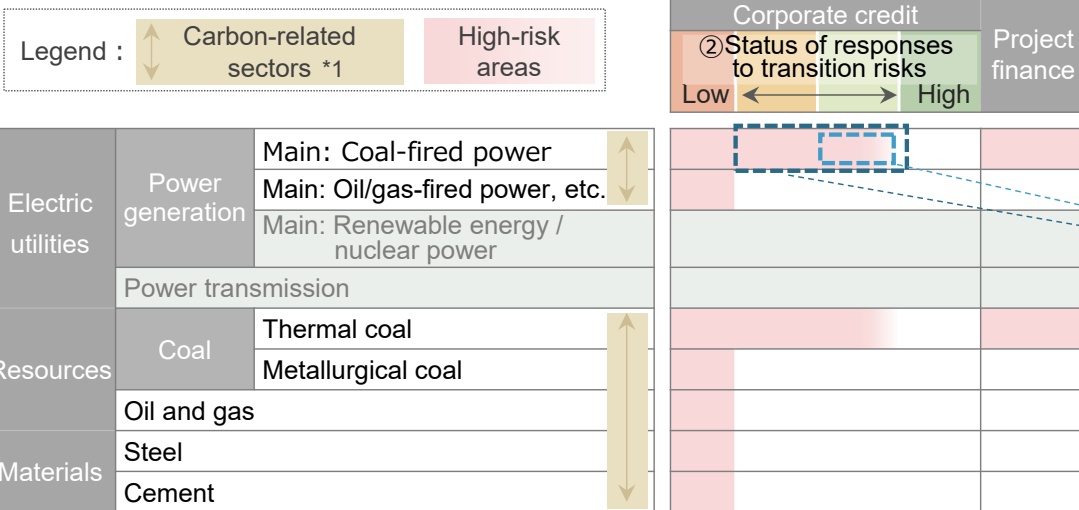


Risk assessment in carbon-related sectors

- At Mizuho, as risk control measures for carbon-related sectors^{*1}, we have established a system to identify and monitor high-risk areas by evaluating risk along two axes: (1) our clients' sectors^{*2} and (2) our clients' status of responses to transition risks.

Risk assessment mapping

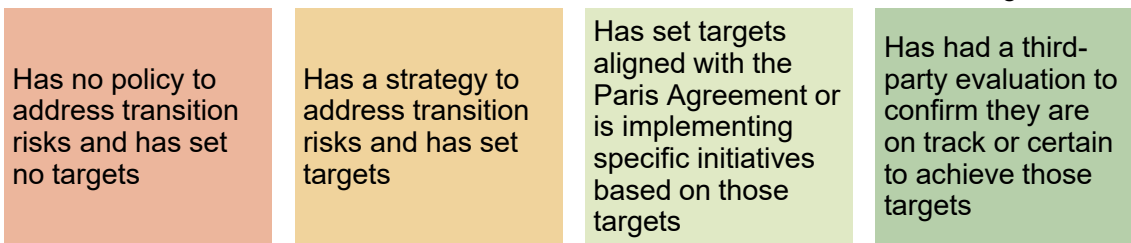


*1 **Carbon-related sectors**: Sectors Mizuho has recognized through a qualitative evaluation as facing transition risk at particularly high levels.

*2 **Sector**: Companies are divided into sectors based on the largest component in the sales/energy mix of their business activities.

② Status of responses to transition risks

Low ← → High



Transition support based on the two axes

Axis	① Client's sector (vertical axis)	② Status of transition risk responses (horizontal axis)
Transition support	Support for business structural transformations leading to lower risk areas and sectors	Encourage and support clients' responses to transition risks

Response policy for high-risk areas

- We are more thoroughly engaging with clients to support them in formulating effective strategies for transition risks, or in embarking on business structure transformation towards a lower risk sector at an early stage.
- With the aim of facilitating our clients' business structure transformation, we provide more active support in high-risk areas when we are able to confirm that the client has met requirements advocated by international standards, etc. in **the transition support framework**.
- We carefully consider 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.
- In this way, we are enhancing our risk control and reducing our exposure to high-risk areas over the medium to long term.

Transition support framework

Framework for further assisting clients in high-risk areas to transform their business structure, etc.

1 Support for clients whose transition strategies' credibility and transparency we can confirm

2 Support for projects that can be confirmed as green projects (renewable energy, etc.) **New**

☞ Please refer to the next page for details including criteria, etc.

Covered by transition support framework **1**

Covered by transition support framework **2**^{*3}

*3 Part of areas other than the high-risk areas are covered.

2. Clarifying the support system for green projects in high-risk areas in the carbon-related sectors

Transition support framework

- Under the “transition support framework” where we assist our clients in high-risk areas to transform their business structures, etc., our support has formerly been centering on clients whose transition strategies’ credibility and transparency we can confirm (1). This time, we have clarified the scope of this framework to provide more active support for projects that can be confirmed as green projects (renewable energy, etc.) (2).
- This may result in a temporary increase in our exposure in high-risk areas; however, assisting our clients with their transition strategy design and execution enables us to manage our transition risk appropriately and mitigate our medium- to long-term transition risk.

1 Support for clients whose transition strategies’ credibility and transparency we can confirm

Confirmation criteria

We confirm the following criteria set with reference to the elements of the disclosures recommended in the International Capital Market Association’s Climate Transition Finance Handbook.

Strategy and materiality

Meet the elements necessary for transition strategies (business strategies conducive to transition)

Governance structure

Have an appropriate governance structure for setting strategies and targets

Science-based targets

Have science-based targets aligned with the Paris Agreement

Disclosure status

Have no problems with transparency of strategies and targets, making progress toward targets

Prospects for developing / adopting decarbonization technologies

Have outlooks for adoption of technologies and cash flow based on strategies

2 Support for projects that can be confirmed as green projects (renewable energy, etc.)

New

Confirmation criteria

We confirm the following criteria set with reference to the elements recommended in the “Green Loan Principles” developed by the Loan Market Association (LMA), etc.

Use of proceeds

Use the loan proceeds for green projects

Process for project evaluation and selection

Have a process to determine the eligibility of environmental targets and projects

Management of proceeds

Track the loan proceeds in an appropriate manner

Reporting

Ensure the transparency of use and allocation of funds

Client’s policy for addressing transition risks

Have willingness to deal with transition risk and transform its business structure to that of much lower risk sector