

Overview of our Environmental and Social Management Policy for Financing and Investment Activity

I. Our approach under our Environmental and Social Management Policy for Financing and Investment Activity

It is imperative for companies to collaborate with stakeholders in taking appropriate action on sustainability-related environmental and social agenda to achieve a medium and long-term corporate value and growth. Companies are expected to be good corporate citizens and contribute to sustainable development of domestic and international economies & societies. They are required to act in an ethical and transparent way and remain considerate of the impact their activities have on the environment and society. It is a company's responsibility to satisfy stakeholders' expectations in conformity with the international standards of corporate conduct.

Mizuho commits itself to environmentally-conscious action and to respecting internationally recognized human rights in *Mizuho Code of Conduct*, *Environmental Policy* and *Human Rights Policy*. As a global financial group, Mizuho will act as a responsible corporate citizen in satisfying our stakeholders' expectations and serving the communities in which Mizuho operate with sustainable social and economic development principles, and Mizuho will contribute to sustainable development of domestic and international economies & societies. Mizuho will fulfill financial brokerage and consulting functions as well vis-a-vis environmental and social agenda (such as actions on climate change, conservation of biodiversity, and respect for human rights) in an effort to enhance the positive impact on the environment and society, while seeking to prevent and mitigate the negative impact.

By providing financial services to the companies that properly address environmental and social agenda, Mizuho will be able to fulfill our social responsibility and commitment including our contribution to sustainable development of domestic and international economies & societies, our contribution to finding solutions to environmental and social agenda. At the same time, we are also sensitive to the risks involved in engaging in business with companies that do not properly address environmental and social agenda.

II. Scope of businesses subject to this policy and implementation methods of this policy

1. Scope of Businesses subject to this policy
 - Financing to client at our own discretion
 - Support of client's funding
 - Holding an asset in our own name to support client's business

More specifically, it refers to the following activities which are collectively called as '*financing and investment*' in this document:

- Lending¹, underwriting and proprietary investment in individual stocks, and trust service (excluding trust service related to asset management)

2. Implementation methods of this policy

- '*Prohibitions*' identify the projects and companies which have significant risks and/or significant adverse impacts on the environment and society. Mizuho will not provide *financing and investment* to such projects and companies.
- '*Other policies*' identify the projects and companies which have risks and/or adverse impacts on the environment and society. To prevent and mitigate the adverse impacts, Mizuho will make transactional decisions after taking such actions as follows, based on specific nature of individual financial activity: adding a process for checking the measures taken by client or requesting the client to take appropriate action, based on the *risks that Mizuho should recognize*.

III. Cross-sectional policies

1. Scope of application

Regardless of industrial sector,

- The projects which have significant risks or significant adverse impacts on the environment and society
- The projects which have risks or adverse impacts on the environment and society, requiring appropriate actions by the clients against such environmental and social agenda

2. Overview of risks that Mizuho should recognize

- The scope of '*Prohibitions*' covers the restrictions of international conventions.
- Development projects have inherent risks as follows: serious environmental pollution, human rights abuse including involuntary resettlement of indigenous peoples and local communities.
- There is a risk of delay in development and project completion resulting from protests organized by or lawsuits filed by indigenous peoples and local communities as well as human rights organizations.
- In conflict areas, there is a risk of human rights abuse due to various contexts of conflict or governance insufficiency for protecting human rights of civilians.

3. Policy

Prohibitions

¹ Includes corporate finance and project finance.

- Mizuho will not provide *financing and investment* to:
 - Projects which have adverse impacts on wetlands registered in the Ramsar Convention
 - Projects which have adverse impacts on sites and properties registered on the UNESCO World Heritage List, unless UNESCO and the government of the site/property location country have given a prior consent
 - Projects which are in violation of the Washington Convention (It is necessary to pay attention to any provisions suspended by the countries involved in the project)
 - Projects which are causing forced labor, child labor, and human trafficking

Other policies

- To prevent and mitigate the adverse impacts in the following projects, Mizuho will prudently make transactional decisions after verifying of the measures taken by the client based on the *risks that Mizuho should recognize*:
 - Projects which have adverse impacts on indigenous people's communities
 - Projects involving land acquisition which will result in involuntary resettlement of residents
 - Projects which is causing, contributing to or directly linked with human rights abuse in conflict areas
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.

IV. Policy on forced labor, child labor, and human trafficking

Mizuho commits ourselves to respecting internationally recognized human rights in our *Mizuho Code of Conduct*. Based on our *Human Rights Policy*, Mizuho strives to meet our responsibility to respect human rights throughout our global value chain in accordance with the *UN Guiding Principles on Business and Human Rights*.

Mizuho expects our clients to understand our commitments to human rights based on our *Human Rights Policy* and expects them to act to prevent and mitigate adverse impacts on human rights throughout their operations and supply chain as well as to provide remedy if necessary.

1. Scope of application
 - Companies exposed to risk of forced labor, child labor and human trafficking
2. Overview of risks that Mizuho should recognize
 - Forced labor, child labor and human trafficking are the extremely serious human rights issues that international conventions and laws prohibit.
 - Companies have a risk of causing or contributing to forced labor, child labor and human

trafficking through their business operations.

- Companies have a risk that forced labor, child labor, and human trafficking are directly linked to their operations, products, or services.

3. Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*. More specifically, Mizuho will perform *human rights due diligence*.

Human rights due diligence

(1) Identification and assessment of our client's adverse impacts on human rights

With the aim of eliminating forced labor, child labor, and human trafficking from our business and value chain, Mizuho will strengthen our human rights due diligence process and check if our clients have any risks of forced labor, child labor and human trafficking:

- When starting new *financing and investment* transaction with a company with no existing *financing and investment* transactions, or
- With regard to a company with existing *financing and investment* transactions, an external party shared findings or a public organization provided credible information.

(2) Measures to be taken by Mizuho if clients have any risks of forced labor, child labor and human trafficking

A. When the client is causing forced labor, child labor or human trafficking

- (a) If Mizuho has no existing *financing and investment* transactions with the client
 - Mizuho will not provide *financing and investment* to the company, if it is evident that forced labor, child labor, or human trafficking is caused by the company.
- (b) If Mizuho has existing *financing and investment* transaction with the client
 - If the client is evidently causing forced labor, child labor, or human trafficking, Mizuho will require the client to provide remedy and prevent recurrence.
 - If the client does not respond to our requirements after a certain period of time, we carefully consider whether or not to continue our business with them.

B. When the client is contributing to forced labor, child labor, or human trafficking, or when forced labor, child labor, or human trafficking is directly linked to the client's operations, products, or services

- Mizuho will engage in dialogues with the client to prevent and mitigate adverse impacts. More specifically, Mizuho will require the client to:
 - Report the progress of measures taken against the relevant issue
 - Take additional measures if measures taken by the client is unsatisfactory

V. Policy on transition risk sector

Based on our *Environmental Policy*, Mizuho will launch the following initiatives targeting at net zero greenhouse gas emissions society by 2050, and for building a climate-resilient society.

- Mizuho will reduce greenhouse gas emissions volume through our financing and investment portfolio in a medium and long-term perspective, to shift to a finance portfolio aligned with the Paris Agreement in a phased manner.
- Mizuho will engage in proactive, constructive dialogue in response to our clients' individual concerns and needs, and in support of their efforts to introduce climate change countermeasures and transition to a low-carbon society in both the medium and long term.

Mizuho formulated a policy on the industrial sectors which are faced with high transition risk (e.g. policy risk, technology risk, and reputation risk): such industrial sectors are collectively referred to as '*transition risk sector*'.

1. Scope of application

- Companies whose primary business is any of the following sectors:
 - Coal-fired, oil-fired and gas-fired power generation, coal mining, oil, gas, steel and cement

2. Overview of risks that Mizuho should recognize

- Companies whose primary businesses are those above are at a high risk of exposure to transition risks (policy risks, technology risks, reputational risks, etc.) if their responses to the transition to a low-carbon society are not appropriate.

3. Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*. More specifically, Mizuho will enter into *client engagement*.

Client Engagement

(1) Mizuho will request our clients to take the following measures for stepwise enhancement:

- Develop a strategy for shifting to a low-carbon society
- Set quantitative targets and/or medium and long-term KPIs to give validity to the strategy
- Take actions based on the strategy, targets and KPIs, as well as disclose the progress
- Measure and disclose greenhouse gas emissions volume
- Enhance disclosures based on TCFD or equivalent framework

(2) Mizuho will identify the risk classification of clients based on their primary business and transition risk response level.

- (3) Mizuho will check and evaluate client's transition risk response level at least annually, based on the criteria including, but not limited to:
 - Willingness to take measures against transition risk
 - Development of the strategy, setting of quantitative targets
 - Target level, tangibility of means to an end and progress, track record and objectivity
- (4) If the client has not developed a transition strategy one year after the first engagement, we make decisions whether or not to continue our business with them based on careful consideration

VI. Sector-specific policies

1. Weapons

(1) Scope of application

- Companies whose primary business is weapons manufacturing, sale or distribution
- Companies which manufacture:
 - Cluster munitions, antipersonnel landmines and biochemical weapons

(2) Overview of risks that Mizuho should recognize

- Companies which engage in the weapons business have an adverse social risk from the perspective of humanitarian due to its ability to be used as tools of killing, wounding or destruction in a war and/or military conflict.

(3) Policy

Prohibitions

- Mizuho will not provide *financing and investment* to:
 - Companies which manufacture cluster munitions, antipersonnel mines, and biochemical weapons

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.

2. Coal-fired power generation

(1) Scope of application

- Companies which run coal-fired power plant operations

(2) Overview of risks that Mizuho should recognize

- Coal-fired power generation has a risk of causing climate change or air pollution because it emits more greenhouse gas than other type of power generation and

releases sulfur oxide and nitrogen oxide.

(3) Policy

Prohibitions

- Mizuho will not provide *financing and investment* to:
 - Companies with no existing *financing and investment* transactions and whose primary business is coal-fired power generation
- Mizuho will not provide *financing and investment* which will be used for:
 - New construction of coal-fired power plant
 - Expansion of existing coal-fired power plant

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.
- We will support development of innovative, clean, and also efficient next-generation technology that will contribute to the energy conversions that lead to a low-carbon society by 2050.

3. Coal mining (thermal coal)

(1) Scope of application

- Companies which run coal mining (thermal coal) operations
- Companies which run infrastructure operations linked with coal mining (thermal coal)

(2) Overview of risks that Mizuho should recognize

- Coal mining has a risk of enormous adverse impacts on the environment including those on ecosystems resulting from hazardous waste produced from coal mines and removed soil in the development process.
- Coal mining has risks as follows in the absence of proper management of the mining sites: casualties in mining accident, forced labor of mineworkers, and human rights abuse such as involuntary resettlement of indigenous peoples and local communities caused by development project.
- Produced coals have a risk of increasing greenhouse gas emissions when they will be burned for power generation.

(3) Policy

Prohibitions

- Mizuho will not provide *financing and investment* to:
 - Companies with no existing *financing and investment* transactions and whose primary business is coal mining (thermal coal)

- Companies with no existing *financing and investment* transactions and whose primary business is infrastructure operations linked with coal mining (thermal coal)
- Mizuho will not provide *financing and investment* which will be used for:
 - Development of new coal mine (thermal coal)
 - Expansion of existing coal mine (thermal coal)
 - Acquiring an interest in existing coal mine (thermal coal), only when it is vital to the stable energy supply of a country which has announced a target of Net Zero greenhouse gas emissions by 2050², we may provide financing or investment based on careful consideration,
 - Development of new infrastructure linked with coal mining (thermal coal)
 - Expansion of existing infrastructure linked with coal mining (thermal coal)

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.

4. Oil and gas

(1) Scope of application

- Companies which run oil and gas extraction business
- Companies which run pipeline operation

(2) Overview of risks that Mizuho should recognize

- Depending on production and development method, oil and gas extraction business has a risk of emitting more greenhouse gas because of methane gas leaks, flaring, the energy used in extraction process.
- Oil and gas production-related assets have a risk of potential exposure to transition risk (e.g. tougher climate-related regulations, shifting to renewable energy).
- Oil and gas extraction has a risk of enormous adverse impacts on the environment including marine and river pollution in the event of oil and gas spills.
- At both construction and operation, oil and gas pipelines have risks as follows: adverse impacts on the environment due to deforestation or oil spills; human rights abuse such as involuntary resettlement of indigenous peoples and local communities.
- The projects indicated below particularly impose enormous burden on the

² Nationally Determined Contribution (NDC)

environment due to oil and gas extraction. They also have risks as follows: impacts on ecosystem, damages to biodiversity, and human rights abuse such as involuntary resettlement of indigenous peoples and local communities.

- The Arctic (66° 33' N and beyond) is the region which requires special consideration for preservation of rare species as well as the lives of indigenous peoples.
- A large volume of greenhouse gas is emitted from oil sands because the production requires heat treatment. It also has such risks as: deforestation due to oil sands deposits development; creating an impact on water resources by using a large volume of water; soil and water pollution resulting from wastewater.
- Shale oil and gas extraction with fracking has such risks as: creating an impact on water resources by using a large volume of water; soil and water pollution resulting from wastewater; triggering earthquakes.

(3) Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.
- For new *financing and investment* which is used for oil and gas extraction, Mizuho will assess if sufficient measures are taken by the client to reduce greenhouse gas emissions.
- Mizuho will carry out an appropriate environmental and social risk assessment based on operation-specific risks, for *financing and investment* which will be used for:
 - Oil and gas extraction in the Arctic
 - Oil sands extraction
 - Shale oil and gas extraction
 - Pipelines

5. Large-scale hydroelectric power generation

(1) Scope of application

- Companies which run large-scale hydroelectric power plant³

(2) Overview of risks that Mizuho should recognize

- Large-scale hydroelectric power generation has risks of impacts on regional river

³ Hydroelectric power plants with 25 MW or larger output and has 15m or higher dam wall.

ecosystems and damages to biodiversity, at construction of the power plant.

- Large-scale hydroelectric power generation has a risk of human rights abuse such as involuntary resettlement of indigenous peoples and local communities.

(3) Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.
- For *financing and investment* which will be used for large-scale hydroelectric power generation, Mizuho will recommend our clients to:
 - Carry out an environmental and social assessment based on Hydropower Sustainability Assessment Protocol.

6. Large plantations

(1) Scope of application

- Companies which run large plantation farming business⁴

(2) Overview of risks that Mizuho should recognize

- Destruction and burning of natural forests for development of large plantations as well as operations of plantations have such risks as:
 - Desertification and soil degradation resulting from deforestation, rise of global climate change risk
 - Reduction of wild fauna and flora habitats, damages to biodiversity
 - Violation of the rights of indigenous peoples resulting from logging and development of plantations
 - Troubles with local communities resulting from environmental destruction
 - Emission of carbon dioxide under the soil resulting from drying peatland, damages to the soil resulting from subsidence and submergence, and forest fires and pollution by smoke caused by carbon under the soil that caught fire
 - Illegal child labor in plantation farming

(3) Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.

⁴ Large plantation farming business refers to the plantation with 10,000 hectares or larger of land where any crops (e.g. soybeans, natural rubber, cacao and coffee beans) are cultivated, or used as pastureland.

- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.
- Mizuho will require our clients to:
 - Respect indigenous peoples' and local communities' right to FPIC⁵
 - Formulate a policy on the environment and human rights which includes NDPE⁶
- Mizuho will request our clients to:
 - Enhance their supply chain management and traceability to ensure that their policy will also apply to their supply chain

7. Palm oil

(1) Scope of application

- Companies which run oil palm plantation farming business

(2) Overview of risks that Mizuho should recognize

- Destruction and burning of natural forests for development of oil palm (the raw material for palm oil) plantations as well as operations of plantations have such risks as:
 - Desertification and soil degradation resulting from deforestation, rise of global climate change risk
 - Reduction of wild fauna and flora habitats, damages to biodiversity
 - Violation of the rights of indigenous peoples resulting from logging and development of plantations
 - Troubles with local communities resulting from environmental destruction
 - Emission of carbon dioxide under the soil resulting from drying peatland, damages to the soil resulting from subsidence and submergence, and forest fires and pollution by smoke caused by carbon under the soil that caught fire
 - Illegal child labor in plantation farming

(3) Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.
- Mizuho will check if our clients address the environmental and social agenda properly during the transaction period.

⁵ Free, Prior, and Informed Consent

⁶ No Deforestation, No Peat, No Exploitation

- Mizuho will urge our client to take immediate remedial measures if any unlawful act (e.g. deprivation of local certification) is identified. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
- Mizuho will enter into a dialogue with the client in the case of the client's failure to address environmental and social agenda. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
- Mizuho will require our clients to:
 - Respect indigenous peoples' and local communities' right to FPIC
 - Formulate a policy on the environment and human rights which includes NDPE
 - Satisfy either of the following requirements:
 - (a) Acquire RSPO⁷ certification for every plantation farm, or
 - (b) If a client is not to acquire RSPO certification, the client shall take measures equivalent to the certification and periodically deliver a status report.
 - If it will take time to satisfy the above-mentioned (a) or (b), the client shall formulate a time-bound action plan.
- Mizuho will request our clients to:
 - Enhance their supply chain management and traceability to ensure that their policy will also apply to their supply chain

8. Lumber and pulp

(1) Scope of application

- Companies which run forest logging operations⁸

(2) Overview of risks that Mizuho should recognize

- Large-scale commercial logging for lumber and pulp production has a risk of deforestation. Similarly, afforestation in the production of raw materials has a risk of leading to the destruction of old-growth forest. Both may result in the following issues:
 - Desertification and soil degradation resulting from deforestation, rise of global climate change risk
 - Reduction of wild fauna and flora habitats, damages to biodiversity
 - Violation of the rights of indigenous peoples resulting from logging
 - Troubles with local communities resulting from environmental destruction
 - Emission of carbon dioxide under the soil resulting from drying peatland, damages to the soil resulting from subsidence and submergence, and forest fires and pollution by smoke caused by carbon under the soil that caught fire

⁷ Roundtable on Sustainable Palm Oil

⁸ Operations for following purposes: producing lumber or producing woodchips as raw material for pulp

(3) Policy

Other policies

- To prevent and mitigate adverse impacts, Mizuho will make transactional decisions after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social agenda and as a result faces crucial difficulty continuing its business.
- Mizuho will check if our clients address the environmental and social agenda properly during the transaction period.
 - Mizuho will urge the client to take immediate remedial measures if any unlawful act is identified. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
 - Mizuho will enter into a dialogue with the client in the case of the client's failure to address environmental and social agenda. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
- Mizuho will require our clients to:
 - Respect indigenous peoples' and local communities' right to FPIC
 - Formulate a policy on the environment and human rights which includes NDPE
- For *financing and investment* which is used for logging in the countries excluding high-income OECD countries, Mizuho will require our clients to:
 - Acquire FSC⁹ or PEFC¹⁰ certification, or.
 - If it will take time to satisfy the above-mentioned certification, the client shall formulate a time-bound action plan.
- Mizuho will request our clients to:
 - Enhance their supply chain management and traceability to ensure that their policy will also apply to their supply chain

VII. Governance related to this policy

1. 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 risks, sectors, and other factors covered under this policy are appropriate and sufficient, with consideration to changes in the external environment and the results of implementation. Following these reviews, our governing bodies may revise or otherwise make changes to our measures to

⁹ Forest Stewardship Council

¹⁰ Programme for the Endorsement of Forest Certification

enhance their implementation.

- Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, and Mizuho Americas put in place an operational framework for this policy and began implementing it from July 1, 2023. The global subsidiaries of the four companies above will begin implementing the framework in stages by October 2023.
- Based on this policy, our primary subsidiaries participate in engagement with specific clients in each sector with the aim of sharing a medium- to long-term perspective on opportunities and risks accompanying environmental, social, and governance (ESG) issues and climate change.

2. 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.

3. Stakeholder communication

- As part of our initiatives in this area, we place a strong emphasis on engagement with stakeholders. Our objective in taking this approach is to ensure that our initiatives are aligned with expectations and perspectives of our stakeholders.