

August 10, 2021
Mizuho Financial Group, Inc.
Mizuho Bank, Ltd.
Mizuho Securities Co., Ltd.
Mizuho Research & Technologies, Ltd.

Mizuho signs MOU for business cooperation with International Finance Corporation in regard to establishment of Carbon Facility

The subsidiaries of Mizuho Financial Group, Inc. (President & CEO: Tatsufumi Sakai), Mizuho Bank, Ltd. (President & CEO: Koji Fujiwara), Mizuho Securities Co., Ltd. (President & CEO: Yoshiro Hamamoto) and Mizuho Research & Technologies, Ltd. (President & CEO: Masahiro Otsuka) have signed a memorandum of understanding (MOU) with International Finance Corporation (“IFC”) today related to establishment of Carbon Facility^{※1} which provides opportunities for Japanese companies to obtain voluntary carbon credits^{※2}.

This marks the first ever MOU related to establishment of Carbon Facility for voluntary carbon credits for IFC.

- ※1 Facility between carbon credit seller (IFC) and carbon credit buyers (Japanese companies) for forward purchase of eligible carbon credit by buyers at each credit delivery and at Facility carbon price for a certain period.
- ※2 One of the carbon credits (tradable credits of GHG emissions reduction quantified). While “compliance carbon credits” are certified and managed by public institutions (e.g. governments), voluntary carbon credits are private-sector driven credits managed by standard registry and mainly used for voluntary GHG emission reductions by private companies.

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. As part of encouraging the growth of developing countries, IFC has engaged in the projects helping to extend carbon credit markets that provide funds for forest conservation in developing countries.

With the global trend to set decarbonization goal such as carbon neutral declaration, in addition to reduction of GHG emission, it is expected that there will be increasing demand for companies to obtain carbon credits to offset their GHG emissions to complement their own efforts to reduce GHG emissions.

Based on this MOU, with synergistic effect between Mizuho's knowledge of voluntary carbon credits and customer base and IFC's knowledge of voluntary carbon credits and projects in developing countries that generate them, IFC and Mizuho will advance concrete discussions on establishment of Carbon Facility.

The Carbon Facility will be established to facilitate the purchase and sale of voluntary carbon credits. Japanese companies are expected to participate in the Carbon Facility as carbon credit buyers via an arrangement with Mizuho. IFC is expected to supply the voluntary carbon credits to the Carbon Facility. These will be sourced from forest conservation and other projects that will generate and sell voluntary carbon credits to IFC through Emission Reduction Purchase Agreements.

Mizuho, together with IFC, participates in TSVCM^{※3}, which aims to expand the voluntary carbon credit market and improve the quality of voluntary carbon credits, and intend to provide high-quality voluntary carbon credits to Japanese companies. Through the establishment of Carbon Facility, Mizuho will encourage the supply of funds to projects that reduce GHG emissions and also contribute to the realization of the decarbonization goals of Japanese companies by providing opportunities to obtain voluntary carbon credits.

※3 Private sector-led initiative working to scale an effective and efficient voluntary carbon market to help meet the goals of the Paris Agreement. TSVCM was initiated by Mark Carney, UN Special Envoy for Climate Action and Finance. TSVCM's over 250 member institutions, represent buyers and sellers of carbon credits, standard setters, the financial sector, market infrastructure providers, civil society, international organizations and academics. Mizuho Financial Group, Inc. is one of the four Japanese companies participating in TSVCM.

Going forward, with synergy of Mizuho group, Mizuho will further support the clients' efforts to address their environmental and social issues.

<Overview of IFC>

Establishment	1956
Address	Washington D. C., USA
Business	Investment, advice and asset management to encourage the growth of the private sector in developing countries
Member Countries	185
Credit Ratings	Moody's: AAA/stable, S&P: AAA/stable