

Policies Regarding Mizuho's Fiduciary Duties

Mizuho Financial Group, Inc. (President & CEO: Yasuhiro Sato) (“Mizuho”) has established its Policies Regarding Mizuho's Fiduciary Duties in the interests of stating clear policies for and making a stronger response with regard to the practice of the organization's fiduciary duties* as a corporate group.

* Fiduciary duties is a general term for the broad range of various roles and responsibilities that fiduciaries are expected to fulfill when engaging in certain business activities in order to live up to the trust that is placed in them by their customers. The term appears—as a loan word in Japanese—in the Financial Service Agency's Strategic Directions and Priorities.

Mizuho Financial Group has established our ambition to continue being our customers' most trusted long-term financial partner as the vision of Mizuho's Corporate Identity. In working to achieve this vision, Mizuho employees share a common set of five central values—called the Mizuho Values—starting with putting our customers first. As a team of finance professionals providing a broad range of financial services, Mizuho is committed to fulfilling our fiduciary duties in providing the best, most appropriate solutions in response to our customers' diverse needs.

Strong capabilities in product development, sales, asset management, and asset administration are indispensable to the successful conduct of asset management-related business. As a comprehensive financial services group, Mizuho Financial Group is dedicated to speed and flexibility in our responses to the constantly changing, diverse needs of our broad range of clients—from individual investors to pension funds, regional financial institutions, and other institutional investors—which are made possible by our full complement of group companies with the expertise in banking, trust banking, securities, and asset management required to provide top-tier asset management-related products and services.

Each of Mizuho's group companies specializes in a different function, and as a long-term partner in providing appropriate products and services that are in our customers' best interests, and in seeking to continue to be our customers' most trusted financial services group, Mizuho has established and announced our response policies for each function and the following group management policies as our action plan for fulfilling our fiduciary duties with respect to asset management-related business, and we are taking customer-oriented measures to implement these policies.

Group Management Policies

In fulfilling our fiduciary duties, Mizuho Financial Group prioritizes our customers' interests above all else. We comply with the following group management policies when providing products and services which meet our customers' needs and are in their best interests.

1. Corporate Governance

- Mizuho Financial Group has established—at the holding company level—a corporate governance system which holds the group's management accountable and encourages them to practice self-discipline. In the context of asset management-related business as well, the group will build governance systems to ensure the appropriate levels of independence between the holding company and the group's asset management companies, and between the group's sales companies and asset management companies.
- In addition to establishing and disclosing specific plans of action on the part of each group company, the compliance departments shall report to the board of directors and other relevant parties the state of compliance pursuant to the Policies Regarding Mizuho's Fiduciary Duties.

2. Evaluating Performance

- An appropriate performance review system will be established at each group company to evaluate initiatives which meet our customers' needs and are in their best interests.

3. The Rationality of Remuneration, Etc.

- Rational levels of remuneration, fees and commissions. shall be set according to the nature of the products and services provided to customers.

4. Monitoring Conflicts of Interest

- We will enhance monitoring of intra-group conflicts of interest.

Policies by Function: Sales

1. Building Appropriate Product Lines in Response to Customers' Needs

- 1) Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities aim to provide customers with excellent investment opportunities on a group basis.
- 2) Based on our customers' investment objectives, Mizuho will thoroughly review our existing products and consider adopting new products which help customers to steadily build their assets.

2. Providing Investment Products to Customers via Consulting Services

- 1) In order to appropriately understand our customers' respective investment goals, Mizuho will strive to accurately assess the state of our customers' assets and liabilities and their tolerance for risk.
- 2) Mizuho will provide consulting services based on pertinent, high-quality information to improve our customers' understanding of the characteristics of various products, including each

product's risks and fees and commissions.

- 3) We will make earnest efforts to enhance our consulting capabilities and pursue new methods of making proposals using the latest technologies to sustainably provide high value-added services.
- 4) We will promote a high degree of transparency in setting fees and commissions in the interest of providing high value-added services at a reasonable cost.

3. Attentive Follow-Up Service to Help Customers Achieve Their Goals

- 1) Through attentive follow up services, we will provide information and advice to assist customers in making appropriate investment decisions.
- 2) We will strive to reliably execute and improve our business activities so that customers can invest with confidence.

4. Laying Foundations to Help Customers Invest with Confidence and Steadily Build Their Assets

- 1) We plan to enhance useful services which help to improve the financial and investment knowledge of our customers.
- 2) We will strive to share an understanding of our customers' respective investment goals, and to enhance personnel development as an organization in order to provide consulting services of the highest standard.

Policies by Function: Asset Management & Product Development

1. Enhancing Asset Management

- 1) Mizuho will aim to provide added value of the highest standard to our customers by enhancing investment analysis and decision-making capabilities through further reinforcements to our personnel base and asset management foundations.
- 2) To continue to provide optimal solutions to our customers' asset management needs, we will continuously pursue improvements in existing asset management methods and new methods and investment opportunities.

2. Initiatives to Continuously Improve Product Quality and Develop New Products Based on Customers' Needs

- 1) Through appropriate risk management and checking of products, Mizuho will continuously improve the quality of our products and respond to changes in the market environment.
- 2) With our understanding of our customers' needs and our expertise as asset management professionals, we will develop products which help our customers to steadily build their assets.
- 3) In seeking to provide superior products at a reasonable cost, we will take a customer-oriented view and promote a high degree of transparency in setting management fees.

3. Enhancing the Provision of Information and Services from the Customer's Perspective

- 1) In an effort to become our customers' most trusted confidant, Mizuho will practice the highest

quality of service.

- 2) We will prioritize convenience and ease of understanding in providing customers with the most appropriate information.
- 3) We plan to enhance useful services which help to improve the financial and investment knowledge of our customers.

4. Strengthening Corporate Governance

- 1) In an effort to further strengthen our organizational structure in consideration of our customers' best interests, Mizuho will build a corporate governance system that is of the highest standard in its industry and ensures the independence of the asset management entities.
- 2) Decisions pertaining new product development will be made based on objective evaluations and highly transparent processes, which will include the involvement of the compliance divisions.

Policies by Function: Asset Administration

1. Strengthening the System for Providing Asset Administration Services

- 1) Our customers' asset management needs are becoming increasingly more refined and more globalized. In response, Mizuho will continuously advance initiatives to enhance our operational and IT infrastructure and develop personnel with a high degree of specialized expertise, so that we can continue to provide for our customers the same consistently high quality asset administration services such as custody, settlement, and various forms of reporting with regard to customers' assets entrusted to us.

2. Initiatives to Improve Service Quality and Develop New Services

- 1) So that customers can be comfortable with entrusting their assets to us, Mizuho practices proper administration of trust assets, and continuously works to develop new services in a broad range of fields pertaining to asset administration with the ultimate aim of providing optimal solutions in anticipation of customers' increasingly diversified and complex needs.
- 2) We regularly examine the processes for setting asset administration fees to ensure that they reflect the nature of the services we provide to our customers.

3. Enhancing the Provision of Information in Support of Customers' Investment Activities

- 1) In addition to accurately reporting the state of assets in trust, Mizuho will strive to enrich our various services for providing information to investors to enhance their investment management efforts.

The following are summaries of action plans* for carrying out Mizuho's fiduciary duties, formulated by each group company based on the response policies for the sales, asset management & product development, and asset administration functions respectively.

* An action plan is a compilation of the measures to be carried out by each group company which handles the relevant functions. For the details of the action plans of each company, please see the notices on the respective websites of each company (only available in Japanese).

Action Plan with Regard to Sales Functions

Group companies which handle sales functions:

Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities

1. Building Appropriate Product Lines in Response to Customers' Needs
<ul style="list-style-type: none"> ● Mizuho Bank, Mizuho Trust & Banking, and Mizuho Securities will construct systems for delivering products which make full use of the resources and capabilities of each group company.
<ul style="list-style-type: none"> ● Refine the processes for introducing, revising, and abolishing products in the interest of maintaining a high quality product lineup which is in tune with our customers' needs, such as a medium- to long-term investment horizon.
2. Providing Investment Products to Customers via Consulting Services
<ul style="list-style-type: none"> ● Construct a system for holding discussions with customers regarding their financial position (state of assets and liabilities), conducting various forms of analysis, and correctly assessing factors such as the customer's tolerance for risk.
<ul style="list-style-type: none"> ● In addition to providing enough information to customers, encourage explanations of product characteristics, etc. to be delivered in as simple language as possible.
<ul style="list-style-type: none"> ● Further standardize the processes for making product proposals to refine these proposals and their explanations in the interest of delivering high value-added services to customers.
<ul style="list-style-type: none"> ● Search out solutions which utilize the latest technology and aggressively employ them to revise our consulting methods depending on the customer point of contact (in-branch, internet, etc.) and their diverse asset management needs.
<ul style="list-style-type: none"> ● Clarify our approach to fees and commissions.
<ul style="list-style-type: none"> ● Formulate and refine methods for checking the appropriateness of fees and commissions.
3. Attentive Follow-Up Service to Help Customers Achieve Their Respective Investment Goals
<ul style="list-style-type: none"> ● Strive to improve Mizuho's ability to provide sound information and advice to aid customers in making investment decisions by conducting attentive follow-up activities—such as checking the state of assets held by customers in light of changes in the investment environment and diagnosing the health of customers' portfolios according to their investment goals.
<ul style="list-style-type: none"> ● Further improve the integrity of our operations by refining operational processes and promoting IT-driven initiatives, including the digitization of various forms.

4. Laying Foundations to Help Customers Invest with Confidence and Steadily Build Their Assets

- Provide customers with useful opportunities to improve their financial and investment expertise—including promoting various seminars and other content which may prove useful in understanding market conditions—depending on the customer's point of contact (in-branch, internet, etc.) and their diverse asset management needs.
- Promote stronger education for business promotion staff and refine our methods of evaluating the performance of these employees in the interest of delivering appropriate and well-tailored consulting services according to customers' diverse asset management needs.

Action Plan with Regard to Asset Management and Product Development Functions

Group companies which handle asset management and product development functions:

Mizuho Trust & Banking, Mizuho Securities, Mizuho Asset Management, DIAM Asset Management, and Shinko Asset Management

1. Enhancing Asset Management

- Sustainably deliver high value-added services to our customers by strategically developing the next generation of asset management experts using—among other methods—external training programs.
- In a move to clarify the responsibilities of and incentives for employees to add value for customers, Mizuho will work to build a system such that evaluations of the performance of asset management expert personnel at the consolidated firm^{*1} will be linked to performance to a greater degree.
- Further improve value added by building a framework for aggregating and making use of the asset management expertise of the four companies to be consolidated.
- Further refine our asset management capabilities through ESG^{*2} and Stewardship Code^{*3}-related initiatives, improving on existing investment models, and broadening the scope of assets subject to investment.

2. Initiatives to Continually Improve Product Quality and Develop New Products

- Maintain and improve the quality of our products to a level which meets our customers' expectations by refining Mizuho's risk management, our methods for evaluating and analyzing our performance, and other ways of examining asset management performance.
- Strengthen the system for communicating between the sales firms to increase opportunities for employees to trade opinions and engage in debate with other internal parties in order to more accurately comprehend our customers' needs.
- Strengthen the framework for reflecting feedback from and the opinions of customers in product development and in materials produced for customers.
- Clarify our approach to determining management fees.

3. Enhancing the Provision of Information and Services from the Customer's Perspective

- Refine portfolio analysis of pension customers and strengthen consulting proposals.
- Strengthen ability to provide useful investment information by enhancing seminars for customers and support for sales firms.
- Continuously enhance our abilities to provide useful information and improve convenience for our customers by supporting the use of tablet computers and delivering materials over the Internet.
- Enhance useful services for improving customers' knowledge of investing.
- Enhance educational materials for individual investors according to the asset management viewpoint laid out in the customer's life plan.

4. Strengthening Corporate Governance

- In putting the interests of our customers first, build a framework which ensures the proper independence of the holding company and the sales companies by appointing independent outside directors at the consolidated firm.
- Introduce asset management products which address customers' needs and improve performance, and build a robust administrative system.
- In adopting the Stewardship Code, maintain and comply with rules pertaining to conflicts of interest, such as when exercising shareholder voting rights as a responsible investor.
- Establish highly transparent processes at the consolidated firm for developing new products according to customers' needs.

*1 Consolidated firm: as is described in the press release dated September 30, 2015, DIAM Asset Management, the asset management functions of Mizuho Trust & Banking, Mizuho Asset Management, and Shinko Asset Management will be consolidated into a single company during the first half of fiscal 2016.

*2 ESG is an abbreviation of Environment, Social, and Governance, and it is one of the standards by which investors choose their targets for investment.

*3 Japan's Stewardship Code establishes a set of useful principles to aid responsible institutional investors in fulfilling their duty to enhance the medium- to long-term investment return for their clients and beneficiaries by improving investee companies' enterprise value and fostering their sustainable growth.

Action Plan with Regard to Asset Administration Functions

Group companies which handle asset administration functions:

Mizuho Trust & Banking and Trust & Custody Services Bank

1. Strengthening the System for Providing Asset Administration Services

- Constantly pursue the best practices in asset administration services.
- Continuously enhance infrastructure through strategic investments in IT in the interest of responding appropriately to changes in rules and regulations, new asset management methods, and new potential targets in which to invest.
- Make strategic efforts to develop the next generation of highly-qualified asset administration experts by enhancing employee training and education.

2. Initiatives to Improve Service Quality and Develop New Services

- Respond quickly to new asset management methods and new potential targets for investment, and proactively support customers' "new initiatives" from the standpoint of asset administration.
- Increase points of contact with customers in the interest of incorporating their direct feedback regarding topics such as their asset administration needs and their evaluation of our services into our business strategy.
- Set asset administration fees appropriately to reflect the nature of the services provided, and regularly verify the processes for setting these fees.

3. Enhancing the Provision of Information in Support of Customers' Investment Activities

- Make adjustments to systems which enhance Mizuho's ability to provide information regarding the rules, regulations, and systems of the markets of various countries and information about the assets in which our customers invest.