

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 report<sup>1</sup> on February 15, 2022 which includes claims that Mizuho has provided USD 33.6 billion in lending to the coal industry since January 2019 and is in the top five of such lending banks in the world.

Mizuho has engaged in communication with Urgewald on multiple occasions and made an effort to view their understanding of the issue, 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 the matter in order to share 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 total amounts, based on publicly-available data, for syndicated loans and similar lending transactions that are limited to certain projects and countries.
    - ➔ Because the data compiled is only a portion of the 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 plant and coal-fired power generation businesses is included in the calculation, and the amount used is not the loan amount but rather the commitment line amount.
  - Commitment line amounts and loans are being counted in duplicate each time they are renewed within the target period.
    - ➔ The financing amount has not been calculated appropriately and is significantly inflated.

We reviewed the aggregate data and found that within the USD 33.6 billion figure quoted by Urgewald and other authors, USD 6.4 billion involves loans that were counted in duplicate within the target period (see issue (2) above). Additionally, at least USD 6.9 billion involves commitment lines that are clearly unrelated to coal mining or coal-fired power generation (see issue (2) above; excludes amounts counted in duplicate). Based on the above, we believe that at least 40% of the stated amount has been included in the aggregate figure erroneously.

Also, the companies that Urgewald identifies as “developers of new coal mines, new coal plants, and/or other new coal infrastructure” includes those that have already developed strategies for transitioning to a low-carbon society and are working to move away from coal-

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1. <https://urgewald.org/en/medien/who-still-financing-global-coal-industry>  
<https://world.350.org/ja/350media/>

related businesses.

In light of these findings, we believe that the figure aggregated as the amount of loans to the coal industry does not reflect the reality, and that the ranking based on this figure is inaccurate and inappropriate.

In addition, in the TCFD reports issued in June 2021, Mizuho disclosed a breakdown of its exposure<sup>2</sup> to carbon-related sectors<sup>3</sup> as shown below. As of March 2021, the total exposure of Mizuho Bank and Mizuho Trust & Banking to electric power companies whose main business is coal-fired power generation and energy companies whose main business is coal is ¥1.8 trillion.

Reference: Breakdown of exposure to carbon-related sectors as of March 31, 2021

	Exposure amount	Percentage
Carbon-related sectors subtotal	¥12.8 trillion	5.5%
1) Electric Utilities	¥5.1 trillion	2.2%
Power generation (Main business: coal-fired power generation)	¥1.7 trillion	0.8%
Power generation (Main business: gas and others)	¥2.6 trillion	1.1%
Power transmission	¥0.7 trillion	0.3%
2) Resources (energy)	¥7.7 trillion	3.3%
Thermal coal	¥0.1 trillion	0.0%
Metallurgical coal	¥0.0 trillion	0.0%
Oil and gas	¥7.5 trillion	3.3%
All-sector total	¥231.7 trillion	100.0%

At Mizuho, based on our awareness that climate change is one of the most crucial global issues with the potential to impact the stability of financial markets, we have positioned addressing environmental issues and climate change as a key part of our corporate strategy and are continuously strengthening a range of related initiatives.

Toward realization of a low-carbon society, we aim to utilize an “engagement model” which encourages transformation of a client’s business structure through constructive dialogue, instead of simply pursuing a divestment model. We jointly develop sustainability strategies incorporating business structure transformation, and provide diverse solutions including transition finance and consulting. In this way, we offer support which leads to enhanced corporate value for our clients.

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2. The total of Mizuho Bank and Mizuho Trust & Banking’s loans, foreign exchange assets, acceptances and guarantees, and committed lines of credit.

3. Carbon-related sectors: Classified according to the TCFD Recommendations as of June 2021 (includes the Energy and Utilities sectors as defined by the Global Industry Classification Standard (GICS) but not water utilities, independent power producers, or renewable energy businesses).