

Mizuho Financial Group, Inc.

IR Select - Sustainability Initiatives

May 27, 2024

Presentation

Speaker: **Yasuhiko Ushikubo**, Head of Research & Consulting Unit and Group Chief Sustainability Officer (Group CSuO) of Mizuho Financial Group
Hisaaki Hirama, Member of the Board of Directors, Chairperson of the Risk Committee of Mizuho Financial Group

Ushikubo: This is Group Chief Sustainability Officer Yasuhiko Ushikubo speaking. I will use the “Sustainability Progress 2024” report issued on April 12, 2024, to explain the status of Mizuho Group’s initiatives and strategic approach.

Page 2 SUSTAINABILITY PROGRESS 2024 - HIGHLIGHTS

This page provides an overview of our initiatives and strategy. Sustainability involves many agendas. Our strategy on climate change focuses on three pillars: the promotion of real economy transition, risk management, and capturing business opportunities.

The right-hand side shows our actions addressing climate change: promoting real-economy transition. I will explain in more detail later, but in addition to reducing Mizuho's emissions, we will promote real-economy transition by managing “financed emissions,” which are our clients’ emissions.

The bottom right side refers to the risk control related to this initiative. The left-hand side discusses business. We will support clients’ response to the significant social change while steadily capturing business opportunities

Page 3 MIZUHO’S SUSTAINABLE BUSINESS STRATEGY

This is a summary of our business strategy. Our sustainability initiatives are for the long term. As stated on the right, Mizuho Group has a “Vision,” which is our long-term goal. It entails personal well-being and a sustainable society and economy. What is needed to achieve this? As stated to the left, it requires balancing economic and social value and strengthening the competitiveness of Japanese industries.

What can Mizuho do to realize this Vision? As stated on the left side, we can leverage our strengths. What can we achieve by 2030 by leveraging our strengths? What can we do to build a foundation for the future beyond 2030, and what actions can we take? This is our thinking process.

Page 5 SUPPORTING CLIENT’S STEADY TRANSITION TOWARD 2030

The most significant role expected of Mizuho as a financial group towards 2030 is providing support for the clients’ initiatives with financing.

We previously set a target in April 2023 to execute JPY100 trillion of sustainable financing by FY2030. The figures on this slide have not been updated, but as a result of serious effort by the Group employees, we had executed a cumulative total of JPY31.1 trillion of financing as of the end of FY2023, which equates to the execution of roughly JPY10 trillion in a year. It is not an easy target, but if we can maintain this pace for another seven years, we would reach the JPY100 trillion target.

I won't go into the details, but we are working on various initiatives related to real-economy transition with our clients, including creating new financing products.

Page 6 SUPPORTING FUTURE-ORIENTED CLIENT'S ACTIONS

We support many future-oriented actions, focusing on the three pillars of hydrogen, carbon credit, and impact.

On hydrogen, we announced in mid-May that we would execute JPY2 trillion financing by FY2030. Hydrogen will be the key to the decarbonization of the Japanese economy. For this, we want to engage in initiatives across the entire supply chain, from manufacturing and transport to use.

There are many restrictions on using carbon credits at the moment. However, we believe they may have a significant role in Japan, particularly in decarbonizing the "hard-to-abate" sectors.

I will give an example. The top section refers to our investment in Climate Impact X, a Singapore-based carbon credit-trading platform company. In addition to supporting transition in Asia, we aimed to acquire various know-how on carbon credit.

The right-hand side refers to impact. We believe the concept of "impact" is crucial in linking social contribution and corporate value enhancement and this is a concept with a wide range of applications. We published the "Impact Business Compass" in mid-May, which explains our approach to impact business. We will accelerate product development and various initiatives that incorporate the impact of the business concept.

Page 7 SUPPORTING FUTURE-ORIENTED CLIENT'S ACTIONS

This is the second part of our future-oriented actions. Real-economy transition is easier said than done. Development of new technologies and social implementation will be required.

Due to the nature of these projects, debt is not optimal for supporting them. Some risk-taking using equity will be necessary. Thus, we created two investment frameworks, as shown at the top left.

The bar graph shows that the investment balance increased sixfold in FY2023. We received many inquiries from our clients and selected several projects utilizing industry research and

the technological expertise of our Group company, Mizuho Research & Technologies.

The photographs below show the four major projects. The top left is an investment in a Canadian start-up with CO2 capture and storage technology. The bottom left refers to an Indian company involved in a circular economy, producing alternative fuels from waste.

The bottom right involves batteries. Established at the University of Tokyo, this start-up is developing power storage batteries. As the mass-scale introduction of renewable energy takes place, the stability of power systems will become more and more crucial, and these batteries will play a large role in ensuring that stability.

Page 9 INFORMATION OUTREACH

As stated earlier, our research capabilities will play a significant role in verifying the technologies.

I explained that we utilize the knowledge of industries and technologies for investment decisions. Some examples of reports by our Industrial Research Department are shown below. Being responsible for research and consulting business at Mizuho, I would like to assure you that we do fully leverage our expertise, including our outlooks on industrial transformation incorporating medium- to long-term views and on new technologies.

Page 15 EXPANDING OUR FOOTPRINT

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Page 22 UPGRADING RISK CONTROL FRAMEWORK FOR CARBON-RELATED SECTORS

Let's move to the third pillar. Risk control is critical in promoting sustainability and climate change actions in particular.

As I have explained, risk control involves two axes of operation. The diagram is a matrix we use, with the vertical axis indicating the clients' sectors and the horizontal axis indicating the clients' status of responses to transition risks.

For example, if a client belongs to a high-emissions sector such as coal-fired power generation or oil and gas on the top left but is making steady progress in its initiatives, the

client will be categorized as medium- or low-risk instead of high-risk.

We use this two-axed operation to promote clients' responses to transition risks and support business structural transformation. Client engagement becomes critical in the dialogue based on these two axes of operation.

Page 19 OVERVIEW OF CLIENT ENGAGEMENT

Page 19 summarizes our basic approach to client engagement. We would undoubtedly conduct interviews to gather data such as the progress for the fiscal year.

Beyond that, we may also present an analysis by the Industrial Research Department or Mizuho Research & Technologies as our hypothesis and ask for the client's opinion. We will also provide financial and other solutions to address the client's concerns. We engage with the clients to promote their transition. In addition to supporting the clients, we would like to utilize client engagement for multiple purposes, including capturing business opportunities. Our mission is to simultaneously promote the three pillars: real-economy transition, risk management, and capturing business opportunities.

Page 23 CLIENT'S STATUS TO RESPONSE TO THE TRANSITION RISKS

Page 23 shows the clients' transition status resulting from the engagement. It's a visualization of their response to transition risks, and has received widespread appreciation for its clarity. You can grasp the status at a glance. The left side shows the evaluation based on the number of companies, and the right side is based on the amount of exposure for high-emission sectors, starting with electric power at the top. You can easily see that the bar graph's dark and light green parts are expanding.

We are tackling these complex issues with the clients and supporting their steady transition through active engagement.

Page 27 LOOKING AHEAD (ACTIONS FOR FY2024)

As I stated at the start, we believe the sustainability promotion initiative is for the long term, or rather, an endless journey. We will not be complacent with last year's initiatives, and the external environment is changing constantly and significantly.

We want to continue working on these issues, focusing on the three pillars: real-economy transition, risk management, and capturing business opportunities.

This concludes my explanation. Thank you.

Hirama: This is Hisaaki Hirama, Director of Mizuho Financial Group. I will explain the governance structure concerning sustainability initiatives from a supervisory perspective. I

will also explain the Board's opinion regarding the shareholders' proposals for the coming General Meeting of the Shareholders.

Page 8 GOVERNANCE STRUCTURE

This is a diagram of Mizuho's governance structure. Sustainability involves extremely important policies and plans such as the Environmental Policy and the Net Zero Transition Policy. These are all deliberated and approved by the Board of Directors.

The Risk Committee is positioned next to the Board of Directors. It receives reports from the business execution side, including on the progress of each plan. The Risk Committee has members with high expertise in the area and it engages in multifaceted frank discussions and makes proposals to the Board.

Page 9 COMPOSITION AND SKILLS OF THE BOARD OF DIRECTORS

This is a skill matrix indicating the composition of the Board of Directors. As shown near the center, many directors have abundant business experience and expert knowledge concerning sustainability, including environmental issues, circular economy, and regulatory governance.

The Risk Committee comprises Chairperson of the Board Izumi Kobayashi, Director Yumiko Noda, and external experts Rintaro Tamaki and Hiroshi Naka. It is a formidable committee that supervises the sustainability initiatives initiated by the business execution side.

Page 10 EXECUTIVE COMPENSATION SYSTEM

This is Mizuho's executive compensation system. Sustainability is one of the focus areas in the current Medium-term Business Plan and one of the key performance indicators considered in executive evaluation.

The compensation system has base and incentive compensation. The amount of sustainable finance executed, assessments by ESG rating agencies, and various other climate-related initiatives are considered to determine the short-term and stock-based medium-to-long-term incentive compensation.

The compensation for each executive is ultimately determined by the Compensation Committee, comprised of outside directors.

Page 11 DISCUSSIONS AT THE MEETINGS OF THE BOARD OF DIRECTORS AND RISK COMMITTEE

This is an excerpt of topics discussed by the Board of Directors and the Risk Committee in particular. The Risk Committee met nine times during the previous fiscal year. Agendas

exclusively focused on sustainability were presented four times and discussed in depth and in detail.

The Risk Committee also discusses managing Mizuho's "top risks" from a comprehensive risk perspective. These are publicly disclosed. Mizuho's top risks include the worsening impact of climate change. The status of control of carbon-related exposures explained earlier is supervised under the comprehensive risk management framework, and the Risk Committee is engaged in monitoring.

Concerning the comments frequently received by the Risk Committee, good progress has been made on the climate change risk management framework, which has been appreciated to some extent, though we do receive inquiries and comments regarding client engagement, such as whether it will lead to decarbonization, and whether Mizuho's initiatives impact society and clients' economic activities.

For example, are we making firm decisions if a client struggles to convert its business structure towards decarbonization? The various risks arising from climate change include reputational, business model obsolescence, policy change risks, and physical and transition risks. This is an area undergoing significant change, and we have received questions asking whether we have a solid framework to address each risk.

The Committee engages in discussions like this based on the reports from business execution line, and if their initiatives are deemed insufficient, we have them improved. I believe supervision and robust discussions are valuable for promoting various measures.

Page 13 SHAREHOLDER PROPOSALS

We received two shareholder proposals for the upcoming General Meeting of Shareholders. I will present the opinion of the Board of Directors. Both proposals request that provisions concerning climate change be added to the Articles of Incorporation.

The Board opposes both proposals. We believe insertions in the Articles of Incorporation will obstruct flexible and prompt actions to respond to the quickly-changing environment. We also think it is not appropriate to include matters related to specific areas or individual business execution in the Articles of Incorporation, such as those in the Shareholder proposals, which should stipulate the basis of the company organization.

Page 14 PROPOSAL 1 – OPINION OF THE BOARD OF DIRECTORS

Let me expand on this. The first proposal includes the topic of disclosure of the directors' competencies. I will supplement the opinion on this point.

As explained earlier, I believe the structure of supervision of initiatives by the business execution line on sustainability by directors and external experts with extensive business

experience and high expert knowledge is functioning effectively.

Furthermore, we seek separate external advice depending on the theme to complement the committee's expertise. The information referred to is disclosed in the Integrated Report, the board's skill matrix, and the evaluation on the effectiveness of the Board of Directors.

Page 15 PROPOSAL 2 – OPINION OF THE BOARD OF DIRECTORS

This is on proposal 2, regarding the disclosing of the evaluation of clients' climate change transition plans. On this point, the Group Chief Sustainability Officer Ushikubo just explained that we are pursuing efforts to limit the temperature increase within 1.5°C and promoting various climate-related actions towards net zero in an integrated manner.

We have built a framework to visualize the risks and control exposure against carbon-related sectors, which are those deemed to have high transition risks. In addition, Mizuho encourages the structural transformation of the clients' business through engagement and value co-creation initiatives. The supervisory line including the Board regularly monitors the clients' status of response to the transition risks; the details are disclosed in the TCFD report. The Appendix provides further supplementary explanations on the Board of Directors and the opposing opinions for your reference.

From our supervisory perspective, the Medium-term Business Plan was established around sustainability. The Board of Directors will supervise the promotion of sustainability and risk management status by the business execution line, particularly whether various risk management frameworks and methods are constantly improving and operating as designed while paying attention to environmental changes.

This concludes my explanation.