

May 22, 2019  
Mizuho Financial Group, Inc.

## **Strengthening our stance on advancing sustainability initiatives**

We at Mizuho Financial Group, Inc. (President & Group CEO: Tatsufumi Sakai) have continually strengthened initiatives to create value for our varied stakeholders, and have positioned CSR initiatives as a pillar of our corporate conduct. At Mizuho, sustainability is defined as “achieving sustainable and stable growth for Mizuho, and through this growth, contributing to the sustainable development and prosperity of the economy, industry, and society around the world”. Sustainability initiatives will be an integral part of our strategy moving forward, and we have strengthened our stance on advancing group-wide sustainability initiatives as per the following.

### **1. Establishing a Basic Policy on Sustainability Initiatives (Attachment 1)**

After deliberation at the Executive Management Committee and the Board of Directors, a Basic Policy on Sustainability Initiatives was established to define our fundamental approach and methods for advancing sustainability initiatives. Our group companies have adopted the same policy, allowing implementation of future initiatives on a group-wide level. We are also striving to continually enhance these initiatives, placing due emphasis on dialogue with stakeholders.

#### **Fundamental approach for sustainability initiatives**

By taking a long-term approach for key sustainability areas, Mizuho will be able to conduct management in a way that considers creation of value for a range of stakeholders and achieves improvement of corporate value through sustainable, stable growth for the entire group. As a result, we can contribute to the sustainable development and prosperity of the economy, industry, and society in Japan and around the world.

## **2. Identifying key sustainability areas (Attachment 1)**

In order to advance sustainability initiatives consistently throughout the group, in the recently established 5-year Business Plan: Transitioning to the Next Generation of Financial Services, we have defined key sustainability areas (materiality) according to the expectations and requests of stakeholders and based on the importance and compatibility of such initiatives for our strategy, as well as impact on medium- to long-term corporate value, and have set related KPIs and objectives.

Each in-house company, unit, and group will establish a strategy incorporating sustainability initiatives, and our core group companies are being instructed to promote these initiatives in a suitable manner.

### **Materiality**

In addition to the business-related issues (a declining birth rate and ageing population in Japan, wellbeing and longevity, industrial development and innovation, sound economic development, and environmental considerations) and the issues related to corporate foundations (corporate governance, human capital, and the environment and society), we have identified open partnerships and collaboration with a diverse range of stakeholders as another priority.

## **3. Addressing climate change and revising our Policies on Specific Industrial Sectors (Attachment 2)**

Climate change is closely tied to various economic and social issues, and we recognize that addressing climate change is an important issue in the medium to long term. As a financial services group, we are dedicated to holding dialogue with customers and other stakeholders and fulfilling our consulting role, and will proactively address climate change and support the shift to a low-carbon society. These initiatives will also be promoted for the purpose of securing stable energy supplies in countries around the world.

Specifically, “environmental considerations” and “the environment and society” will be defined as key sustainability areas (Attachment 1) for business and corporate foundations respectively, and the amount of business for green finance and sustainable finance deals will be set as a business monitoring indicator for environmental considerations and other issues as we

take action to expand these areas.

Also, the Policies on Specific Industrial Sectors<sup>1</sup> were revised to create tighter standards on our involvement in business related to coal-fired power generation.<sup>2</sup> Mizuho Bank, Ltd.; Mizuho Trust & Banking Co., Ltd.; Mizuho Securities Co., Ltd.; and Mizuho Americas LLC adopted these Policies which went into effect on July 1, 2019. Furthermore, we will conduct phased implementation of initiatives based on the Recommendations of the Task Force on Climate-related Financial Disclosures, and disclose information as appropriate.

Along with working to disseminate sustainability initiatives among employees, Mizuho is taking proactive action for the achievement of the sustainable development goals (SDGs).

Attachment 1: Mizuho's sustainability initiatives

Attachment 2: Overview of responsible investment and financing, and details of this revision

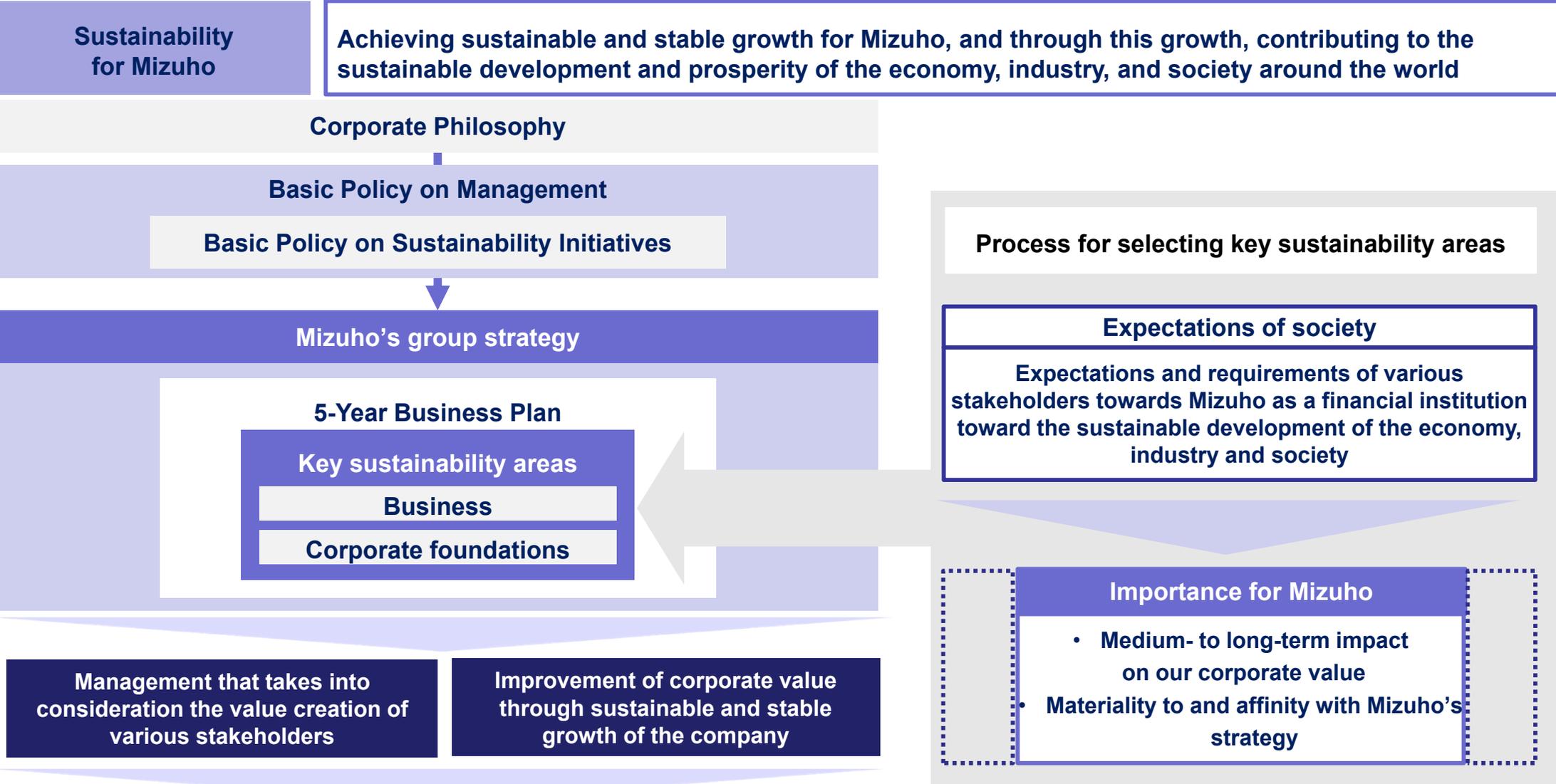
Notes 1: Established in May 2018 in anticipation of strengthening our stance on responsible investment and financing.

2: Changes are below.

Prior to revision	After revision
<p>■ <u>Examination of technological efficiency</u> <i>"...when deciding whether to extend credit...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."</i></p>	<p>■ <u>Clarification of consistency with guidelines, national policies, etc.</u> <i>"...only provide financing or investment...in the case that the project meets international guidelines (e.g. OECD Arrangement on Officially Supported Export Credits), the energy policy and climate change measures of the target country, as well as the energy policy, laws, and regulations of Japan."</i></p> <p>■ <u>Clarification of technological efficiency</u> <i>"Even if such conditions are met, financing/investment is in principle limited to technology that is at least as high-efficiency as state-of-the-art ultra-supercritical generators. (However, this excludes business to which Mizuho is already committed as of the start of this policy.)"</i></p>

# Attachment 1: Mizuho's sustainability initiatives – basic philosophy

■ In response to stakeholders' expectations and requirements, Mizuho will identify and address key sustainability areas in light of the medium- to long-term impact on our corporate value and affinity with our strategy and business areas



 **Contribution to achieve the SDGs**

Contribution to sustainable economic, industrial and social development, and prosperity around the world

# Key sustainability areas (materiality)

## Business

**Declining birthrate and aging population, plus good health and lengthening lifespans**



- Asset formation to prepare for the future
- Expand services that respond to a society with a declining birthrate and aging population
- Convenient services in line with diversifying lifestyles

**Industry development & innovation**



- Smooth business succession
- Industry transformation
- Acceleration of innovation
- Growth in Asian economic zones
- Creating resilient social infrastructure

**Sound economic growth**



- Strengthening capital markets functions
- Transition to cashless society
- Environmentally conscious social programs

**Environmental considerations**



- Stable energy supply and addressing climate change

## Corporate foundations

**Corporate governance**



- Enhancing corporate governance
- Risk management, strengthening our IT infrastructure, and compliance
- Disclosure of information in a fair, timely, and appropriate manner, and holding dialogue with stakeholders

**Personnel**



- Talent development and creating workplaces that give employees a sense of purpose

**Environment & society**



- Environmental and human rights considerations for investment and lending
- Addressing climate change
- Improving financial and economic literacy, and promoting activities that contribute to society based on regional and societal needs

**Open partnerships and collaboration with a diverse range of stakeholders**



Note: Icons indicate relation to major Sustainable Development Goals (SDGs)

## Business (KPI)

### Declining birthrate and aging population, plus good health and lengthening lifespans

#### Asset formation to prepare for the future

- The total balance of investment products held by individual customers
- Total number of individual customers who use investment products
- Net increase in publicly offered investment trust assets under management

### Industry development & innovation

#### Smooth business succession

- Number of clients provided with consulting

#### Acceleration of innovation and industry transformation

- No.1 in IPO-related business

### Environmental considerations

- Amount of green finance & sustainable finance

## Corporate foundations

### Diversity & Inclusion

Item	Target	Target time frame	Achievement (Mar 2019)
Percentage of management positions filled by women (general manager and manager equivalent)*	20%	Jul 2024	14%
Item	Level to be achieved continuously	Achievement (FY2018)	
Percentage of management positions filled by employees hired outside Japan**	65%	65%	
Percentage of new graduates hired for management track jobs who are female*	30%	32%	
Percentage of paid annual leave taken by employees*	70%	78%	
Percentage of eligible male employees who take childcare leave*	100%	100%	

\*Japan (FG/BK/TB/SC) \*\*Ex-Japan (BK/TB/SC)

### Environmental Burden Reduction

† Calculated from electricity usage by FG and core group company facilities in Japan

CO<sub>2</sub> emissions basic unit† (CO<sub>2</sub> emissions/total floor area)

Long-term target: Reduce by 19.0% as of FY2030 compared to FY2009

Medium-term target: Reduce by 10.5% as of FY2020 compared to FY2009

Green purchasing ratio target for paper of at least 85% (FG/Core group companies)

Paper recycling ratio target of at least 95% in FY2020 at major offices in Japan

### Financial Education

Total financial education participants of 60,000 or more from FY2019 to FY2023

## [Attachment2]

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

### (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 etc 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

Climate change is closely tied to various economic and social issues, and we recognize that addressing climate change is an important issue in the medium to long term. As a financial services group, we are dedicated to holding dialogue with customers and other stakeholders and fulfilling our consulting role, and will proactively address climate change and support the shift to a low-carbon society. These initiatives will also be promoted for the purpose of securing stable energy supplies in countries around the world.

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 presents a higher risk of contributing to climate change, air pollution, and other environmental impacts. With these points in mind, we will only provide financing or investment that will be used for the construction of new coal-fired power generation facilities in the case that the project meets international guidelines (e.g. OECD officially supported export credits guidelines), the energy policy and climate change measures of the target country, as well as the energy policy, laws, and regulations of Japan. Even if such conditions are met, financing/investment is in principle limited to technology that is at least as high-efficiency as state-of-the-art ultra-supercritical generators. (However, this excludes business to which Mizuho is already committed as of the start of this policy.)

- 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.