

MIZUHO IR Select 2022 Sustainability initiatives

February 16, 2023

Mizuho Financial Group

MIZUHO


Self-Introduction

Yasuhiko Ushikubo

Senior Executive Officer

Head of Research & Consulting Unit and Group Chief Sustainability Officer (Group CSuO) of Mizuho Financial Group

**Managing Executive Officer of Mizuho Bank
Deputy President of Mizuho Research & Technologies**

I worked at the Mizuho Bank Industry Research Department for 8 years, including a career as the department head, in addition to past experience including corporate sales and macroeconomic research both in Japan and overseas.

After being appointed as an executive officer, I continued to be involved in energy policy in my capacity as a member of the Electric Power and Gas Policy Subcommittee of the Agency for Natural Resources and Energy, which has allowed me to build an extensive network with government agencies as well as with industry.

As Mizuho's first Group CSuO, a post I took up in September 2022, my main role is to plan and promote sustainability strategies.

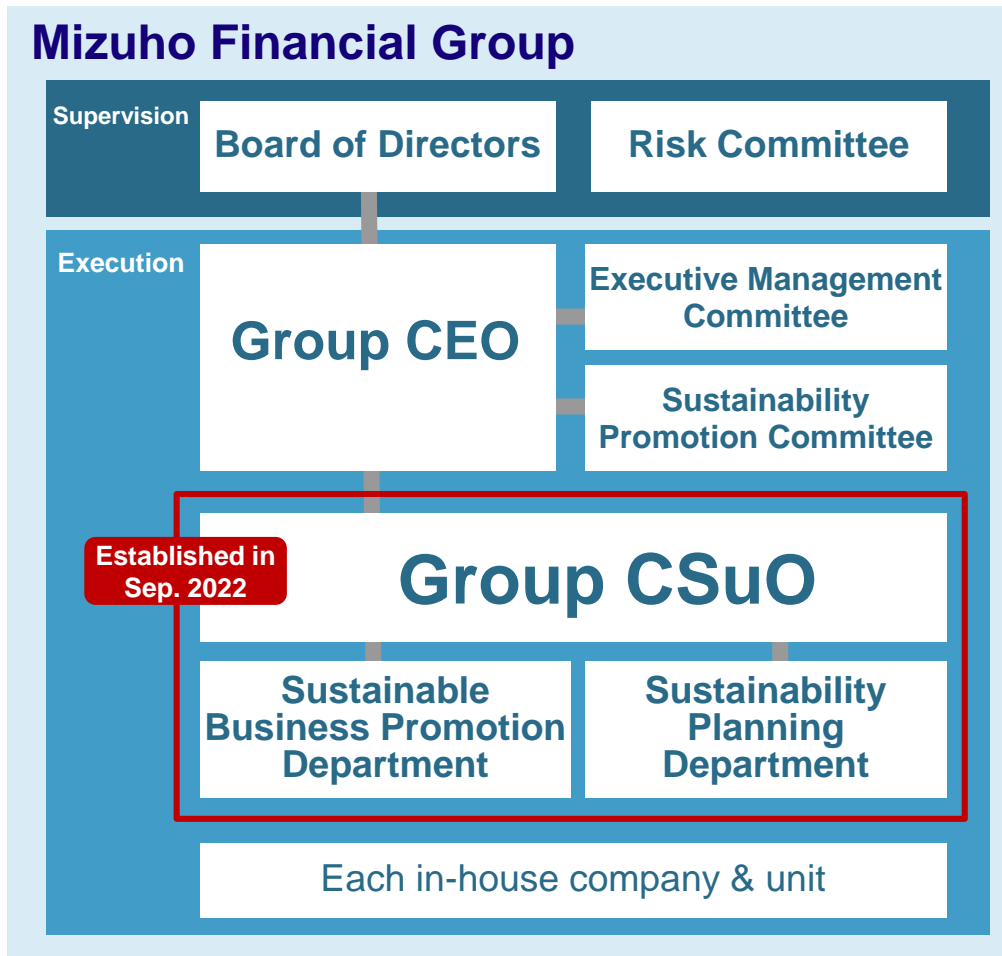
My personal motto is "The opposite of success is not failure, but not to challenge."



Reinforcing sustainability promotion
structure

Reinforcing sustainability promotion structure

- Changed to the new structure in September 2022 to reinforce sustainability promotion



- **Sustainable Business Promotion Department**
 - Responsible for planning of sustainable business
- **Sustainability Planning Department**
 - Responsible for planning of sustainability initiatives for the entire group

Group companies **BK, TB, SC, RT, etc.**

As CSuO: Mizuho's role in the promotion of sustainability

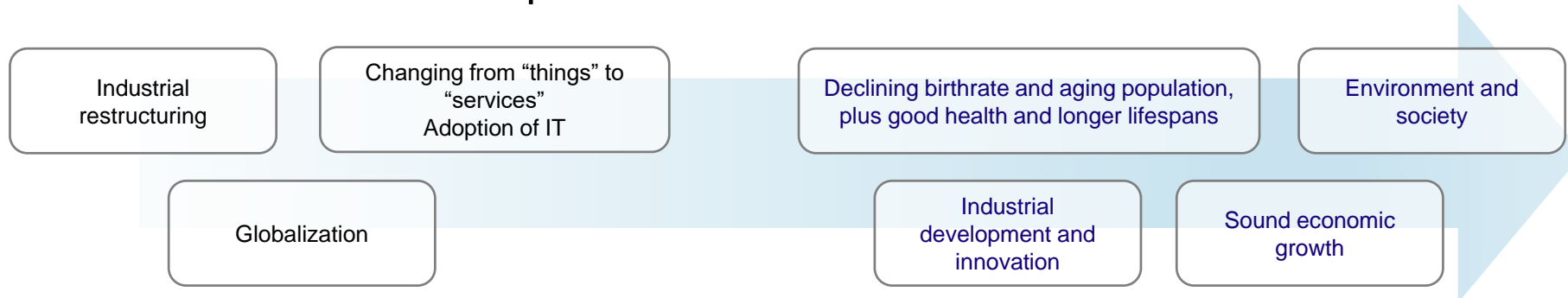
〈Mizuho's role〉

Aiming for the development of our clients and of society, we will maintain a medium- to long-term perspective. We will consider sustainability together with our clients and the government through discussions that hold nothing back. We will support industrial and business restructuring from all possible angles.

〈The foundations that support Mizuho's role〉



〈Our track record from the past and our initiatives for the future〉



Addressing climate change

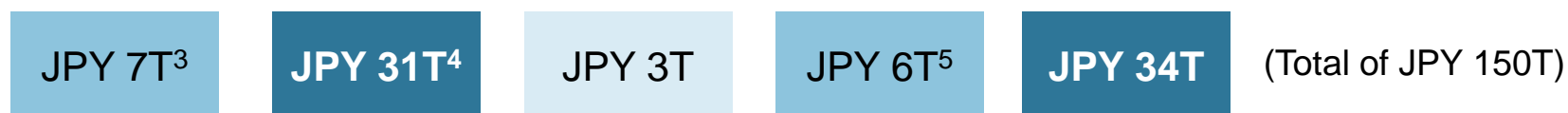
Facilitating our clients' response to climate change

- Leveraging our historical strengths in heavy industry, Mizuho will support clients' transition

	Oil & gas	Electric power	Steel	Chemicals	Automotive	...
Mizuho's credit exposure (JPY T)¹	8.2	9.0	2.6	6.4	6.2	...
GHG emissions	High	High	Medium	Medium	Medium	...
Transition risk	High	High	High	Medium	Medium	...

Public and private investment over the next 10 years²

(Cabinet Office estimates)



**Transformation of industry and business structures
= Business opportunities for Mizuho**

1. Mar-22 2. Source: Created by Mizuho Financial Group based on materials from the Cabinet Office and other sources. 3. Citing the hydrogen and ammonia sectors. 4. Citing the renewable energy and next-generation grid/power regulation sectors. 5. Citing the chemicals and bio-manufacturing sectors.

Addressing to sustainability finance

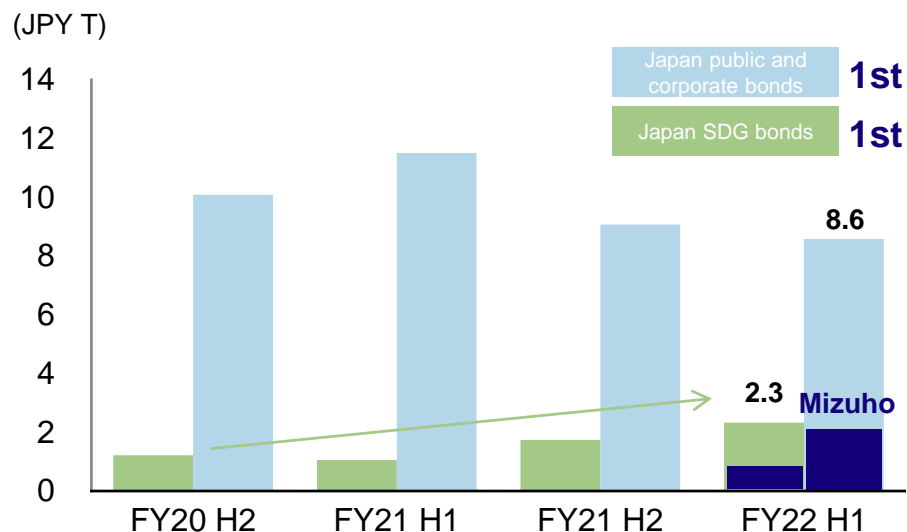
■ No.1 in Japanese megabank: Demonstrating our presence as a top global player in transition finance

	Region	Rank	Japanese Bank
Sustainable loans ¹	Global	4th	1st
	Asia	1st	1st
Infrastructure project finance ²	Asia	1st	1st
Renewable energy project finance ²	Asia	4th	3rd
SDG bonds ³	Global	2nd	1st
	Japan	1st	1st

Transition finance track record⁴

Region	Sector	Period	Type	Region	Sector	Period	Type
East Asia	Bank	21/1	Bond	Japan	Metal	22/6	Loan
EMEA	Resource	21/2	Bond	Japan	Metal	22/6	Bond
Americas	SPC	21/2	Bond	Japan	Resource	22/6	Bond
Japan	Transportation	21/3	Loan	Japan	Resource	22/7	Bond
East Asia	Bank	21/4	Bond	Japan	Resource	22/8	Bond
Japan	Transportation	21/7	Bond	Japan	Metal	22/8	Bond
Japan	Transportation	21/9	Loan	Japan	Heavy Electric	22/9	Bond
Japan	Resource	22/2	Bond	Japan	Electric Power	22/11	Loan
Japan	Transportation	22/2	Bond	Japan	Resource	22/11	Bond
Japan	Electric Power	22/5	Bond	Japan	Electric Power	22/11	Bond
Japan	Electric Power	22/5	Bond	Japan	Resource	22/12	Bond
Japan	Resource	22/5	Bond	Japan	Resource	22/12	Bond
Japan	Heavy Electric	22/5	Bond				

Debt capital markets in Japan³

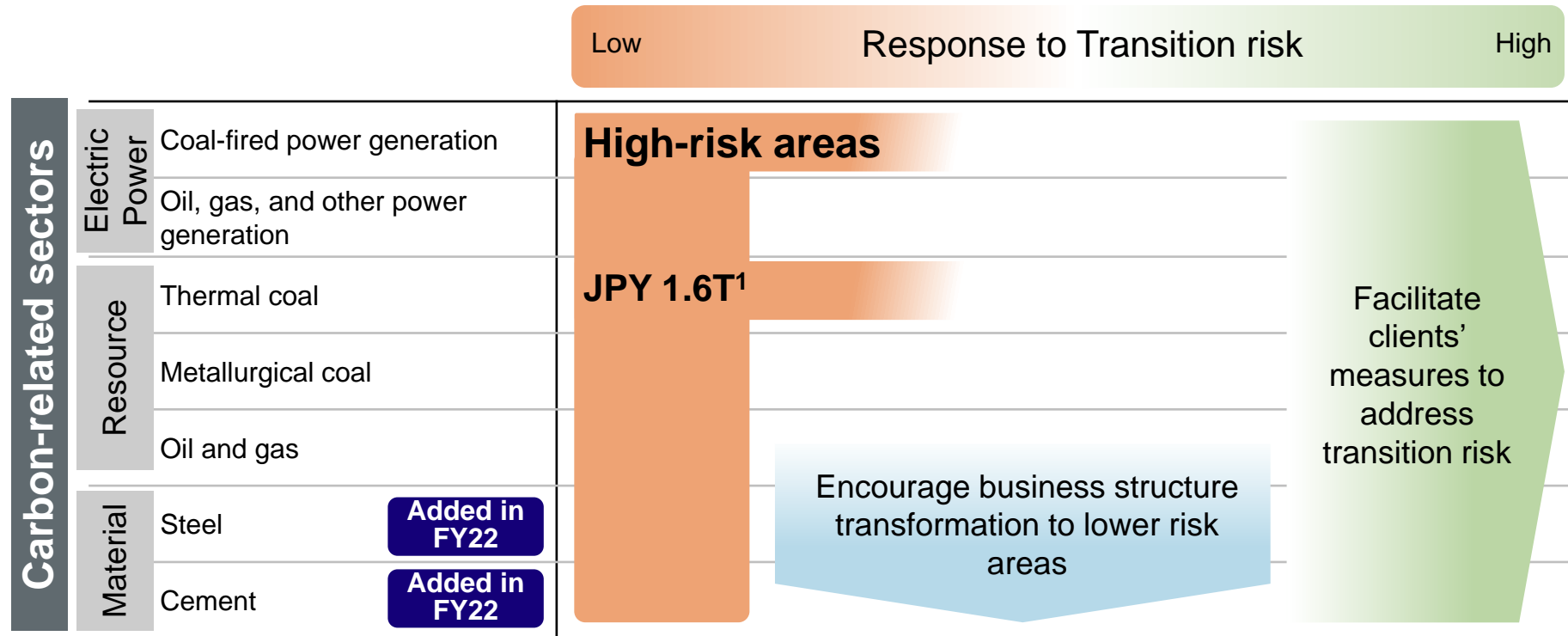
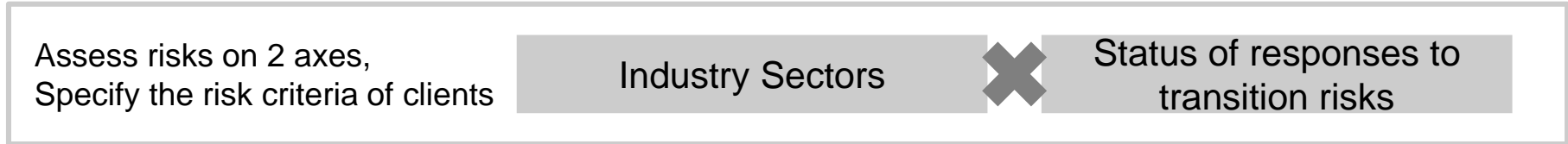


1. From Sep-21 to Sep-22. Source: Capital Eye. 2. April-September 2022. Source: IJGlobal. 3. April-September 2022. Source: Refinitiv. 4. Source: Bloomberg.

Improving our risk management system in carbon-related sectors

- Support our clients' transition initiatives and reduce our exposure in high-risk areas over the medium to long term

Risk management system in carbon-related sectors



* March 2022

Address high-risk areas – strengthening of engagement

- Enhance the framework to assess and evaluate on transition strategies and progress.
Proactively supply the financing
 - Set standards with reference to ICMA*'s Climate Transition Finance Handbook
 - Develop a framework (standards and verification process) to confirm the credibility and transparency of clients' transition strategies
 - Carefully evaluate on continuing business if transition strategy is not formulated after a year from the initial engagement and showing no interest to address transition risk

Standards to support the transition

Established
in Oct. 2022

Strategy and materiality	Strategy which meet the transition strategy requirements
Disclosure	Transparency of strategy, targets, and the traceability of the progress
Governance Structure	Appropriate governance structure to determine strategy and target
Science-based targets	Targets aligned with the Paris Agreement
Outlook for decarbonization technology development	Outlook for adoption of technology based on strategy

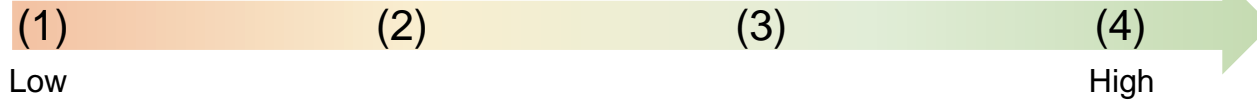
* International Capital Market Association

Client progress on addressing transition risk

Adopt an “engagement-based” approach, supporting our clients’ progress on addressing transition risk. Steady progress has been made throughout FY21.

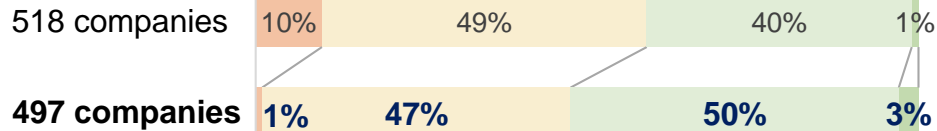
Graph
Upper: Mar. 21
Lower: Mar. 22

Clients’ progress on addressing transition risk¹

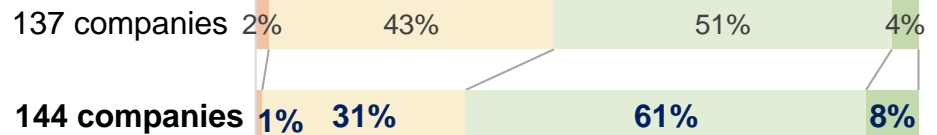


By number of companies

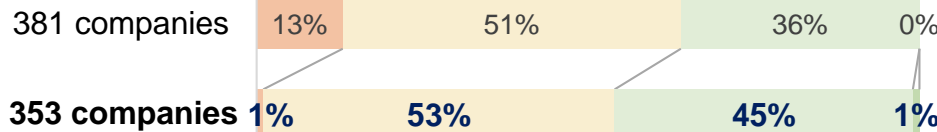
■ Total



• Power generation



• Resources

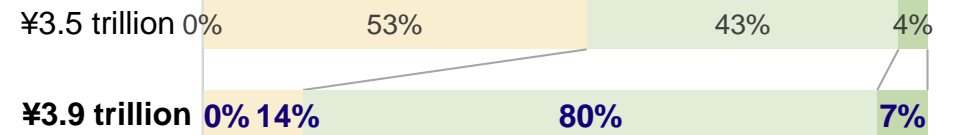


By amount of credit exposure

■ Total



• Power generation



• Resources

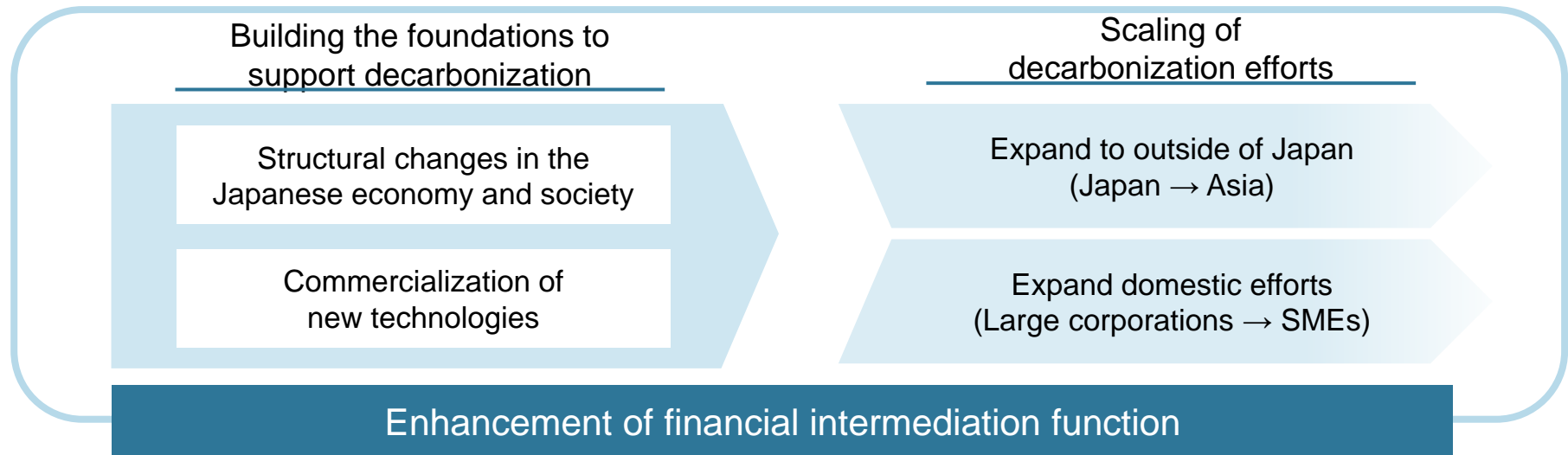


1. Mizuho divides clients into the following four categories: (1) Has no policy to address transition risk and has set no targets; (2) Has a strategy to address transition risk and has set targets; (3) Has set targets aligned with those in the Paris Agreement and is implementing specific initiatives; (4) Has met the requirements in (3) and has also obtained third-party certification. Scope of calculations: Within carbon-related sectors, corporate credit to the energy (coal-, oil-, and gas-fired power generation) and resources (coal, oil, and gas) sectors, which have been targeted sectors since last fiscal year.

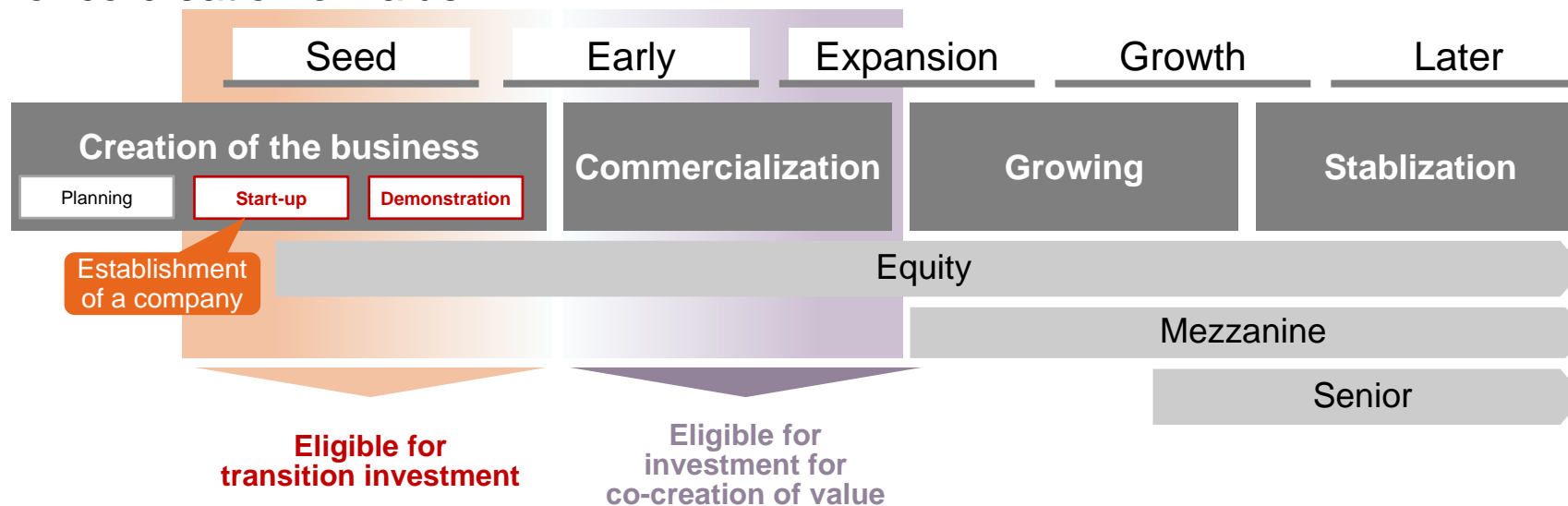
Mizuho's strengths and focus of medium- to long-term initiatives



Jointly create new values and mechanisms that involve diverse stakeholders



- Set up investment facilities for each stage of clients' businesses, and strengthen initiatives for co-creation of value



Apr. 2022

Established a transition investment facility for decarbonization-related businesses in the seed stage. Intend to invest over JPY 50 Billion in the next 10 years. Number of application: over **170** in and outside of Japan.

First Japanese megabank to support innovation for transition

First investment deal

Invested JPY 300 million in Synplogen, a DNA synthesis startup in the bio-manufacturing field which was spun out of Kobe University

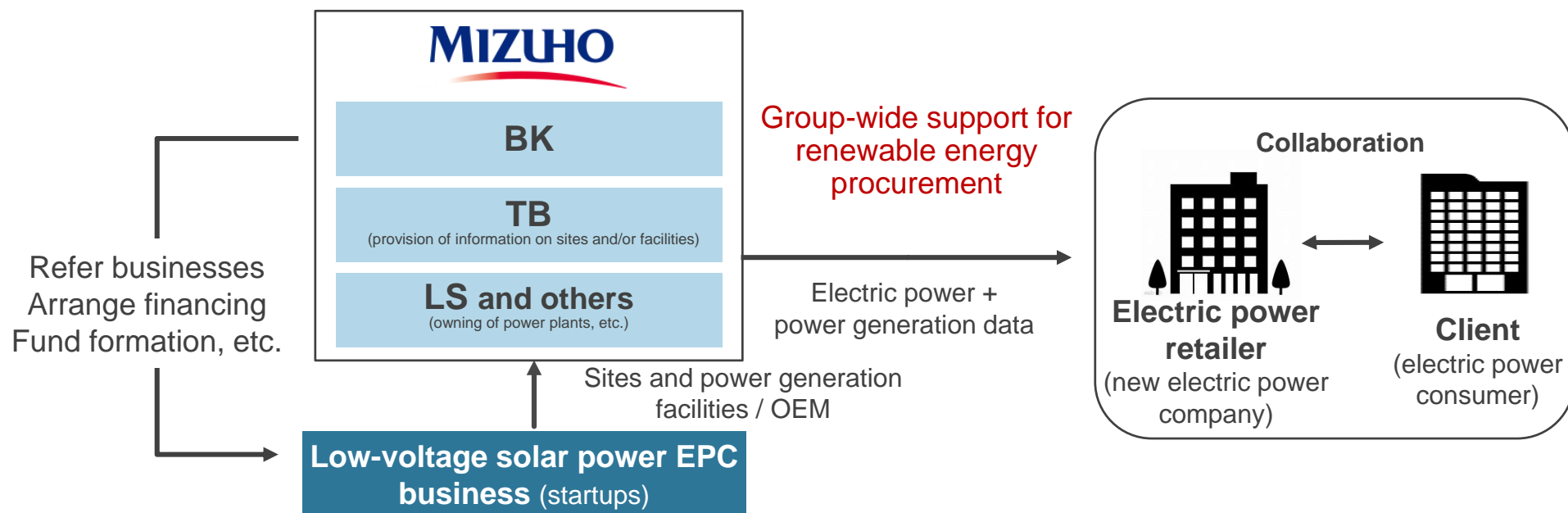
Feb. 2023

Established an investment facility for co-creation of value which targets businesses in the commercialization stage. (Investment targets are not limited to companies involved in transition areas)

- Teaming up with group companies and startups to provide solutions beyond finance

First in megabanks

Creating business on both the supply and demand sides of renewable energy procurement



May. 2022

Created Japan's largest self-wheeling low-voltage distributed solar power generation network for major retailers

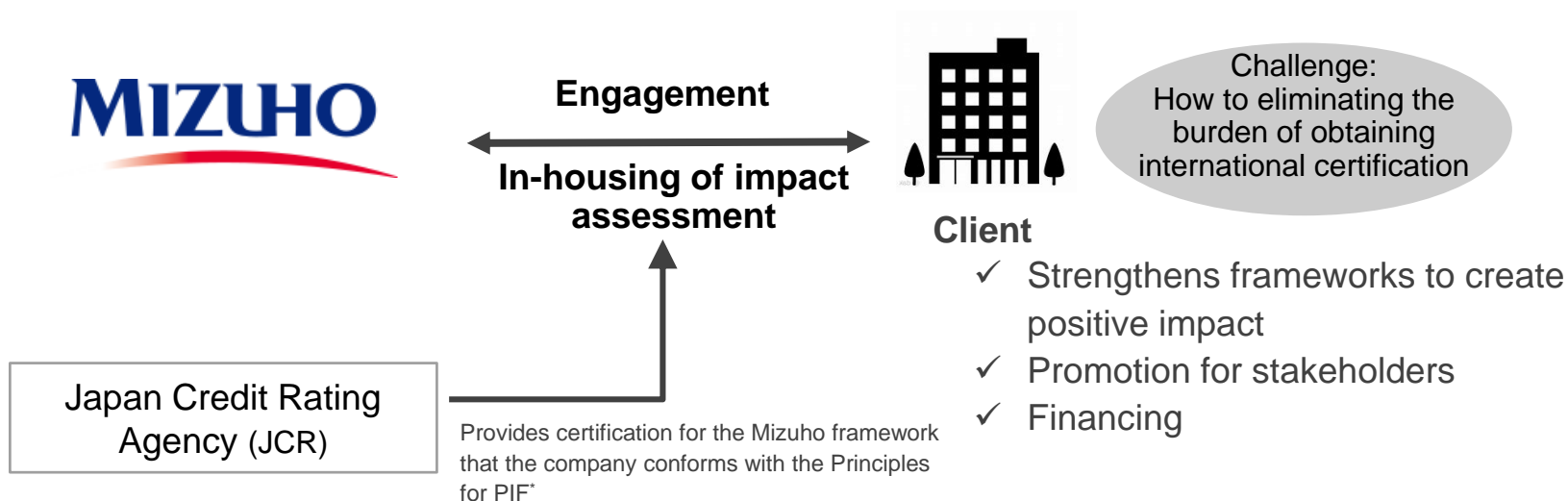
Aug. 2022

Promoting the introduction of various renewable energy sources (solar power, wind power, hydropower etc.) through comprehensive collaboration with electric power retailers (new electric power companies), supply of risk money and provision of information on business sites and power generation facilities, etc.

- Expansion of solutions know-how cultivated through business with large corporations to SMEs and medium-sized companies

First in megabanks

Introduction of an impact assessment framework for SMEs



Developing solutions not only for large corporations but also for SMEs

Jun. 2021

Establishment of Mizuho Positive Impact Finance (for large corporations)

Oct. 2022

Establishment of Mizuho Positive Impact Finance PRO (for SMEs)

* Positive Impact Finance

Rule-making and disseminating Mizuho's views

- Leverage Mizuho's strengths and experience to play a leading role in the sector and society

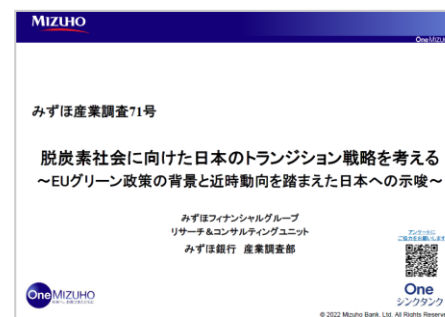
PCAF* Japan coalition

- After becoming the first Japanese financial institution to join in July 21, FG was appointed as a regional chair of the PCAF Japan coalition in November
- The FY22 work plan was released after discussions with participating organizations
- Leading the measurement and enhanced disclosure of financed emissions in Japan

Endorsed the GX League Basic Concept

- Participating in the working group on promoting GX management
- Working on “rule-making” for the public and private sectors
- Contributing to the issuance of guidelines for climate-related opportunities, the formation of initiatives, etc.

Timely dissemination of views



Jun. 2022

Examined the perspectives needed to achieve transition in Japan



Dec. 2022

Considered environmental trends and the direction for responses companies need to take

Sharing expertise with external stakeholders while also utilizing it for Mizuho's sustainability strategy

* PCAF: Partnership for Carbon Accounting Financials

Responding to other environmental
and social issues

Natural capital initiatives

TNFD disclosure

Participate in the TNFD Forum

- Participate in the TNFD forum for future disclosure of information on natural capital

Portfolio analysis from the perspective of natural capital

- Analyze the relationship between Mizuho's business and natural capital at the portfolio level, in terms of both risks and opportunities

Now

New in FY22

Initial portfolio analysis

Identify the parts of Mizuho's portfolio that are highly dependent or have a significant impact on water resources and biodiversity

Future

Planned in FY23

Disclose results of analysis

Use to capture business opportunities and for risk management

Strengthening measures to conserve biodiversity

- Continue to strengthen the Environmental Social Management Policy for Financing and Investment Activity

Sector

- Large plantations
- Palm oil
- Wood and paper pulp

Support for efforts through finance

Support efforts to conserve natural capital through sustainability-linked loans and positive impact finance

First in Japan

Blue bond origination

SC was appointed as Structuring Agent for Japan's first issuance of blue bonds by Maruha Nichiro Corporation

Initiatives to promote respect for human rights

Strengthening human rights initiatives

Revised Human Rights Policy (May 2022)

- Identified and re-evaluated human rights issues
- Clarified Mizuho's approach to human rights due diligence based on the UN Guiding Principles on Business and Human Rights, etc.
- Strengthened human rights due diligence for forced labor, child labor, human trafficking, and business activities in conflict-affected areas

Strengthening human rights due diligence

Financing
and
Investment

Revised Environmental and Social Management Policy for Financing and Investment Activity

Began initial screening with external data

Procurement

Revised Procurement Policy

Began risk screening with external data

Added CSR clauses to external outsourcing contracts

Enhancing provision of human rights-related solutions

- Started collaboration with the London Stock Exchange Group **Nov 22**
- Began to introduce the solutions provided by Refinitiv to our customers
- Support clients in conducting human rights due diligence



As the 1st Japanese financial institution

Published Human Rights Report (July 2022)



Human resources to support
sustainability initiatives

Experts to support sustainability initiatives

- Strengthening efforts to raise the awareness of each employee, including messaging from top management and developing experts

Sharing the message with employees through interviews, training, and workshops

An interview with Masahiro Kihara, Group CEO and Yoshihiko Ushikubo, Group CSuO



Sustainability training

(Basic knowledge, trends)

Global

All Group employees

Large corporate RM workshop

(Industries, technologies, success stories, etc.)

Large corporations

Around **600** people per sessions ¹

Consultants in the environment and energy fields

Approx. **130** people

Expertise

Visualizing GHG emissions

TCFD disclosure

Renewable energy

Circular economy

New technologies (hydrogen, batteries, CCUS, biology)

Sustainability Management Experts

SMEs

Approx. **1,300** people

SDGs promotion support finance sales certification

SMEs

Approx. **2,000** people

Global ESG Champion

Overseas

Approx. **30** people

SDG Impact Standards

Training (United Nations Development Programme)

World's first

Approx. **30** people

1. 9 sessions in FY21

Appendix

Expanding initiatives for jointly co-creation of value

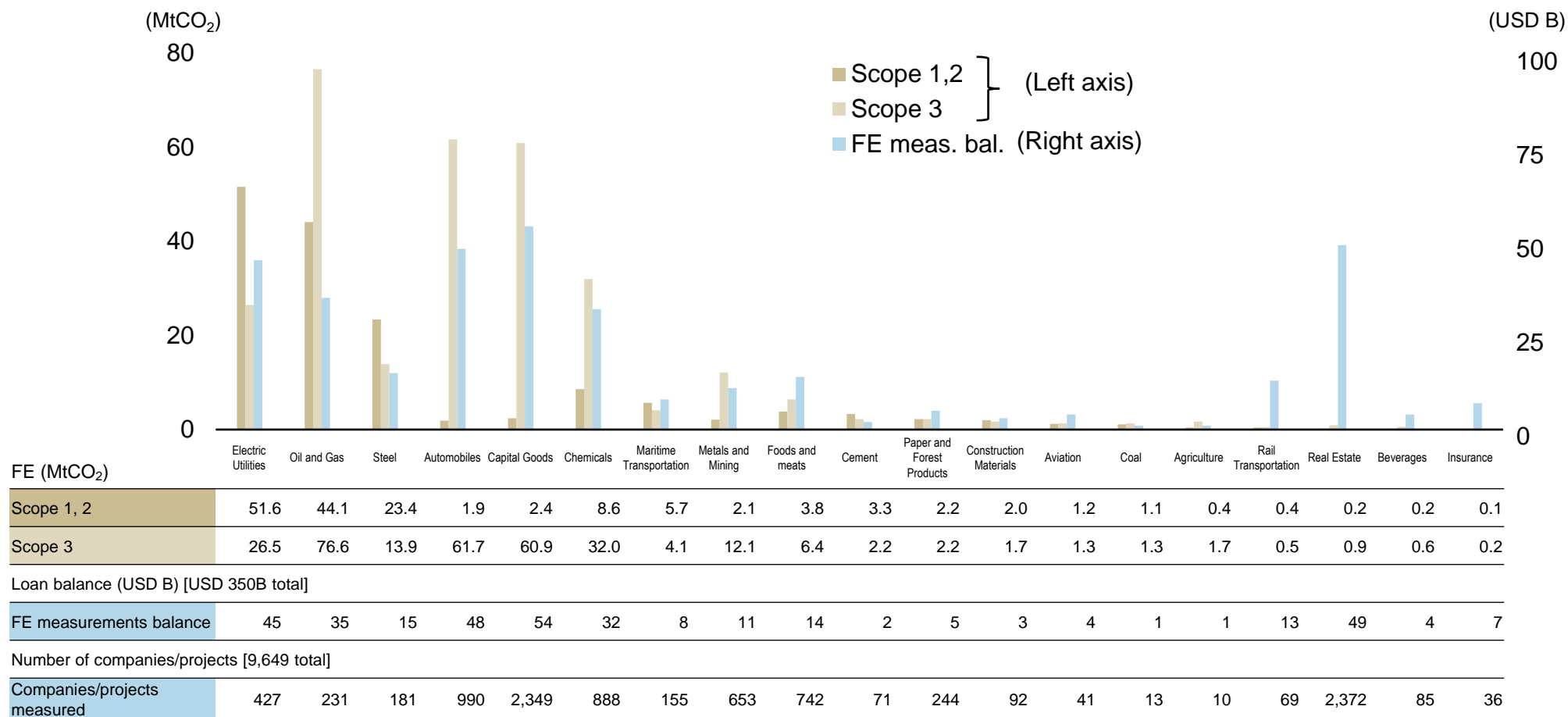
Press release Feb 15th 2023: “Strengthening initiatives for co-creation of value”

(Reference) Structure for investment and others to support our clients’ business

	Investment for co-creation of value	Investment for transition	SI* areas (capital funds)
Investment targets	<p>Feb. 2022</p> <p>Start-up companies (those aiming to address social issues and create new demand, realize new business models, etc.)</p>	<p>Apr. 2022</p> <p>Business companies that contribute to improving environmental and social sustainability (including achieving carbon neutrality)</p>	<p>Business companies aiming to increase capital, restructure their business, improve their corporate value, etc. (including assets held (real asset area))</p>
Business stage	<p>Commercialization stage</p>	<p>Development and verification stage</p>	<p>—</p>
Main type of investment	<p>Equity (Common equity, class shares)</p>	<p>Equity (Common equity, class shares)</p>	<p>Preferred shares, mezzanine such as subordinated loans, and equity (silent partnership funds, etc.)</p>

* Strategic Investment

Reference: FE measurement results (as of June 22)



Notes on measurement results:

- Scope 1, 2, and 3 emissions data are from client reports and disclosures includes data in which the scope of calculations does not extend beyond some consolidated companies and business and data which is still undergoing improvements in calculation methods. As such, the results of measurement of financed emissions may change significantly in the future due to clients expanding their calculations of emissions.
- Emissions factors used to estimate emissions may be further refined or otherwise modified going forward, which may also lead to significant changes in the results of measurement.
- Methods of measurement may also change in the future due to changes and improvements to the methodology of the PCAF Standard, clarification of practical standards for measurement and target setting, and other similar factors. In the event of such changes, we will clearly state which points have changed when disclosing our measurement results.

Facilitating growth stages and cross-regional collaboration

Dec. 2022



Mizuho is participating in the GFANZ working group of private-sector financial institutions which was put together to support Vietnam's JETP (Just Energy Transition Partnership). Mizuho will be working closely with all stakeholders both in the public and private sectors to help Vietnam achieve its transition goals through the mobilization of capital for projects led by the UK and EU governments.

Start collaborating globally to help achieve transition in the ASEAN region

Jan. 2023



Mizuho has entered into a strategic partnership with a private equity fund for investment in decarbonization projects co-founded by BlackRock and Temasek, which will strengthen support for the creation of new technologies and business models on a global basis.

Start collaborating comprehensively with leading global asset management and investment firms

Reference: Support for Carbon Neutrality Initiatives

First in
Japanese
Megabanks

New initiative to support companies in the acquisition of carbon credits

Aug. 2021

Signed a memorandum of understanding with IFC (International Finance Corporation) for business cooperation to supply carbon credits



Providing Japanese companies with opportunities to obtain voluntary carbon credits

Feb. 2022

Start of the GX League Basic Concept

Companies that endorse the GX League formulate targets and plans for 2030 consistent with Japan's goal of carbon neutrality by 2050, and if targets are not met, the companies will conduct voluntary emissions trading to meet them.



J-Credits

JCM (amount which contributes to reduction overseas)

High-quality overseas voluntary credits

Disclosure

ESG Milestones



Integrated Report



TCFD Report



Human Rights Report



ESG data book



SASB Index



Abbreviations

FG	: Mizuho Financial Group, Inc.	RBC	: Retail & Business Banking Company
BK	: Mizuho Bank, Ltd.	CIC	: Corporate & Institutional Company
TB	: Mizuho Trust & Banking Co., Ltd.	GCC	: Global Corporate Company
SC	: Mizuho Securities Co., Ltd.	GMC	: Global Markets Company
AM-One	: Asset Management One Co., Ltd	AMC	: Asset Management Company
RT	: Mizuho Research & Technologies, Ltd.	GPU	: Global Products Unit
FT	: Mizuho-DL Financial Technology Co., Ltd.	RCU	: Research & Consulting Unit
LS	: Mizuho Leasing Company, Limited		

Forward-looking Statements

Financial information in this presentation uses figures under Japanese GAAP unless otherwise stated (including management accounting basis).

This presentation contains statements that constitute forward-looking statements including estimates, forecasts, targets and plans.

These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.

Such forward-looking statements do not represent any guarantee of future performance by management.

Further information regarding factors that could affect our financial condition and results of operations is included in our most recent Form 20-F and our report on Form 6-K.

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the rules of the Tokyo Stock Exchange.

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