

Clarification regarding claims published by certain NGOs concerning Mizuho's
amount of financing to the coal industry

German NGO Urgewald and its partner NGOs published a report¹ on February 25, 2021 which includes a claim that Mizuho has provided USD 22.2 billion in lending to the coal industry since October 2018 and is the largest such lender globally.

Mizuho has engaged in communication with Urgewald on multiple occasions and made an effort to understand their concerns as well as to explain our policy and initiatives regarding climate change issues, aiming to foster mutual understanding between the two parties. As part of this dialogue, we have shared with Urgewald our concerns that the claims made in the report do not reflect the reality and that there are issues with the accuracy and appropriateness of the stated financing amount. Below we outline our understanding of this topic in order to share the same information with our stakeholders.

The following are the specific issues we have identified:

- (1) Issue regarding the selection of data sources used to calculate the aggregate amount of financing
 - The report is compiled using only publicly available data for certain countries and transactions, and only based on arrangement amounts for syndicated loans and similar.
 - ➔ Because the data compiled is only a portion of financing transaction data, it is difficult to make accurate comparisons.
- (2) Issue regarding the method used to calculate the aggregate amount of financing
 - Lending for working capital unrelated to coal mining and coal-fired power generation businesses is included in the calculation, and the amount used is not the loan amount but rather the committed facility amount.
 - Committed facility amounts and loans are counted in duplicate each time they are renewed within the target period.
 - ➔ The financing amount has not been calculated appropriately and is significantly inflated.
- (3) Issue regarding the method of selecting the companies included in the data

¹ "Groundbreaking Research Reveals the Financiers of the Coal Industry"
(<https://urgewald.org/en/medien/groundbreaking-research-reveals-financiers-coal-industry>)

- Companies are included based on the share of coal-related business within the overall business and the share of coal-fired power generation within power production at each subsidiary level, and then loans to the parent company are included in the total amount for this analysis regardless of the purpose of use of those funds.
 - Efforts that companies are making to transition to a low-carbon society are not taken into consideration.
- ➔ Unlike other such calculations regarding the industry, there is no weighting based on business composition, resulting in the amount being significantly inflated.

We reviewed the aggregate data and found that within the USD 22.2 billion figure quoted by Urgewald and the other authors, USD 3.6 billion is duplicate, counting the same loans within the target period multiple times (resulting from issue (2) above). Additionally, USD 5.4 billion can be attributed to lending to companies where the coal share of revenue/power production is 5% or less of consolidated revenues and which have set policies for eliminating their reliance on coal (resulting from issue (3) above, excluding the duplicate amounts identified in issue (2)). Based on the above, we believe that at least 40% of the stated amount has been included in the aggregate figure erroneously.

Also, another issue is that the aggregate figure includes multiple loans for which the funds were earmarked for uses unrelated to coal-related business. In light of these findings, we believe that the figure used to support the claim that Mizuho is the world's top lender to the coal industry does not reflect the reality and is inaccurate and inappropriate.

In accordance with our Environmental and Social Management Policy for Financing and Investment Activity updated in April 2020, Mizuho does not provide financing or investment for new construction of coal-fired power generation facilities or for coal mining projects employing the mountain top removal method. With the aim of enhancing policy administration, we will periodically revise this policy based on dialogue with our stakeholders, changes in the external environment, and the results of policy implementation.

We are placing importance on engagement (constructive dialogue) in our support for our clients' efforts to address the SDGs and ESG concerns, including the transition to a low-carbon society. Through engagement, we strive to deepen our understanding of our clients' challenges and needs and to provide consulting as a unified group to assist our clients in developing sustainability strategies incorporating business structure transformation. By providing diverse solutions in this way, we are offering support which leads to enhanced corporate value for our clients.

At Mizuho, we are continuing to advance sustainability initiatives across the group, including supporting the transition to a low-carbon society.