

Summary of Q&A

Answerers

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Q.

Mizuho's superiority in sustainable finance

A.

Mizuho has longstanding business relationships with companies in the heavy manufacturing industry, and has accumulated industry insight through dialogues with wide-ranging industries and companies in Japan. Having been discussing decarbonization efforts with clients and relevant ministries and agencies, as well as building a track record in industry research and consulting, we are confident that we have a first-mover advantage in business financing.

As for businesses outside of Japan, one of our competencies is investor reach in Asia, including Japan, and we are starting to see results. Moreover, Mizuho is ranked in the top 10 in the U.S. DCM investment grade league table. In addition to these strengths, the level of Mizuho's proposals to clients has improved through the hiring of outside specialists and the training of internal personnel, and this has also contributed to our performance.

Q.

Future prospects for emissions trading in light of the GX League concept of the Ministry of Economy, Trade and Industry (METI)

A.

METI's GX League is still under discussion. We understand it is discussing carbon credits, mainly voluntary, which is different from emissions trading in regulated markets as in the EU. In Japan, it is important that we first engage in carbon credits initiatives. Mizuho is the first financial institution in Japan to begin carbon credits trading, and is now working with a view to creating a voluntary carbon credits market through collaboration with the International Finance Corporation (IFC).

Q.

The impact of the natural capital discussion on sustainable finance strategies

A.

We expect to see a growing discussion that includes not only natural capital but also human rights and other aspects.

Our basic approach of combining finance and non-finance proposals will not change. We will stick to our strategy of sincerely addressing the issues faced by our clients, thinking with them, and offering optimal financial and non-financial solutions.

Q.

Sustainable finance's share of DCM and loan markets outside Japan. Growth prospects for the sustainable finance capital markets business. Share of targeted sustainable bonds.

A.

There are demands in both new financing and switching from existing financing to sustainable financing. Both are expected to be sizeable, and we believe they have a very high growth potential.

As for our target bond market share, we maintain around 4% IG DCM share in the Americas, and this level will become one of the benchmarks.

Q.

Policy on measures for carbon-related sectors and approach to reduction in high-risk areas

A.

We intend to achieve reductions through the two-pronged approach shown on the mapping of engagement in carbon-related sectors. In encouraging clients in high-risk areas to address transition risk, we will leverage our non-financial strengths to fully support clients in all aspects from business environment awareness to business strategy formulation, and contribute to financing. In Japan, METI has formulated sector-specific technology roadmaps for transitioning to decarbonization. Companies in industries with a large CO2 footprint are referring to these roadmaps in formulating business plans for 2050. Our policy on carbon-related sectors is to provide robust support in both financial and non-financial aspects in our capacity as a financial institution.

Q.

Policy on engagement with clients, progress

A.

Companies' achievement of carbon neutrality and achievement of growth strategies partially contradict with each other and present a very difficult challenge with no correct answer. At the same time, we recognize that decarbonization has gained significant momentum among companies and that specific tactics are being considered.

Comparisons between EMEA/Americas and Japan show the difficulty of introducing renewable energy and differences in the availability of resources. Therefore, the transformation of the power supply mix will naturally follow different pathways. Dualism like the EU taxonomy does not adapt well in Japan; transitioning at a speed appropriate for Japan is vital. It is critical to come up with measures for achieving both economic growth and social sustainability that are best suited to Japan's situation.

Having been pursuing engagement, the number of clients with which Mizuho had engagement in FY2021 was higher than in FY2020. Through in-depth dialogue, we are conducting hearings on clients' specific challenges, the status of their transition strategies, GHG emissions data and the like. We will continue to meet with clientcustomers one by one and support each other, based on their individual situations and pathways toward the realization of a low-carbon society by 2050.