies that aim to create a business base resilient to climate change impacts.
  4. Strengthening our stance: Strengthen our stance on achieving net zero group-wide, focus on participating in international initiatives and coordinating with stakeholders.

#### Risks and opportunities / responses

We see client investment in technological and business model development that leads to decarbonization as an opportunity for Mizuho. Using engagement (constructive dialogue) with our clients as a starting point, we are supporting our clients' transition to a low-carbon society and their climate change countermeasures.

- Engagement: Engaged with approx. 1,000 companies from the perspective of responsible financing and investment and with approx. 1,300 companies to promote clients' sustainability initiatives.
- Provision of sustainable finance: FY2019 to FY2021 total of ¥13.1 trillion (of which ¥4.6 trillion in environmental finance).
- Development and provision of new solutions meeting clients' diversifying needs.

#### Risks:

Transition risks include credit risk related to companies in the financing and investment portfolio that are impacted by more stringent carbon taxes, fuel efficiency regulations, or other policies, or by delays in shifting to low-carbon and other environmental technologies. Transition risks also include operational risk related to reputational damage from financing fossil fuel projects. Physical risks include acute risk in the form of damage to our group assets and to customer assets caused by extreme weather increasing the incidence of wind- and water-related damages. Physical risks also include chronic risk in the form of credit risk arising from deterioration in the macro economy due to increased instances of infectious disease, heatstroke, and similar.

#### Scenario analysis:

##### Transition risk

Scenario	Net Zero 2050 (1.5°C) / Below 2°C / Delayed Transition / Current Policies scenarios developed by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)
Analysis method	We specify a parameter for evaluating the impact of risks and opportunities faced by clients in the sector subject to analysis. We then analyze 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.
Targeted sectors / Time frame	Electric utilities, oil, gas, coal, steel, and automobile sectors (worldwide) / by 2050
Credit costs	Cumulative increase through 2050 (difference with Current Policies scenario) Net Zero 2050: Approx. ¥1.2 trillion / Below 2°C: Approx. ¥60 billion / Delayed Transition: Approx. ¥1.1 trillion
Implications and necessary actions	<ul style="list-style-type: none"> <li>• The increase in credit costs is the total through 2050, and the impact on the Mizuho group's finances is limited.</li> <li>• We confirmed the importance of moving forward a rapid and smooth transition (orderly transition) towards a low-carbon society.</li> <li>• We will further enhance our engagement with clients to support their progress on responding to climate change in an orderly fashion.</li> <li>• We will conduct scenario analysis accounting for clients' transition plans and apply it to more in-depth engagement.</li> </ul>

##### Physical risk

Types of risk	Acute risks	Chronic risks
Scenario	NGFS Current Policies and Net Zero 2050 (1.5°C) scenarios	Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 scenario (4°C scenario) / RCP 2.6 scenario (2°C scenario)
Analysis method	We calculated the impacts of wind- and water-related damages from typhoons and other storms. For direct impacts (impacts on asset value), we analyzed damage to Mizuho group assets (buildings, equipment) and credit costs from loss or damage of mortgaged real estate. For indirect impacts (impacts of business stagnation), we analyzed credit costs from business stagnation among our clients due to wind- and water-related damage.	We analyzed the impacts on credit costs from changes in the macroeconomic environment brought about by increases in infectious disease and heatstroke as well as by heatstroke prevention practices causing concomitant decreases in working hours among outdoor laborers.
Targets of analysis	Japan only, indirect impact is based on the location of the company's headquarters (this analysis targeted middle-market firms and SMEs).	Japan only
Damage costs / credit costs	Current Policies: Asset value impact of ¥70 billion, business stagnation impact of ¥130 billion, both total figures through 2100.	RCP 8.5: Up to a total of ¥4 billion through 2100.
Implications	The analysis confirmed that there will not be a significant impact compared to our income during the period.	

## Risk management

■ We are identifying transition and physical risks resulting from climate change and integrating them into our risk appetite framework and our comprehensive risk management framework for credit, operational, and other types of risk. (Please refer to p. 99)

■ Under our management of “top risks”, which are risks recognized by management as having major potential impact on Mizuho, we have positioned the increasing severity of climate change impacts as a top risk.

We consider additional risk control measures for top risks and report on the status of our response to the Board of Directors and other committees. (Please refer to p. 97)

■ Risk control in carbon-related sectors

For carbon-related sectors (electric utilities, oil, gas, coal, steel, and cement sectors), we are establishing a structure to control risks in high-risk areas. These high-risk areas are identified through a risk assessment operating on two axes: (1) our clients’ sectors and (2) our clients’ measures to address transition risk.

We control risk in high-risk areas under the following exposure control policy.

- We are more thoroughly engaging with clients to support them in formulating effective strategies for transition risks, in disclosing their progress, and in embarking on business structure transformation towards a lower risk sector at an early stage.
- With the aim of facilitating business structure transformation, we provide any necessary support when we have been able to confirm that the client has set valid targets and planned an appropriate transition strategy in line with international standards.
- We make decisions on whether or not to continue our business with a client in the event that the client is not willing to address transition risk and has not formulated a transition strategy even one year after the initial engagement based on careful consideration.
- In this way, we are reducing our exposure over the medium to long term.

■ Environmental and Social Management Policy for Financing and Investment Activity (Please refer to p. 67)

We have established and implemented a management policy for financing and investment that specifies projects and sectors with a particularly high likelihood of leading to adverse impacts on the environment and society (transition risk sectors, coal-fired power generation, thermal coal mining, oil and gas, etc.).

The business execution and supervisory lines periodically review changes in the external business environment and the outcomes of the implementation of the policy. Following this review, they revise the policy and improve its implementation.

## Metrics and targets

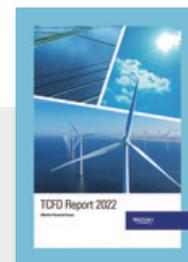
Relation to transition plan	Main monitoring indicators	Targets	Recent results
Net-zero greenhouse gas emissions	Scope 1 and 2 emissions	<b>Target year brought forward</b> Carbon neutral by FY2030 (Carbon neutrality to be maintained thereafter)	FY2021 (provisional figure): 153,262 tCO <sub>2</sub> - Scope 1 emissions: 11,341 tCO <sub>2</sub> - Scope 2 emissions: 141,921 tCO <sub>2</sub>
	Scope 3 (emissions from financing and investment)	Net zero by 2050	N/A
	- Electric power sector	<b>Newly established</b> FY2030: 138 to 232 kgCO <sub>2</sub> /MWh	FY2020: 388 kgCO <sub>2</sub> /MWh
Strengthen decarbonization business	Sustainable finance and environmental finance	Total for FY2019 to FY2030: ¥25 trillion (of which the target for environmental finance is ¥12 trillion)	Total for FY2019 to FY2021: ¥13.1 trillion (of which the result for environmental finance is ¥4.6 trillion)
Enhance climate-related risk management	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	March 31, 2022: ¥248.6 billion (-17.0% compared to the end of FY2019)
	Exposure to high-risk areas within transition risk sectors	Reduce over the medium to long term	March 31, 2022: ¥1.6 trillion

■ Items for disclosure aside from monitoring indicators:

- Sector-by-sector credit exposure in line with the TCFD Recommendations
- Greenhouse gas emissions from financing and investment (“financed emissions”) based on PCAF methodology

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/tcdf\\_report\\_browsing\\_2022.pdf](https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/tcdf_report_browsing_2022.pdf)



## Supporting our clients' sustainability transformation through sustainable business

### ■ Creating environmental and social value by supporting our clients' sustainability initiatives

Mizuho's clients are increasingly positioning sustainability initiatives, which address climate change and the environment, human rights, and more, as important management issues. Our engagement with clients integrates consideration for their medium- to long-term sustainable growth, improved corporate value, and strengthened industrial competitiveness, and based on this engagement we are actively developing and providing various solutions, utilizing our financial and non-financial functions, in order to support clients' sustainability transformation, including the transition to a low-carbon society. We will pursue growth for both Mizuho and our clients by expanding mutual opportunities and strengthening risk management.

In September 2022, we newly established the position of Group CSuO as the person responsible for promoting sustainability at Mizuho, as part of our efforts to further enhance our group-wide sustainability initiatives. Also, while making use of our existing customer segment-specific business strategies, we established new departments directly under the Group CSuO—the Sustainable Business Promotion Department and Sustainability Planning Department—and strengthened group strategy relating to sustainable business promotion. Having done so, going forward we will bolster our ability to promote individual initiatives to our clients, and we will advance our forward-thinking initiatives for providing solutions.



**SDG/ESG consulting**

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

FY2021      Approx. **500** consultations<sup>1</sup>

Environmental / energy sector consultants      Approx. **130** consultants<sup>2</sup>

**League tables<sup>3</sup> / Awards**

Publicly offered SDG bonds in Japan      **#1<sup>3</sup>** (third year in a row)

Arranged amount of sustainable finance (loans) worldwide      **#1** Japanese bank<sup>3</sup>

Ministry of the Environment's 3rd ESG Finance Awards Japan: Awarded Bronze  
Mizuho Securities (Financial Services (Securities) Category)  
Asset Management One (Investor Category)

1. New private sector consultations by Mizuho Research & Technologies in FY2021.  
2. Mizuho Research & Technologies: No. of people in Sustainability Consulting Divisions 1 and 2.

3. April 2021 to March 2022 league table results.  
Created by Mizuho Financial Group, based on source data from Refinitiv.

## ■ Responding to both risks and opportunities via engagement

**We are strengthening our responses to both risks and opportunities through engagement, or constructive, purposeful dialogue, such as encouraging our clients' sustainability initiatives**

### Engagement from the perspective of responsible investment

Approx. **1,000** companies<sup>4</sup>

- Check status of responses to environmental and social risks
- Dialogue with transition risk sector clients on responses to climate change response risks

### Engagement aimed at promoting client initiatives for sustainability

Approx. **1,300** companies (of which, 600 are responding to climate change)<sup>4</sup>  
(Approx. 600 middle-market and SME clients, approx. 700 large corporate clients)

- Discussions and proposals towards support<sup>5</sup> for clients in planning and carrying out appropriate risk management and strategies related to sustainability

4. April 2021 – March 2022

5. Support by providing both financial and non-financial solutions

**Development and provision of solutions from both financial and non-financial sides to suit the characteristics and needs of client segments.**

### Middle-market and SME clients

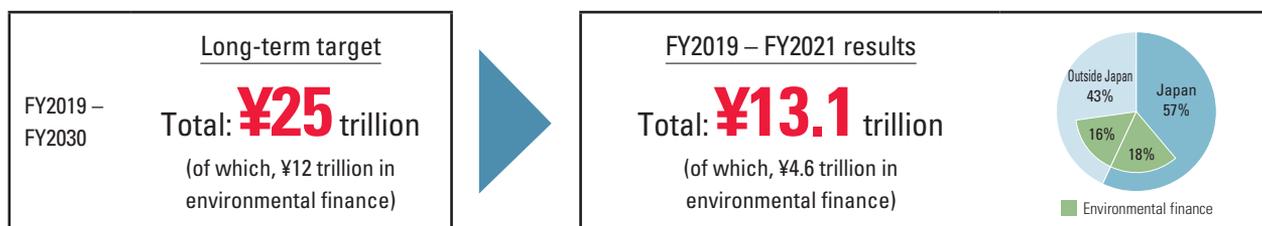
- Develop sustainable finance products that meet international principles through our own in-house assessment scheme
- Provide a variety of consulting services by utilizing external partners
- Enhance our frontline business capabilities through personnel development (Approx. 2,000 people holding internal certification, approx. 1,000 sustainability management experts)

### Large corporate clients

- Consulting support utilizing our industrial knowledge, environmental and technological expertise, etc.
- Support for initiatives to improve non-financial value with a broad range of themes based around environmental and social issues
- Specific support for transition strategies towards decarbonization

## ■ 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 definition of sustainable finance and environmental finance

Primary key sustainability areas referenced	<ul style="list-style-type: none"> <li>• Environment &amp; society</li> <li>• Sound economic growth</li> <li>• Industry development &amp; innovation</li> </ul>
Applicable finance areas	<ul style="list-style-type: none"> <li>• Finance for clients where the intended use of funds is environmental and/or social projects</li> <li>• 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</li> </ul>
Applicable business areas	<ul style="list-style-type: none"> <li>• Loans, underwriting, investments, asset management</li> </ul>

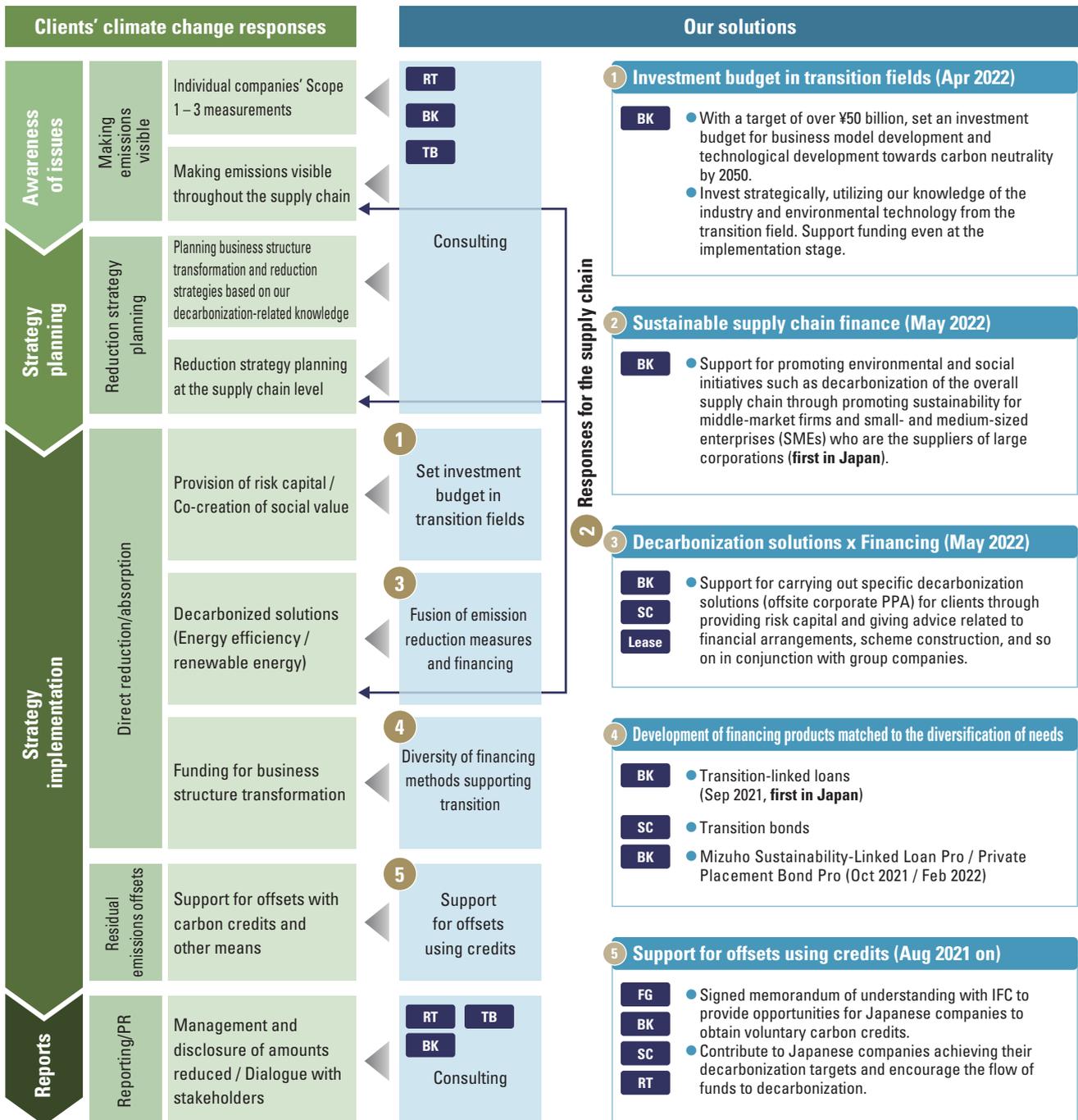
### ■ Breakdown of FY2019 – FY2021 results

Type of finance	¥ trillion
Project finance for renewable energy (loans)	1.0
Green bonds (underwriting)	1.7
Mizuho Eco Finance (loans)	1.0
Other environmental finance (loans / investment)	0.8
<b>Environmental finance (total)</b>	<b>4.6</b>
Project finance for infrastructure (loans)	0.9
Social/sustainability bonds (underwriting)	1.6
Sustainability-linked loans	2.5
Other sustainable finance (investment / loans / asset management)	3.5
<b>Sustainable finance (total)</b>	<b>13.1</b>

## Supporting our clients' decarbonization through sustainable business

### Further improving our ability to provide clients with solutions that support their decarbonization

Clients' initiatives in the area of decarbonization are steadily progressing into a concrete stage of transition strategy formulation and implementation. At Mizuho, we are expanding solutions for each stage of corporate conduct towards decarbonization and strengthening initiatives across entire value chains and supply chains. We are doing this by monitoring greenhouse gas emission levels, formulating and implementing emission reduction plans, and utilizing carbon credits. Going forward, we will actively provide financial support to clients implementing transition strategies, while also leveraging our industrial and technological expertise and other strengths to further expand our ability to provide both financial and non-financial solutions.



FG: Mizuho Financial Group BK: Mizuho Bank TB: Mizuho Trust & Banking SC: Mizuho Securities RT: Mizuho Research & Technologies Lease: Mizuho Leasing

## Development of a wide range of decarbonized solutions

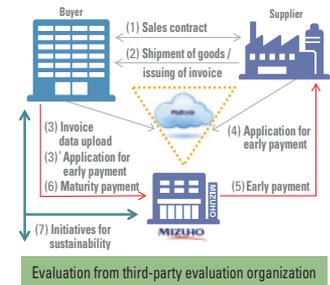
In order to expand our initiatives for a low-carbon society across the whole of society, we are proactively making use of employee ideas and strengthening our solution development so that we can assist even more clients in their initiatives.

### Drawing inspiration from employee ideas 2 4

- The investment budget for transition areas was originally drafted by our relationship managers (RMs)—who have an understanding of client needs from their day-to-day interactions—when they were working on identifying issues and coming up with plans for solutions.
- The Mizuho Sustainability-Linked Loan Pro was developed by members of the Corporate Business Coordination Department’s SDGs Business Desk who proactively applied for concurrent assignments.

### Sustainable supply chain finance 2

- Looking towards achieving decarbonization across our entire supply chain, we focused on the responses and financial burdens of our middle-market and SME clients, and developed a framework for supporting initiatives through providing capital raising incentives.
- We are contributing to the development of an even stronger, more stable sustainable supply chain.



## Fusion of decarbonized solutions and finance

Mizuho is supporting specific initiatives conducted as part of our clients’ transitions to a low-carbon society by leveraging our financial and non-financial expertise and providing decarbonized solutions and financing in collaboration with external partners.

### Client feedback (Aeon Mall) 3

#### ● Background and outlook

The concept behind this initiative is for Aeon Mall to use locally generated electricity, and to ensure that customers understand the initiative.



Aeon Mall plans for all facilities under direct company management to be powered by local renewable energy by 2040. With solar energy procurement as the first step, going forward, Aeon Mall intends to make full use of wind, biomass, and other power generation methods, storage batteries, and more. Further, it will quantify its customers’ pro-environment efforts, such as making use of renewably sourced electric power for their EVs (V2AEON MALL), planting trees, and recovering discarded plastic. This quantification makes it possible to connect increased awareness of environmental efforts with systems for awarding points, thus encouraging a change in customer behavior and allowing Aeon Mall to build a decarbonized society together with its customers.

#### ● Mizuho’s involvement in discussions and dialogue on this initiative

Through this project, which involves Mizuho, Aeon Mall, and a power generation O&M company,\* Mizuho has carried out project management that leverages our expertise in both financial and non-financial services. Our efforts led to an agreement being reached smoothly and quickly, a first step towards achieving a transition to a decarbonized society.

\* O&M: Operation & Maintenance

#### ● Expectations for Mizuho going forward

There are hopes for this initiative between Mizuho and a large-scale consumer to pave the way for the adoption of renewable energy throughout the country. This initiative is the first step towards achieving the local renewable energy system desired by Aeon Mall. With regards to future initiatives for increasing the energy supply and diversifying the forms of power generation, support is expected from a collaboration between Mizuho and a partner company from Mizuho’s network.