

June 13, 2018  
Mizuho Financial Group, Inc.

**Strengthening our stance on  
responsible investment and financing**

Mizuho Financial Group, Inc. (President & Group CEO: Tatsufumi Sakai) and our group companies (collectively, “Mizuho”) recognize that CSR initiatives help contribute to the sustainable development of society and provide a platform for creating and advancing our corporate value, and therefore we have positioned CSR initiatives as a pillar of our corporate conduct and are proactive in implementing these initiatives.

We are actively strengthening our efforts to interpret changes in the surrounding environment for our clients and society as a whole in the context of medium- to long-term risk and opportunity. This will enable us to provide optimal solutions to social issues, such as those identified in the United Nations' sustainable development goals (SDGs). By drawing on Mizuho's full capabilities in order to contribute to the sustainable development of society in this manner, we will also enhance our corporate value.

In particular, we are focusing on promoting products and services which contribute to solving environmental and social issues, for example by financing renewable energy businesses, revitalizing local economies, and supporting innovative startups to grow their businesses. Additionally, we are strengthening our stance on responsible investing and financing from a risk management perspective.

Some of the ways in which we have already been focusing on responsible investing and financing include our subsidiary Mizuho Bank, Ltd. applying the Equator Principles in relation to the financing of large-scale development projects, and our subsidiaries Mizuho Trust & Banking Co., Ltd. and Asset Management One Co., Ltd. putting an emphasis on stewardship responsibilities.

As part of our commitment to further strengthening our stance on responsible investing and financing, we are announcing the establishment of Policies on Specific Industrial Sectors (PSIS), which takes into account our existing Policies for Environmental Initiatives as well as our Human Rights Policy, which was established in April of this year.

The PSIS affirm our commitment to considering risks such as environmental and social risks when engaging in business with clients in certain industries (such as weapons, coal-fired power generation, palm oil, and lumber) where there is a high possibility that

our involvement with the client could contribute to adverse environmental or social impacts. We will determine whether to extend credit or assist with capital raising for such clients after confirming the measures which the client is taking to avoid or mitigate such risks, and other due diligence as appropriate based on the characteristics of the services we are providing.

Additionally, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Mizuho Securities Co., Ltd., and Mizuho Americas LLC have put in place an operational framework for implementing the PSIS which will be in effect from June 15, 2018.

# 1. Overview of our policies regarding responsible investment and financing

Reference 1

## (1) Policies for Environmental Initiatives\*

- We recognize both the potential risks and opportunities involved in environmental initiatives and will take voluntary, proactive action to address climate change issues, build a low-carbon society, promote a sound material cycle, preserve biodiversity, and other initiatives, adopting a preventative approach.
- We aim to engage in appropriate partnerships and collaboration with a diverse range of stakeholders.
- In addition to proactively disclosing information, we seek to maintain close communication with the public.
- Primary initiatives
  - ✓ We aim to draw on our expertise as a global financial services group in order to develop and provide financial products and services which encourage greater public awareness and consideration of environmental concerns.
  - ✓ Mizuho makes an effort to manage the environmental impact of our business operations by reducing our resource and energy usage as well as by practicing responsible waste disposal.
  - ✓ Through our business operations and our partnership and collaboration with a diverse range of stakeholders, including our clients, suppliers, competitors, local communities, and government organizations/officials, we are able to effect change through our value chain.

## (2) Human Rights Policy\*

- We are aware of the ways in which our business operations have the potential to impact human rights and we are committed to ensuring our actions are respectful of internationally recognized human rights.
- We strive to carry out due diligence to prevent or mitigate adverse human rights impacts. Additionally, we continue to further incorporate human rights perspectives into our existing internal procedures.
- Mizuho is committed to treating all employees with dignity and to ensuring respect for their human rights. We also recognize that we could contribute to or be linked with adverse human rights impacts by way of our clients or business relationships, and as such we encourage our suppliers to adhere to the same standards in terms of respecting human rights.
- We disclose regular updates on our progress on human rights, place emphasis on engagement with stakeholders, and strive for transparency and responsiveness.

## (3) Policies on Specific Industrial Sectors (newly established)

### 1. Objective in establishing these policies

- Companies are expected to contribute to the sustainable development of society as good corporate citizens. In terms of the social and environmental impact of business decisions and business activity, companies need to consider the expectations of their stakeholders and ensure that their actions are not only aligned with international standards but also transparent and ethical.
- At Mizuho, we understand the importance of our social responsibility and duty to the public and we ensure that our corporate conduct fulfills our responsibilities to the communities in which we operate, giving due consideration to the expectations of a diverse range of stakeholders. This enables us to contribute to sustainable social and economic development as well as be part of the solution to issues affecting society.
- One of the ways in which we fulfill our social responsibility and duty to the public is to provide financial services such as financing and capital raising support to companies which are taking appropriate measures to address social issues. At the same time, we are also sensitive to the risks involved in engaging in business with companies connected to adverse social impacts such as environmental or human rights issues, or which are not taking appropriate measures to meet stakeholder expectations.
- These policies affirm our commitment to considering environmental and social risks when engaging in business with clients in industries (such as weapons, coal-fired power generation, palm oil, and lumber) where there is a high possibility that our involvement with the client could contribute to adverse environmental or social impacts.

### 2. Businesses subject to these policies, implementation methods

- We will determine whether to extend credit or assist with capital raising for clients/projects in subject sectors after considering 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.

\*See our website for more details:

Policies for Environmental Initiatives (<https://www.mizuho-fg.com/csr/environment/policy/index.html>)

Human Rights Policy (<https://www.mizuho-fg.com/csr/human/respect/index.html>)

## 2. Specific measures regarding responsible investment and financing

### 1. Decisions on whether to engage in certain business transactions

Our decisions on whether to engage in certain business transactions involve consideration of the potential extent and scope of environmental or social impact, and any potential conflicts in terms of climate change, biodiversity, and human rights (including issues related to community impact, indigenous peoples' rights, and workers' rights). This perspective, in addition to our Policies on Specific Industrial Sectors and our internal rules and regulations regarding relevant operations such as the provision of financing or support for raising funds, is part of our cautious and considered approach aimed at avoiding or mitigating adverse environmental or social impacts.

#### (1) Primary examples of prohibited transactions

In consideration of public interest as well as from a moral and humanitarian stance, we refuse to engage in transactions of the following nature:

- Providing investment, financing, or other such services to organizations, individuals, or other entities related to or affiliated with organized crime groups, or engaging in business deals benefitting or in any way involving organized crime
- Extending credit to organizations, individuals, or other entities whose business operations violate laws or regulations, or who engage in illegal activity or activity which seeks to circumvent the law
- Extending credit to organizations, individuals, or other entities whose business operations defy public morals, are ethically problematic, or otherwise contravene social norms, or who have high potential to be the subject of public criticism due to the nature of their business operations
- Providing investment, financing, or other such services to manufacturers of cluster munitions

#### (2) Primary examples of transactions which require additional due diligence

For certain sectors such as those listed below, where there is a particularly high possibility of contributing to adverse environmental or social impacts, our decisions regarding whether to engage in business transactions take into consideration any applicable international standards or guidelines, whether the

client or project has received relevant certifications, and whether there are any potential conflicts with local communities.

- Weapons

We avoid providing investment, financing, or other such services which will be used for the manufacture of weapons designed to kill or inflict structural damage during wars or armed conflicts.

- Coal-fired power generation

Compared to other forms of power generation, coal-fired power generation produces more greenhouse gases, in addition to producing harmful substances such as sulfur oxide and nitrogen oxide. Therefore, it contains a higher risk of contributing to climate change, air pollution, and other environmental impacts. With this in mind, when deciding whether to extend credit which will be used for coal-fired power generation, one of our primary considerations is whether the use of greenhouse gas-producing technology is appropriate due to economic necessity when compared to feasible alternative technologies which offer similar levels of energy efficiency.

- Palm oil and lumber

While we recognize that palm oil, wood, and other forest products are essential commodities for maintaining our lifestyles and infrastructure, we are also aware of the potential human rights abuses within the production process such as the violation of indigenous people's rights or the use of child labor, in addition to environmental issues such as deforestation (including forest burning) and damage to biodiversity. In order to avoid becoming involved in such projects which may inflict human rights abuses or environmental destruction, our business decisions involve a thorough examination of whether there are any potential conflicts involving indigenous people or local communities and we take into consideration whether the client/project has received certification for the production of sustainable palm oil or whether they have been certified for responsible forest management.

## 2. Governance

Relevant governing bodies within Mizuho such as our Executive Management Committee and/or Business Policy Committee will regularly review whether our measures related to the sectors and business operations under our Policies on

Specific Industrial Sectors are appropriate and sufficient, as well as the ways in which the policies are being applied to business transactions. Following these reviews, the policies may be revised or other changes may be made to enhance their implementation.

### 3. Education and training

Mizuho will conduct training and professional development exercises to enhance executive officers' and employees' understanding of environmental and human rights issues. We will also implement educational seminars, training, and awareness building activities for executive officers and employees regarding compliance with the internal regulations and procedures which are relevant to their field of work.

### 4. Stakeholder communication

As part of our initiatives in this area, through our business operations and through collaboration and partnership with a diverse range of stakeholders, we aim to effect change through our value chain. Additionally, we place a strong emphasis on dialogue with stakeholders. Our objective in taking this approach is to ensure that our responsible investment and financing initiatives are aligned with society's standards and expectations.

## Key CSR initiatives in FY2018

### Strengthen our promotion of business that contributes to the sustainable development of society

- 1. Promote initiatives which take into consideration structural changes\* which impact our clients and society as a whole**
  - Provide products and services which contribute to solving environmental and social issues
  - Solve issues through open innovation and partnerships with companies outside the financial sector
  - Create new business and transform existing business by adopting new technologies
- 2. Strengthening our stance on responsible investment and financing**

\*United Nations sustainable development goals; low birthrate, aging society, and declining population; globalization; technological revolution; climate change, etc.

### Strengthen our foundations to better enable us to take action in line with society's expectations

- 3. Strengthen our business foundations on a group-wide and global basis**
  - Enhance our corporate governance
  - Enhance our risk governance
  - Strengthen our IT governance and system development framework
  - Establish a stronger corporate culture
  - Build a robust compliance framework
  - Enhance our response to human rights concerns
- 4. Promote the development and active participation of our diverse workforce**
  - Promote diversity and inclusion
  - Proactive approach to promoting the health and wellbeing of employees, as well as creating a healthy work environment
- 5. Promote customer protection management and financial crime prevention**
- 6. Efforts to reduce the environmental impact of our business operations**

### Promote activities that benefit society while taking into consideration the needs of the local community

- 7. Continuous initiatives to promote financial literacy/education**
- 8. Promotion of activities that consider the needs of the local community**