



With Mizuho’s vision for the world in mind, we are working with stakeholders to design solutions to issues and advance sustainability.

Yasuhiko Ushikubo

Senior Executive Officer
Group Chief Sustainability Officer (Group CSuO)

Sustainability encompasses a range of topics, including responses to climate change, conservation of natural capital, development of a circular economy, and respect for human rights. These pose challenges we must overcome to reach a better world. In Mizuho’s view, taking on and overcoming such challenges is an opportunity for Japan to take significant steps forward.

Our role at Mizuho is to support sustainability transformation from every possible angle as part of contributing to our clients’ and society’s development. We are doing this by looking at the medium to long term and by holding discussions and exploring solutions with clients, governments, and various other stakeholders.

Sustainability and innovation is one of the business focus areas in our new medium-term business plan, and we have raised our sustainable finance target to match the expanding demand for funding of solutions to environmental and social issues. Also, through our Transition Equity Investment Facility, we are supplying more risk capital to new technology.

Going forward, we will continue to develop and provide solutions that fully leverage the functions and expertise of our group companies, based on the deep understanding of client needs and challenges that we are gaining through our client engagement.

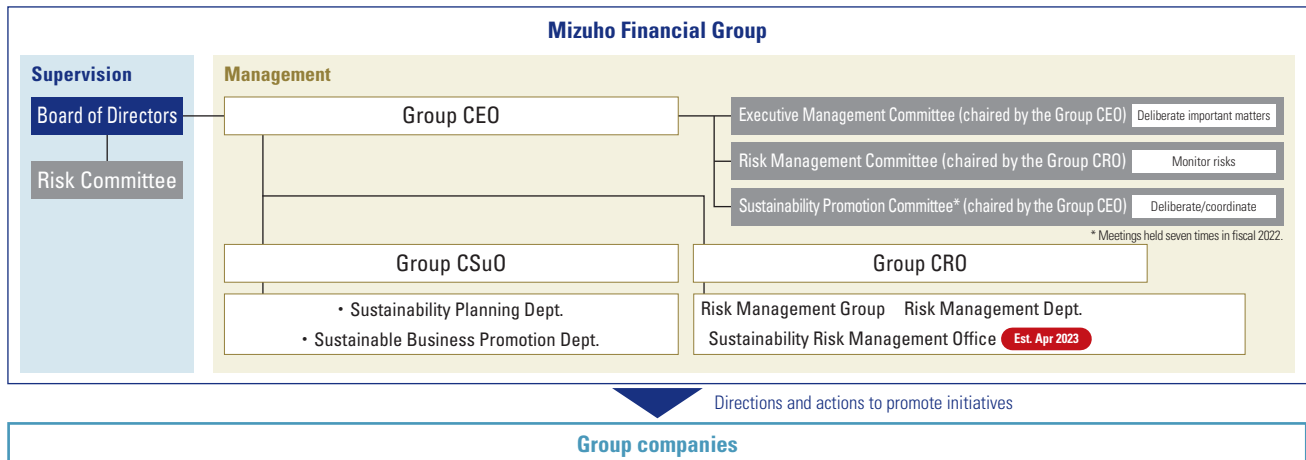
It goes without saying that Mizuho must undergo our own sustainability transformation. Regarding our climate change responses, we have established a Net Zero Transition Plan that takes into account 1) risk management, 2) the capturing of business opportunities, and 3) transition in the real economy, and we will pursue efforts to achieve net zero by 2050. Alongside our response to climate change, we are making steady progress with our other initiatives on a variety of themes, including respect for human rights, and environmentally and socially responsible financing and investment.

With Mizuho’s vision for the world in mind, we will continue to engage in dialogue with our stakeholders to design solutions to complex issues and work towards sustainability together.

Sustainability promotion structure

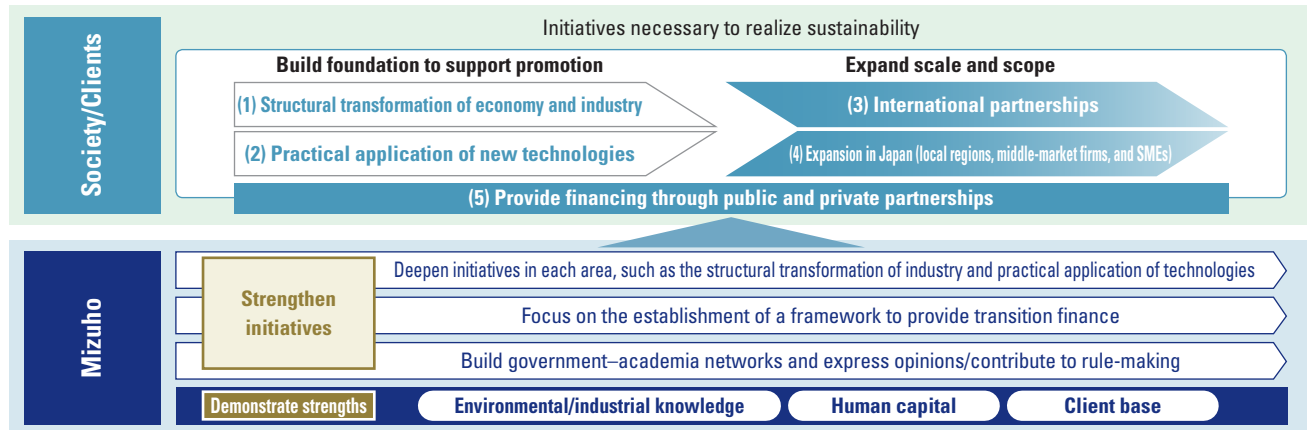
At Mizuho, our system for handling important sustainability-related matters consists of discussions at the business execution line, e.g., the Sustainability Promotion Committee and Executive Management Committee, and supervision by the Board of Directors and Risk Committee.

The Group CSuO reports directly to the Group CEO, and plans and promotes group-wide sustainability initiatives. Further, under the Group Chief Risk Officer (Group CRO), we strengthen our system for conducting centralized sustainability-related risk management.



Support for sustainability transformation

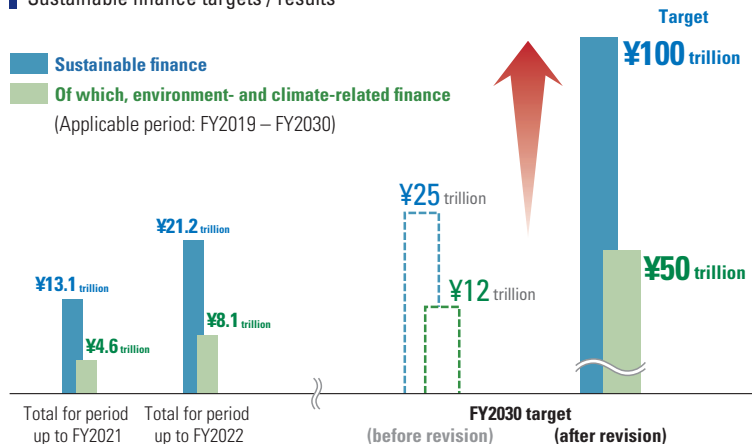
At Mizuho we are supporting the sustainability transformation of our clients along two tracks that encompass five perspectives. First, we are creating the foundations to support the promotion of sustainability through 1) structural transformation of the economy and industry and 2) practical application of new technologies. Second, we are scaling up and expanding promotion of sustainability through 3) international partnerships, 4) expansion in Japan, and 5) establishment of frameworks for providing the necessary funding. To these ends, we are also deepening our insights into industry and the environment and developing our personnel.



Initiatives for sustainable finance

In order to direct further capital toward resolving social issues, we raised our sustainable finance targets. We will proactively provide the funding needed for business structure transformation and the risk capital needed for the practical application of technologies.

Sustainable finance targets / results



Our definition of sustainable finance

Applicable finance areas	■ Finance for clients where the intended use of funds is environmental and/or social projects
	■ Financing to support and facilitate ESG/SDG-related responses, including financing requiring clients to meet certain related conditions, and consideration and assessment of clients' responses to ESG/SDG-related areas
Applicable business areas	■ Loans, underwriting, investments, asset management

League tables

Publicly offered SDG bonds in Japan	FY2022	#1 (fourth year in a row)
Arranged amount of sustainable finance (loans) worldwide	FY2022	#1

Created by Mizuho Financial Group, based on source data from Refinitiv.

Enhancing expertise in sustainability transformation / personnel development

At Mizuho, we are strengthening our specialist expertise and functions (which are two of Mizuho's strengths), and we are building up insights and knowledge gained through our initiatives as part of our group's intellectual capital. Further, with the aim of expanding our sustainability transformation support, we are developing our personnel by enhancing the knowledge of each and every employee.

Specialized knowledge	Middle-market firms and SMEs (in-house certified personnel)	Large corporations	Outside Japan
Environmental / energy sector consultants	Sustainability management experts	Large corporate relationship manager workshop (Industries, technologies, success stories, etc.)	Global ESG Champions (Employees driving sustainable business in each region)
Approx. 130 consultants	Approx. 1,300 experts	Approx. 600 RMs per session	Approx. 30 employees
FY2025 150 consultants	FY2025 1,600 experts	SDG initiative support finance sales certification	
		Approx. 2,000 employees	

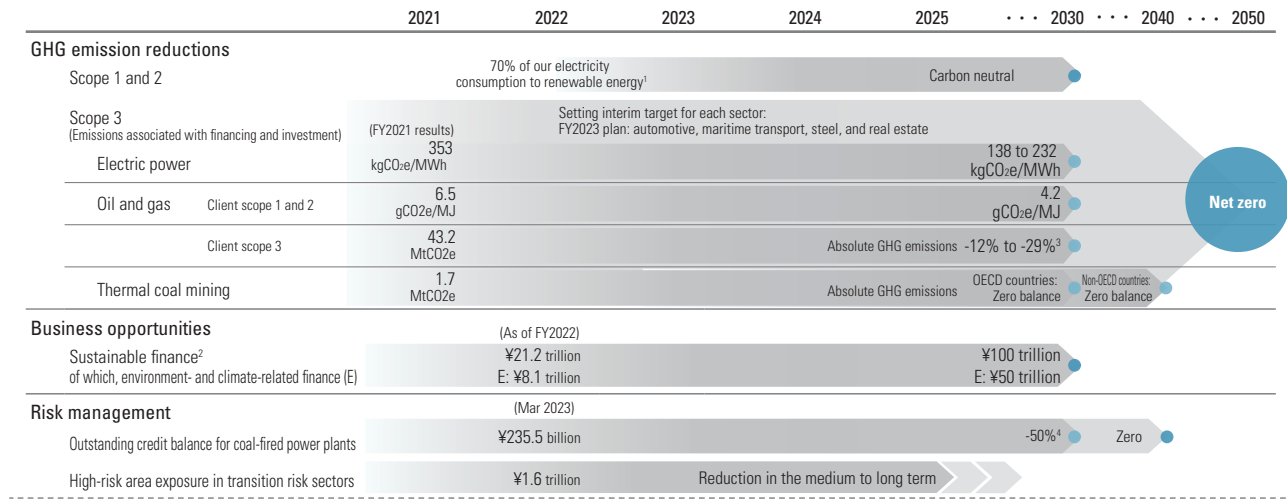
Climate change

○ Reaching net zero by 2050

In order to achieve a decarbonized society and develop a climate change-resilient society by 2050, we will pursue efforts to limit temperature increase to 1.5°C.

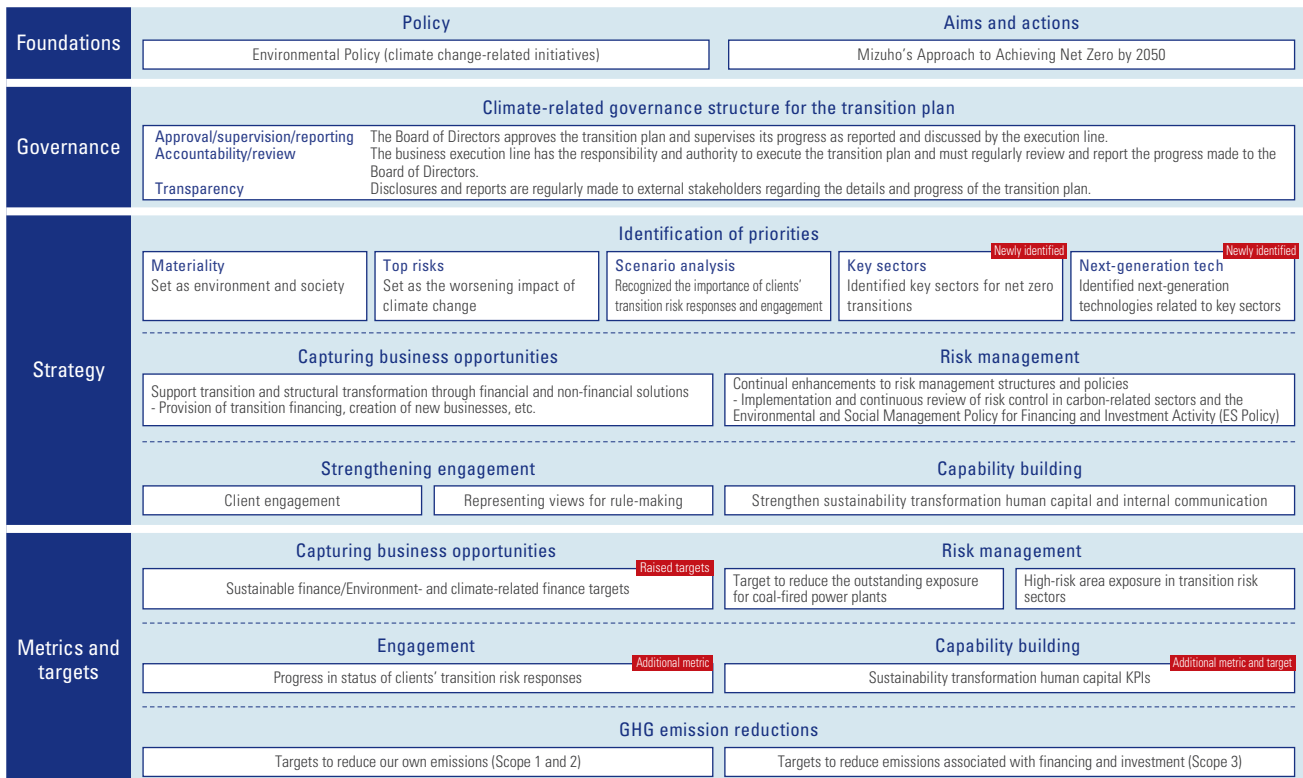
We revised the Net Zero Transition Plan that we formulated in 2022, making it more specific in order to promote a more integrated group climate change response, from the perspectives of facilitating transition in the real economy, capturing business opportunities, and enhancing risk management.

■ Road map for net zero by 2050



1. Scope 2 in Japan. 2. Total accumulated financing amount since FY2019. 3. Compared to FY2019. 4. Compared to FY2019.

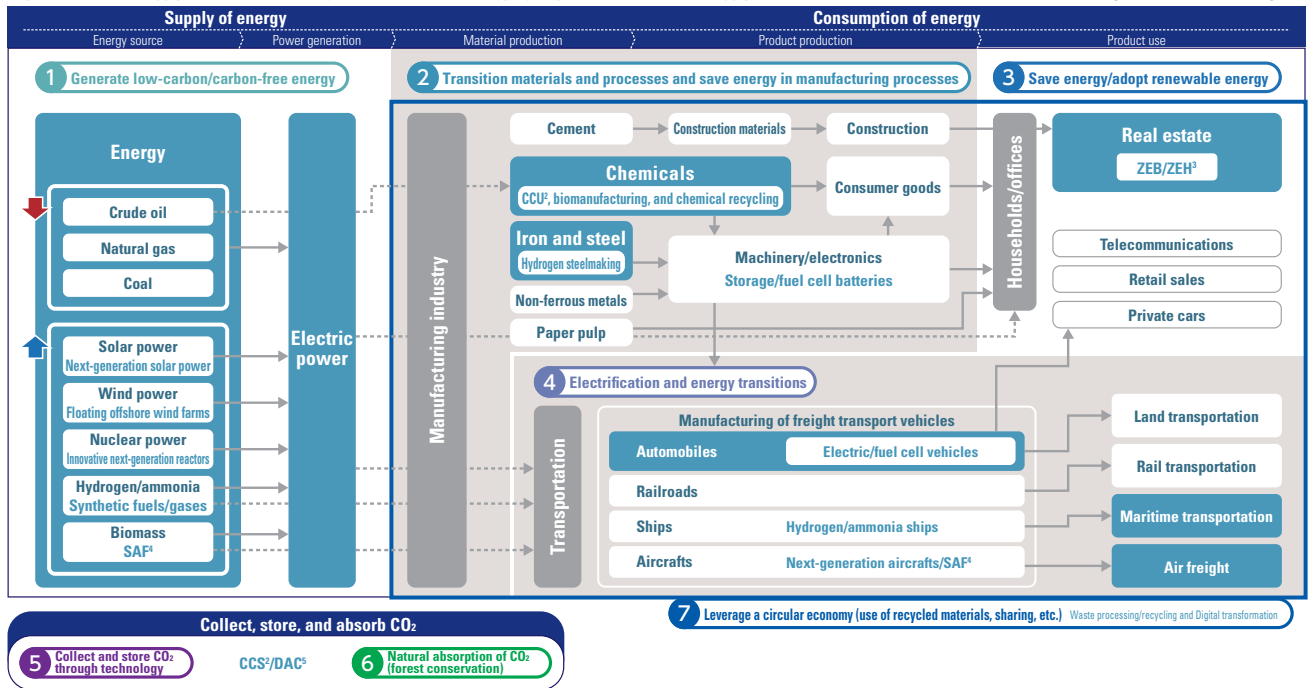
■ Overview of Net Zero Transition Plan (Revised in April 2023)



Mizuho recognizes the necessity of cross-sector initiatives, not only in terms of the energy supply side but also the energy demand side, for a transition away from an economic and social structure dependent on fossil fuel. We identify sectors to focus on from the perspective of decarbonization while also promoting relevant next-generation technologies by taking into account emissions (impact on real economy), opportunities, risks, and the characteristics of our portfolios and client base.

Key sectors for net-zero transitions / Next-generation technologies related to key sectors

Key: ▲ Increase of supply toward 2050 according to the International Energy Agency's NZE¹ scenario ▼ Supply reduction ■ Sectors to focus on ■ Blue text : Next-generation technologies



Sectors to focus on / Approach to next-generation technologies

Electric power sector

Through engagement, we are supporting transition initiatives by confirming client progress on transition risk responses and ensuring clients and Mizuho have a shared understanding of the business landscape and the challenges they face. Further, we are publicizing thoughts on green transformation policies in order to support Japan's decarbonization.

Engagement case study Engagement with clients to specifically discuss their future capital investment plans and energy mix for achieving net zero by 2050. Expansive discussions about strategies for decarbonization partnerships, renewable energy investments, and enhancing power grids.

Oil and gas sector

In the lead up to 2050, demand for oil and gas is expected to fall. It is under these circumstances that Mizuho will support clients in reducing emissions and in initiatives for business diversification and business structure transformation such as the development of new technologies and creation of new businesses.

Engagement case study Continued discussions on and support for clients' business diversification initiatives, including commercializing carbon-free energy (such as hydrogen and ammonia), adopting CCUS into oil and gas businesses, and supplying renewable energy.

Manufacturing (steel/chemical sectors)

Most of the decarbonization technologies needed for converting materials or fuel used in manufacturing are still in the R&D stage. Mizuho is involved in supporting broad business strategies for decarbonization, based on our insights into industry and the environment.

Transportation (automotive, maritime transportation, and aviation sectors)

Mizuho supports our clients in shifting to electrification in the automotive sector and to carbon-free fuels such as SAF⁴, from both a finance and non-finance perspective.

Real estate sector

Mizuho promotes financing and investment for real estate with high energy efficiency and low GHG emissions and also initiatives that contribute to decarbonization in the real estate investment market.

Next-generation technologies

We are leveraging Mizuho's business base and financial and research functions to promote initiatives for the practical application of next-generation technologies important from the perspective of decarbonization, such as technology related to hydrogen, offshore wind farms, CCS, biomass (SAF), and similar.

1. Net Zero Emissions by 2050 Scenario 2. CCU/CCS: Carbon dioxide Capture and Utilization/Storage
 3. ZEB/ZEH: Net Zero Energy Building/House 4. Sustainable Aviation Fuel 5. Direct Air Capture

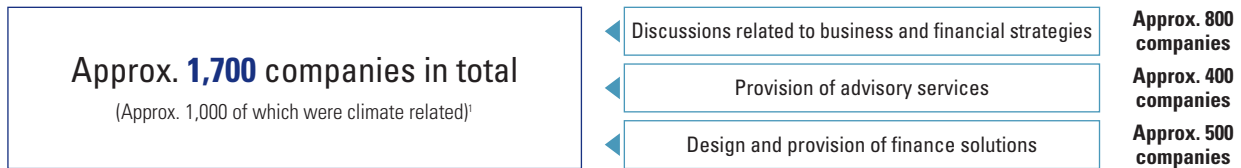
Decarbonization support business initiatives

At Mizuho, we are moving forward initiatives to support responses to the important and urgent issue of decarbonization and to capture business opportunities from five perspectives. We are working with clients to 1) enable structural transformation of industry and business and 2) the practical application of technologies. We are then 3) transferring these initiatives to other countries in Asia, as well as 4) specifically to middle-market firms and SMEs in Japan. We are also 5) providing the necessary transition financing through public and private partnerships.

Engagement-based support for industry and business structure transformation

Perspective 1

We are moving forward client engagement (purposeful and constructive dialogue with clients toward support for sustainability transformation) in order to promote initiatives toward structural transformation in the economy and industry and practical application of new technologies for realizing a decarbonized society.



1. Preliminary figures for April 2022 to March 2023.

Transition Equity Investment Facility

Perspective 2 5

We set an investment budget, naming it the Transition Equity Investment Facility, and are investing in client-operated projects in transition areas that are in the development or incubation stages, such as the seed or early stages.



Intention to invest more than ¥50 billion over the next 10 years

Contributions to just transitions in Asia

Perspective 3

Mizuho is a participant in the GFANZ² Working Group that supports the Vietnam Just Energy Transition Partnership (JETP).

2. Glasgow Financial Alliance for Net Zero

Support and action for the establishment of technology and business models

Perspective 1 2

We are moving forward with initiatives that aim to establish business models and technologies necessary for decarbonization, such as those related to hydrogen, offshore wind farms, CCS, and biomass.

- Information-sharing through reports
- Participation in international partnerships



Active development of support measures for the decarbonization of middle-market firms and SMEs

Perspective 4

We are supporting our clients' initiatives at the issue identification, strategy formulation and implementation, and disclosure phases by collaborating with external partners that provide calculations of GHG emissions and other consulting services.

Natural capital initiatives

The conservation and recovery of natural capital is an important issue which is closely related to climate change. As a financial institution, we recognize that this is a field where we must make efforts from both an opportunity and a risk management perspective. We performed an initial analysis of the relationship between Mizuho's loan portfolios and natural capital using ENCORE.³ We also support clients in their efforts to preserve and restore natural capital through a variety of solutions, from consulting to financing.

3. Exploring Natural Capital Opportunities, Risks and Exposure. ENCORE is a tool for better understanding and visualizing the impacts of environmental change on the economy and was jointly developed by the UNEP-FI, UNEP-WCMC, and Global Canopy.

Key natural capital	Water, biodiversity (habitats and species)
Sectors in our loan portfolio that have large dependencies and impacts on water and biodiversity	Chemicals, automotive, real estate, general wholesale and retail, and oil and gas (mining) sectors

Water and food

Japan's first blue bonds and blue sustainability loans

Capital to be used only in environmentally sustainable fisheries / aquaculture projects

Biodiversity Water and food Chemicals

Providing Mizuho Nature Positive Design (which uses satellite data to analyze and make visible the relationship between businesses and biodiversity) and other consulting services

Climate-related risk management initiatives

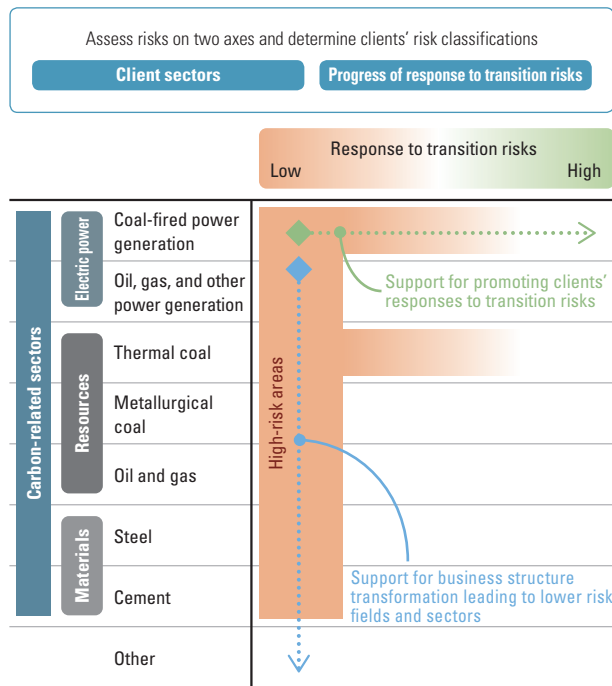
Materiality assessments of climate risks

We conducted qualitative evaluations on the materiality of climate-related risks in each risk category in order to understand the climate-related risks in an integrated manner. From these evaluations, we recognized the particular consequences of climate-related risks in the categories of credit risk (deterioration in client business performance) and market risk (decline in the value of stock holdings). We manage high-consequence risks both qualitatively and quantitatively as necessary and take appropriate responses.

Risk control in carbon-related sectors

Mizuho controls risks through engagement in sectors found in qualitative evaluations to have high transition risks (carbon-related sectors). With the aim of facilitating the business structure transformation of our clients, we have developed a framework to examine the credibility and transparency of clients' transition strategies. When we can confirm that the client's transition strategy meets these standards, we provide financing for their business in an even more proactive manner.

Risk control in carbon-related sectors



Response to high-risk areas

- We pursue greater engagement with clients to support them in formulating effective strategies for transition risks, in disclosing their progress, and in embarking at an early stage on business structure transformation for moving into a lower risk sector.
- In order to facilitate a client's business structure transformation, we provide necessary transition support after verifying that the client has set valid targets and has planned an appropriate transition strategy in line with international standards.
- We carefully consider whether to continue business with a client in the event that the client is not willing to address transition risks and has not formulated a transition strategy even one year after our initial engagement.
- In the ways described above, we reduce our exposure over the medium to long term.

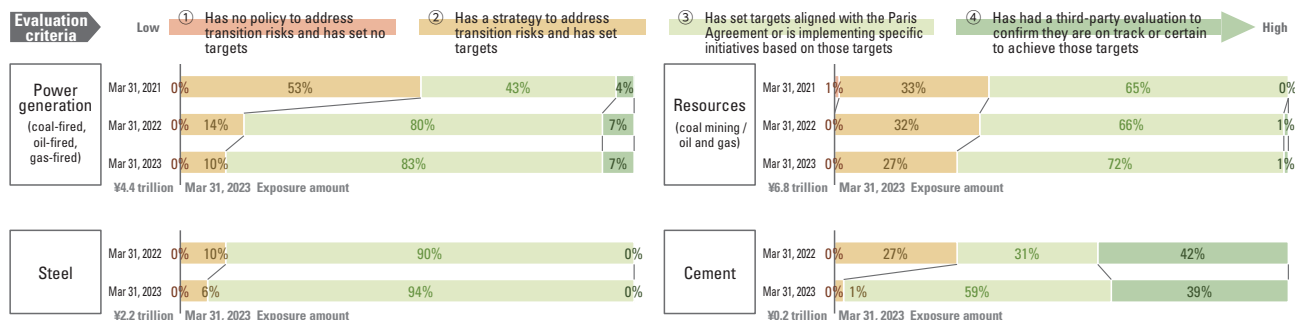
Criteria for transition strategy confirmation

- We have established a process and criteria to confirm the credibility and transparency of clients' transition strategies, following the Climate Transition Finance Handbook produced by the International Capital Market Association (ICMA) and other reference materials.
- We confirmed that of ¥1.6 trillion in exposure in high-risk areas, ¥700 billion meets the confirmation criteria for transition strategies.

Strategies and materiality	Transition strategies, such as business strategies contributing to transitions
Disclosure	Confirmation of the transparency and progress of strategies and targets
Governance structure	Appropriate governance structure for setting strategies and targets
Science-based targets	Science-based targets aligned with the Paris Agreement
Outlook for decarbonization technology development/adoption	Outlook for adoption of technologies based on strategies

Client progress on transition risk responses

Through engagement, Mizuho confirms the status of client transition risk responses and supports transition responses in a phased manner. We have confirmed that clients in all sectors are making steady progress when compared to the status of their transition risk responses of previous years.



Initiatives for respecting human rights

○ Points for strengthening initiatives (Fiscal 2022 onwards)

At Mizuho, as well as committing to respecting internationally recognized human rights in the Mizuho Code of Conduct, we have established the Human Rights Policy in order to fulfil our responsibility to respect human rights throughout our global operations and value chain in accordance with the UN Guiding Principles on Business and Human Rights. We revised our Human Rights Policy in 2022, and we are making efforts to strengthen human rights due diligence in financing and investment and in procurement and to enhance grievance mechanisms.

Policy revision	<ul style="list-style-type: none"> ● May 2022 We revised our Human Rights Policy in order to further enhance our initiatives for respecting human rights 			
Enhancing our human rights due diligence	<ul style="list-style-type: none"> ● Based on the approach to human rights due diligence clarified in the Human Rights Policy, enhanced each policy and operational process 			
	<table border="1"> <tr> <td style="background-color: #0070C0; color: white; text-align: center;">Financing and investment</td> <td> <ul style="list-style-type: none"> ● Strengthened our human rights due diligence with regard to forced labor, child labor, human trafficking, and business activities in conflict-affected areas ● Began initial screenings using externally sourced data </td> </tr> <tr> <td style="background-color: #0070C0; color: white; text-align: center;">Procurement</td> <td> <ul style="list-style-type: none"> ● Began risk screening using external data ● Added a contractual clause* on respect for human rights to contracts with suppliers </td> </tr> </table>	Financing and investment	<ul style="list-style-type: none"> ● Strengthened our human rights due diligence with regard to forced labor, child labor, human trafficking, and business activities in conflict-affected areas ● Began initial screenings using externally sourced data 	Procurement
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Enhancement of grievance mechanisms	<ul style="list-style-type: none"> ● Introduced a grievance mechanism run by a third party in order to enhance measures for providing remedy in instances of human rights violations 			

* Applies to outsourcing contracts

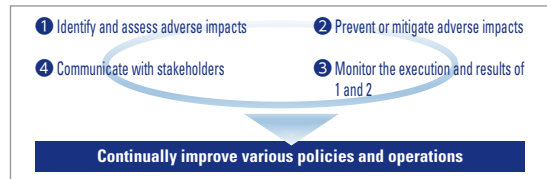
○ Promotion structure

■ Governance

- The Sustainability Promotion Committee and Executive Management Committee regularly discuss human rights-related topics, then report to the Board of Directors.

■ Human rights due diligence

- Having identified and assessed the human rights risks within Mizuho’s business activities, we are working to prevent and mitigate adverse impacts on human rights.
- When a human rights-related issue is identified, we conduct enhanced due diligence, and carry out additional client engagement and continuous monitoring.
(Fiscal 2022: 4 cases, of which 3 were outside Japan and 1 was in Japan)






■ Stakeholder engagement and disclosures

- As well as using feedback from stakeholders to enhance our initiatives for respecting human rights, we are also working to enhance our disclosures to ensure transparency.

■ Main initiatives

- In addition to engagement and cooperation with our clients and suppliers, we are also working on human rights awareness training for executive officers and employees.

<p>Our clients</p> <ul style="list-style-type: none"> ● Promoting responsible financing and investment ● Information management ● Financial crime risk management (prevention of money laundering) ● Ensuring safety related to use of financial services 	<p>Our suppliers</p> <ul style="list-style-type: none"> ● Promoting responsible procurement 	<p>Our employees</p> <ul style="list-style-type: none"> ● Providing a safe and supportive work environment ● Ensuring employee well-being ● Preventing discrimination and harassment ● Promoting diversity, equity, and inclusion 
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Strengthening human rights solution offerings

To provide sustainability-related support services to our clients, we have started a collaboration with LSEG (London Stock Exchange Group), enabling Mizuho to support our customers' efforts to respect human rights through the introduction of screening platforms and due diligence reports.



For more details on our initiatives for ensuring respect of human rights, please refer to our Human Rights Report.

https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/human-rights/solution/human_rights_report_2023.pdf

Responsible financing and investment

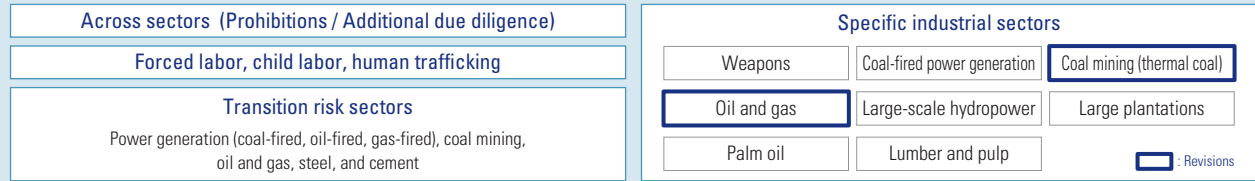
Mizuho has established the Environmental and Social Management Policy for Financing and Investment Activity ("ES Policy"), which covers responses to climate change, conservation of biodiversity, and respect for human rights, to prevent and mitigate adverse impacts of financing and investment on the environment and society. In March 2023, we revised the policy to strengthen our responses to climate change.

○ An overview of responsible financing and investment



1. Also applies to each company's subsidiaries, including those outside of Japan.

Overview of our ES Policy



Policies (excerpt)

Underlines indicate revisions made in March 2023

Transition risk sectors	<ul style="list-style-type: none"> Engagement for strengthening initiatives in a phased manner We check at least once per year on the status of transition risk response. We make decisions on whether or not to continue our business with a client in the event that the client is not willing to address transition risk and has not formulated a transition strategy even one year after the initial engagement based on careful consideration.
Coal-fired power generation	<ul style="list-style-type: none"> We do not provide financing or investment to companies with which we have no current financing or investment transactions if the primary business of these companies is coal-fired power generation. We do not provide financing or investment which will be used for new construction of coal-fired power plants or the expansion of existing plants. We will continue to support development of innovative, clean, and efficient next-generation technology that will contribute to the energy transition leading to a decarbonized society.
Coal mining (thermal coal)	<ul style="list-style-type: none"> We do not provide financing or investment to companies with which we have no current financing or investment transactions if the primary business of these companies is the mining of thermal coal <u>or associated infrastructure.</u> We do not provide financing or investment which will be used for new thermal coal mining projects, expansion of existing mining projects, <u>or associated infrastructure.</u>²
Oil and gas	<ul style="list-style-type: none"> We will assess if sufficient measures are being taken by the client to reduce <u>greenhouse gas emissions</u> in cases where new financing and investment will be used for <u>oil and gas extraction.</u> When providing financing or investment for oil or gas extraction projects in the Arctic Circle; oil sands, shale oil or shale gas mining projects; or pipeline projects, we conduct appropriate assessments of environmental and social risks based on operation-specific risks.

2. For cases where financing or investment will be used to obtain the rights to an existing thermal coal mining project, we may provide said financing or investment, based on careful consideration, 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 2050.



For the full text of our policies and further details, please see our website.

<https://www.mizuhogroup.com/sustainability/business-activities/investment>

■ Implementation of the ES Policy

Regular engagement

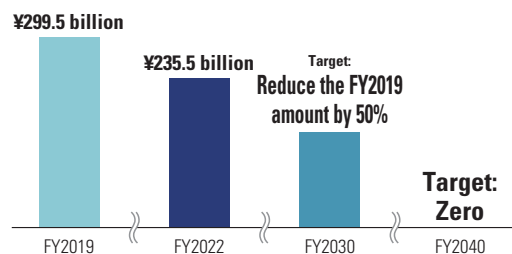
We engage (hold constructive dialogue) with clients in transition risk sectors and specific industrial sectors at least once a year.

FY2022 Approx. **1,100** companies

Governance

Our business execution and supervisory lines regularly review the ES Policy, with consideration of its implementation performance and the external business landscape. Following this review, we revise the ES Policy and improve its implementation.

■ Target to reduce the outstanding credit balance for coal-fired power plants based on the ES Policy



Status of Mizuho’s response to TCFD Recommendations (Summary)

Underlines indicate initiatives strengthened after being disclosed in the Integrated Report 2022 (published in September 2022)

Governance

- We built a supervision and business execution governance framework that centers on the Board of Directors.
Supervision: The Board of Directors and Risk Committee conduct oversight regarding information that is reported to them and deliberated following discussions at the business execution line.
Business execution: The Sustainability Promotion Committee, Risk Management Committee, and Executive Management Committee regularly deliberate and discuss, then report to the Board of Directors.
The Group CSuO (position established in fiscal 2022) and Group CRO move forward initiatives in each field under the management of the Group CEO.
- The Climate Change Response Taskforce and five working groups have been established to coordinate responses with regard to climate change topics being addressed jointly by multiple departments within the group.
- Sustainability-related indicators have been adopted for evaluating executive compensation. These indicators include sustainable finance amount, climate change initiatives, and assessments by ESG rating agencies.

Strategy

- The Net Zero Transition Plan has been revised (established in 2022, revised in April 2023) to promote the group’s climate change responses in a more integrated manner, from the perspectives of facilitating transitions in the real economy, capturing business opportunities, and enhancing risk management. (Please refer to p. 63)
 - The key sectors that Mizuho will focus on and engage with, and next-generation technologies related to decarbonization, were identified from the perspective of the transition to net-zero emissions.
- Recognition of opportunities and initiatives to capture opportunities:
 - We recognize industry and business structure transformation for transitioning to a decarbonized society, investments in practical application of new technologies, and the social implementation of those technologies as business opportunities.
 - Based on our sustainable business strategy, we actively support clients’ transitions to a decarbonized society and their measures to address climate change.
 - Financing for a decarbonized society: We raised our sustainable finance target over the fiscal 2019 to fiscal 2030 period to ¥100 trillion, of which ¥50 trillion is earmarked for environment- and climate-related finance. (Please refer to p. 62)
 - Establishment of foundations and scaling up the initiatives for decarbonization: We have set up the Transition Equity Investment Facility and expanded the target scope for economic and industrial structure transformation and practical application of technologies. We disseminate initiatives to middle-market firms and SMEs in Japan and to other countries in Asia through strategic collaborations with external partners.
 - Capability building: We have strengthened our sustainability transformation human capital and enhanced sustainability-related expertise related to environmental technologies (targets to be met by the end of fiscal 2025).
- Risk recognition:
 - We define climate-related risk as “the risk of tangible and intangible losses as a result of transition risks and physical risks from climate change manifesting or amplifying other risks”.
 - We ascertain the entirety of risks associated with climate change by identifying the risks manifested or amplified by transition risks and physical risks and assessing their importance in each risk category. We recognize credit risk (deterioration in client business performance) and market risk (decline in the value of stock holdings) to be of particularly high consequence.
- Scenario analysis:
 - Transition risk

Scenario	Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Current Policies / Below 2°C / Delayed Transition / Net Zero 2050 (1.5°C) scenarios
Analysis method	We specify parameters for evaluating the impact of risks and opportunities faced by clients in the sector being analyzed. We then analyze the increases in Mizuho’s credit costs caused by transition risks by formulating an outlook for the impact on financial results, based on how the parameters change under the scenario.
Targeted sectors	Electric utilities, oil and gas, coal, steel, automobile, <u>maritime transportation, and aviation</u> sectors (worldwide)
Increase in credit costs	Cumulative increase in credit costs through 2050 (difference with Current Policies scenario) Below 2°C: <u>¥360 billion</u> Delayed Transition: <u>¥1.17 trillion</u> Net Zero 2050: <u>¥1.65 trillion</u>
Implications	<ul style="list-style-type: none"> • While credit costs will increase over time in all scenarios and may have a commensurate financial impact on Mizuho in the medium to long term, the impact on Mizuho’s short-term financial soundness will be limited. • The analysis affirms the importance of early transition by clients and the orderly transition by society as a whole.
Future actions	<ul style="list-style-type: none"> • We will pursue in-depth engagement with clients to encourage early business structure transformation. • We will assist governments in developing and implementing policies for orderly transitions in each country.

Physical risk

Types of risk	Acute risks	Chronic risks
Scenario	NGFS Current Policies and Net Zero 2050 (1.5°C) scenarios	NGFS Current Policies and Net Zero 2050 (1.5°C) scenarios
Analysis method	Damage to assets and business stagnation associated with changes in natural disasters Direct impacts • Amount of damages from damage to group assets, credit costs from damage to real estate collateral Indirect impacts • Credit costs from reduced revenue associated with client business stagnation	Impact of asset deterioration and labor force reductions associated with temperature increases Direct impacts • Amount of damages from deterioration of group assets, credit costs from deterioration of real estate collateral Indirect impacts • Credit costs from reduced revenue associated with client labor force reductions
Analysis scope	Areas: In Japan, Outside Japan Targets: Mizuho group and credit clients (Middle-market firms, SMEs, and large corporations)	Areas: In Japan, Outside Japan Targets: Mizuho group and credit clients (Middle-market firms, SMEs, and large corporations)
Increase in damage costs / credit costs	Maximum increase if a stress event materializes (Current Policies, 2100, single year) Cyclones and floods: Approx. ¥90 billion Wildfires: Approx. ¥30 billion Droughts: Approx. ¥1.5 billion	Temperature fluctuations (as a factor in labor force reductions and increased air conditioning usage): Approx. ¥40 billion
Implications	Although the likelihood of the above disasters occurring simultaneously is low, the analysis confirmed the possibility of additional losses of approximately ¥90 billion in a single year if the largest stress event (cyclones and floods) materializes.	
Future actions	We have recognized the importance of controlling operational risk by improving the group’s asset portfolio.	

Risk management

- Identification of climate-related risk and its integration into our risk appetite framework and comprehensive risk management.
 - We have integrated climate-related risks into our risk appetite framework and our comprehensive risk management framework. We have established the Basic Policy for Climate-related Risk Management in the interest of establishing an effective management system based on the characteristics of climate-related risks.
- Under our management of top risks, we have positioned the worsening impact of climate change as a top risk. We consider additional risk control measures for top risks and report on the status of our response to the Board of Directors and other committees.
- Risk control in carbon-related sectors (Please refer to p. 66)
 - We have established a risk control structure to assess risk in carbon-related sectors (electric utilities, oil and gas, coal, steel, and cement sectors) along two axes—the client's sector and the status of the client's transition risk responses—in order to identify and monitor high-risk areas.
 - We control risk and reduce our exposure over the medium to long term in high-risk areas under the following exposure control policy.
 - We are more thoroughly engaging with clients to support them in formulating effective strategies for transition risks, in disclosing their progress, and in embarking on business structure transformation towards a lower risk sector at an early stage.
 - In order to facilitate a client's business structure transformation, we provide necessary transition support after verifying that the client has set valid targets and has planned an appropriate transition strategy in line with international standards. (In fiscal 2022, we established criteria and a process for confirming transition strategies.)
 - We make decisions on whether or not to continue our business with a client in the event that the client is not willing to address transition risk and has not formulated a transition strategy even one year after the initial engagement based on careful consideration.
- ES Policy (Please refer to p. 68)
 - We have established and implemented the financing and investment policy that specifies businesses and sectors with a particularly high likelihood of leading to adverse impacts on the environment and society.

Metrics and targets

Transition plan item	Monitored metrics	Targets	Recent results
Net-zero GHG emissions	Scope 1 and 2 emissions	Carbon neutral by FY2030 (Carbon neutrality to be maintained thereafter)	FY2021: 150,987 tCO ₂ e
	Scope 3 (emissions from financing and investment)	Net zero by 2050	(Targets and results disclosed by sector)
	- Electric power sector	FY2030: 138 to 232 kgCO ₂ e/MWh	FY2021: 353 kgCO ₂ e/MWh
	- <u>Oil and gas sector</u>	FY2030: Scope 1 and 2: 4.2 gCO ₂ e/MJ Scope 3: -12 to -29% (compared to FY2019 levels)	FY2021: Scope 1 and 2: 6.5 gCO ₂ e/MJ Scope 3: 43.2 MtCO ₂ e (-29% compared to FY2019 levels)
	- <u>Coal mining (thermal coal) sector</u>	Absolute emissions OECD countries : Zero by FY2030 Non-OECD countries: Zero by FY2040	FY2021: 1.7 MtCO ₂ e
Strengthen decarbonization businesses	Sustainable finance / environment- and climate-related finance	Total for FY2019 to FY2030: ¥100 trillion (of which ¥50 trillion is earmarked for environment and climate-related finance)	Total for FY2019 to FY2022: ¥21.2 trillion (of which ¥8.1 trillion went to environment and climate-related finance)
Enhance climate-related risk management	Outstanding credit balance for coal-fired power plants	Reduce the FY2019 amount by 50% by FY2030, and achieve an outstanding credit balance of zero by FY2040	March 31, 2023: ¥235.5 billion (down 21.4% from March 31, 2020)
	Exposure to high-risk areas in transition risk sectors	Reduce over the medium to long term	March 31, 2023: ¥1.6 trillion
Bolster engagement	Status of clients' transition risk responses	N/A	As of March 31, 2023 Steady progress being made in targeted sectors
Capability building	Sustainability transformation human capital KPIs - Sustainability management experts - Environmental / energy sector consultants	FY2025 - 1,600 - 150	As of March 2023 - Approx. 1,300 - Approx. 130

- Other disclosure items aside from the monitored metrics:
 - Sector-by-sector credit exposure in line with the TCFD Recommendations
 - Financed emissions based on PCAF* methodology
(Expanded assets and sectors to be measured)

* Partnership for Carbon Accounting Financials.



Please see our TCFD Report (Climate-related Report) 2023 for more details
https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/tcf_report_2023.pdf

