

Sustainability



Yasuhiko Ushikubo
Senior Executive Officer
Group Chief Sustainability Officer
(Group CSuO)

Realizing a sustainable society and economy presents a range of challenges, including responses to climate change, conservation of natural capital, development of a circular economy, and respect for human rights. Mizuho has steadily built up its initiatives in these regards, aiming to contribute to sustainable growth worldwide.

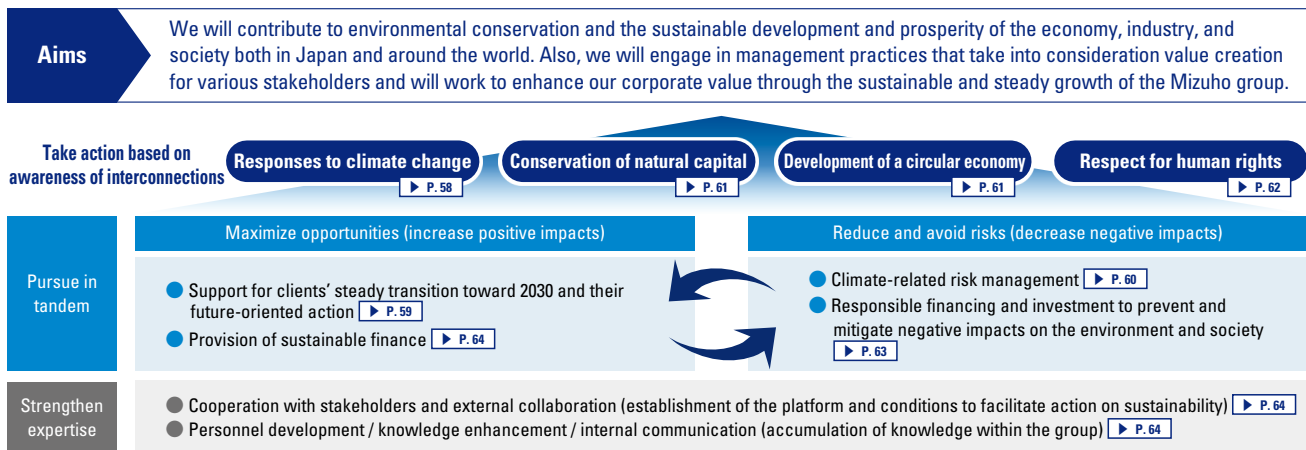
Among the most important challenges we are addressing are responses to climate change. Aiming to contribute to achieving net zero by 2050, we have established a Net Zero Transition Plan and are taking an integrated approach to facilitating transition in the real economy, capturing business opportunities, and managing risk. To achieve net zero greenhouse gas (GHG) emissions through financing and investment, we increased the sectors for which we set medium-term GHG emissions reduction targets and we are engaging with clients on these targets. At the same time, we are bolstering our risk management framework to enable us to gain an accurate understanding of client progress on transition risk responses and assist them as required.

The transition to a decarbonized society is also an opportunity to enhance the competitiveness of Japan's industry by supporting our clients' structural transformation and practical application of next-generation technologies. Having set a sustainable finance target of ¥100 trillion to provide funding needed for transition, we are providing risk capital for groundbreaking business sectors.

Our implementation of these initiatives is underpinned by collaboration with a wide range of stakeholders and each employee's high level of knowledge and awareness regarding our course of action. We are focusing on capability building by engaging in dialogue with employees in branches, offices, and other workplaces.

We will proactively innovate together with our clients and stakeholders for a prosperous and sustainable future, as stated in our Purpose.

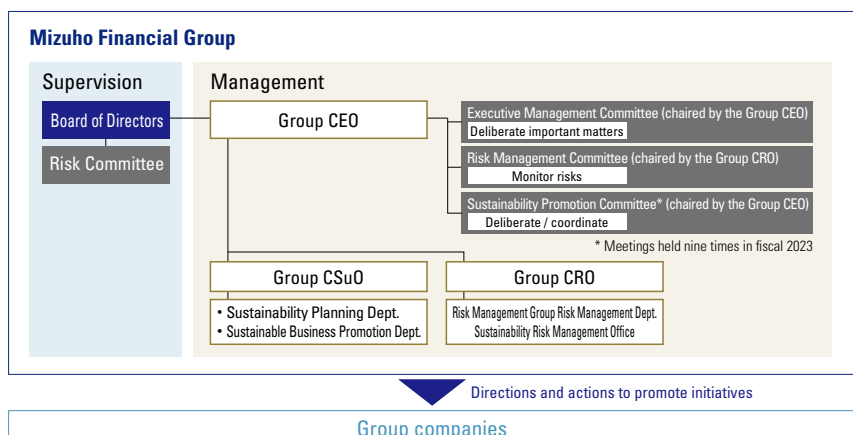
Overview of sustainability initiatives



Sustainability promotion structure

We discuss at the business execution line, e.g., the Sustainability Promotion Committee and Executive Management Committee and with 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.



Responses to climate change

● Reaching net zero by 2050

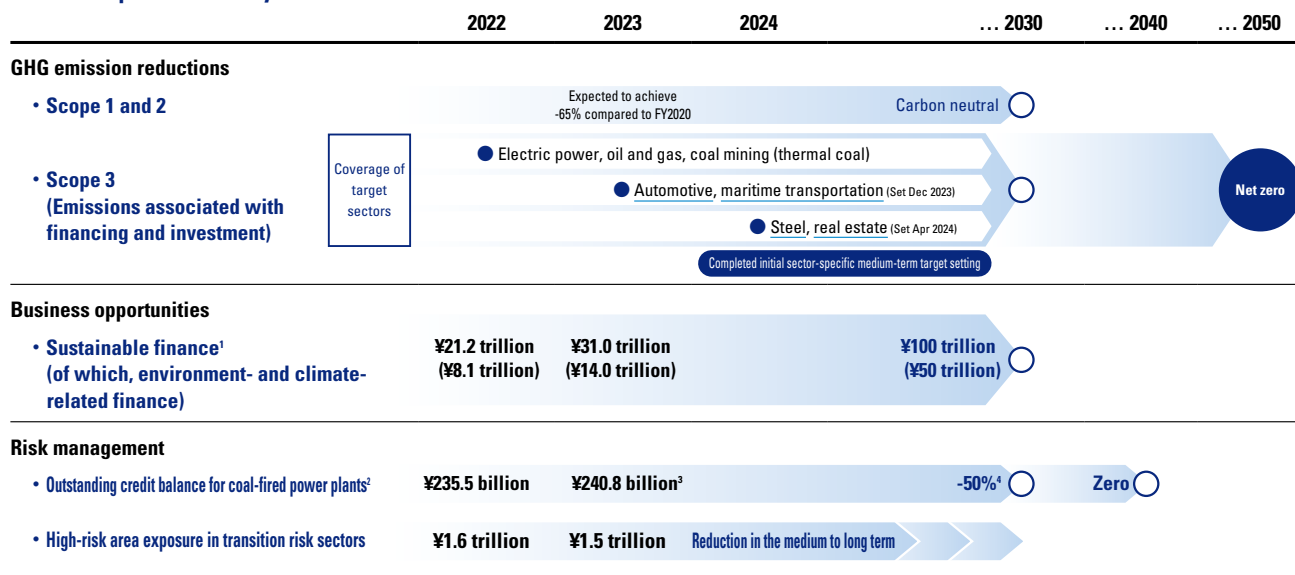
We are pursuing efforts to limit global temperature increase within 1.5°C by formulating our Net Zero Transition Plan and taking integrated action to facilitate transition in the real economy, capture business opportunities, and enhance risk management.

We have set sector-specific medium-term targets for emissions from financing and investment (Scope 3) based on the guidelines determined by the Net-Zero Banking Alliance (NZBA). Having set new medium-term targets for the automotive, maritime transportation, steel, and real estate sectors, we have completed initial Scope 3 target setting. Results for each metric presented in our road map are progressing steadily.

● Overview of Net Zero Transition Plan

Foundations	Policy	Environmental Policy (climate change-related initiatives)	Aims and actions	Mizuho's Approach to Achieving Net Zero by 2050		
Governance	Climate-related governance structure for the transition plan	Approval / supervision / reporting The Board of Directors approves the transition plan and supervises its progress as reported and discussed by the execution line. Accountability / review The business execution line has the responsibility and authority to execute the transition plan and must regularly review and report the progress made to the Board of Directors. Transparency Disclosures and reports are regularly made to external stakeholders regarding the details and progress of the transition plan.				
Strategy	Identification of priorities	Materiality Set as environment and society	Top risks Set as the worsening impact of climate change	Scenario analysis Recognized the importance of clients' transition risk responses and engagement	Key sectors Identified key sectors for net zero transitions	Next-generation tech Identified next-generation technologies related to key sectors
	Capturing business opportunities	Support transition and structural transformation through financial and non-financial solutions - Provision of transition financing, creation of new businesses, etc.		Risk management	Continual enhancements to risk management structures and policies - Implementation and continuous review of risk control in carbon-related sectors and the Environmental and Social Management Policy for Financing and Investment Activity (ES Policy)	
	Strengthening engagement	Client engagement	Representing views for rule-making	Capability building	Strengthen sustainability transformation human capital and internal communication	
Metrics and targets	Capturing business opportunities	Sustainable finance / environment- and climate-related finance targets		Risk management	Target to reduce the outstanding exposure for coal-fired power plants	High-risk area exposure in transition risk sectors
	Engagement	Progress in status of clients' transition risk responses		Capability building	Sustainability transformation human capital KPIs	
	GHG emission reductions	Targets to reduce our own emissions (Scope 1 and 2)		Targets to reduce emissions associated with financing and investment (Scope 3)		

● Road map for net zero by 2050



1. Total accumulated financing amount since FY2019.
 2. Credit balance where the funds are used for the construction or expansion of coal-fired power plants, which is prohibited under the ES Policy.
 3. The outstanding credit balance has appreciated on a yen basis due to the yen's depreciation versus other currencies, though a steady decrease in the balance can be observed when calculated in terms of each local currency.
 4. Compared to FY2019.

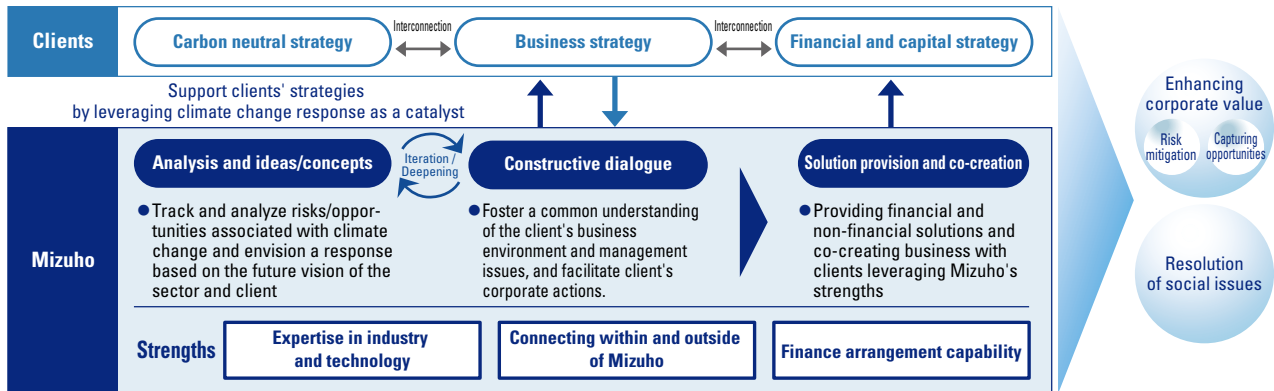
Mizuho’s business strategy for transitioning to a decarbonized society

We are supporting our clients’ decarbonization strategies and other efforts to pursue sustainability transformation by leveraging Mizuho’s strengths to enhance the competitiveness of Japan’s industry through structural transformation and to create both economic value and societal value.

To facilitate the transition to net zero in the real economy, we are placing emphasis on engagement and supporting our clients’ strategies of all kinds. We are working with our clients to help them pursue transition and adopt next-generation technologies, taking into account each sector’s differing characteristics and challenges.

<p>Supporting clients’ steady transition toward 2030</p> <ul style="list-style-type: none"> ● Clients’ business portfolio restructuring and supply chain transformation ● Initiatives towards deploying new technologies ● Enhancing our sustainable finance arrangement capability <p>Supporting future-oriented clients’ actions</p> <ul style="list-style-type: none"> ● Addressing key topics for a sustainable society and economy ● Supporting business and technology development ● Cross-industry and supply chain collaboration with stakeholders ● Product and business development by collaborating within the group and with outside parties 	<p>Mizuho’s focus areas</p> <p>Key recent initiatives</p> <table border="1"> <tr> <td>Hydrogen</td> <td>Announcement of ¥2.0 trillion in hydrogen financing (by 2030)</td> </tr> <tr> <td>Carbon credits</td> <td>The only financial institution to receive Best Market Maker status from Tokyo Stock Exchange’s carbon credit market</td> </tr> <tr> <td>Impact</td> <td>Released Impact Business Compass</td> </tr> </table>	Hydrogen	Announcement of ¥2.0 trillion in hydrogen financing (by 2030)	Carbon credits	The only financial institution to receive Best Market Maker status from Tokyo Stock Exchange’s carbon credit market	Impact	Released Impact Business Compass
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Overview of Mizuho’s client engagement



Providing sector-specific support

<p>Electric power</p> <ul style="list-style-type: none"> ● Various discussions on energy mix and changes in business structure ● Supported transitioning to decarbonized power sources, strengthening of power networks ● Deploying new technologies such as offshore wind and solar power 	<p>Steel</p> <ul style="list-style-type: none"> ● Discussion on topics such as reducing carbon emissions from blast furnaces and practical application of hydrogen direct reduction, and voicing of views to the government and other parties
<p>Oil and gas</p> <ul style="list-style-type: none"> ● Discussion on inorganic strategies for launching non oil-related businesses ● Support business portfolio restructuring and hydrogen value chain development for future fuel conversion ● Support study related to strengthening and restructuring of petrochemical businesses, and commercialization of sustainable aviation fuel (SAF) production 	<p>Automotive</p> <ul style="list-style-type: none"> ● Financial arrangement to implement clients’ decarbonization strategies, such as procuring renewable energy and developing new technologies ● Provide proposals for emission visualization and management services throughout supply chains
	<p>Maritime transportation</p> <ul style="list-style-type: none"> ● Discussion on compliance with International Maritime Organization (IMO) regulations ● Financial support to expand the introduction of vessels with low carbon fuels
	<p>Real estate</p> <ul style="list-style-type: none"> ● Support for the measurement of GHG emissions and the establishment of procurement structures for renewable energy ● Provision of finance backing environmental measures taken in the real estate sector

Climate-related risk management

Materiality assessments of climate risks

We conducted evaluations on the materiality of risks in each category in order to understand the risks in an integrated manner. As a result, 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 understand and manage the quantitative impacts of risks through scenario analysis based on materiality.

Risk control in carbon-related sectors

We assess risks on two axes: (1) client sectors, and (2) progress of response to transition risks; having designated high- and medium-risk areas, we are developing a structure for monitoring. In addition to monitoring exposure at each level, in fiscal 2024 we are endeavoring to upgrade our classification methods, primarily by improving our evaluation criteria for (2) progress of response to transition risks.

		(2) Progress of response to transition risks			
		(1) • Has no policy to address transition risks • Has set no targets	(2) • Has a strategy to address transition risks • Has set quantitative targets	(3) • Has set targets aligned with the Paris Agreement • Implementing specific initiatives based on those targets	(4) • Has had a third-party evaluation ¹ to confirm they are on track to achieve those targets • Certain to achieve those targets
(1) Client sectors	Electric power	Coal-fired power generation	High-risk areas ² (¥1.5 trillion in total)	Medium-risk areas	Low-risk areas
		Oil, gas, and other power generation			
	Resources	Renewable energy, nuclear power, power transmission etc.			
		Thermal coal			
		Metallurgical coal			
	Materials	Oil and gas			
		Steel			
		Cement			
	Other sectors				

Support for promoting clients' responses to transition risks³

Support for business structure transformation leading to lower risk areas and sectors

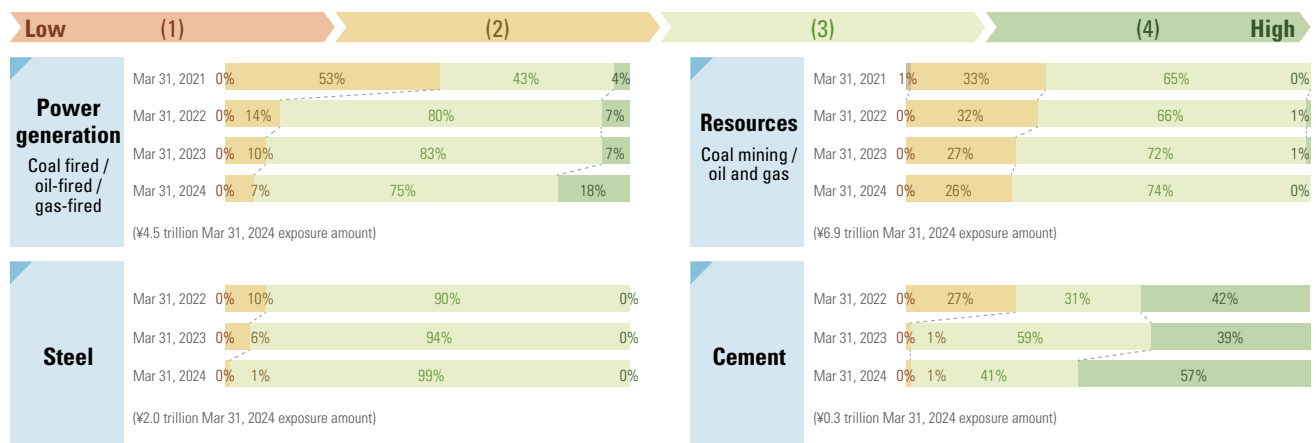
- Science Based Targets or equivalent.
- Amount of exposure as of March 31, 2024. High-risk areas include project finance for coal-fired power plants.
- Set up a transition support framework to provide more active support for clients' responses to transition risks and business structure transformations, etc., by setting the fulfillment of international standards as our requirements.

..... Continuously develop evaluation criteria for clients' responses to transition risk (during fiscal 2024)

Status of transition risk responses (3)	Status of transition risk responses (4)
Subdivide into levels the criteria "achievement of a certain amount of GHG emission reductions with respect to targets"	Add "targets and performance are consistent with the 1.5°C pathway" as a determining criteria for this level

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. Clients in all sectors are making steady progress when compared to the status of their transition risk responses of previous years.



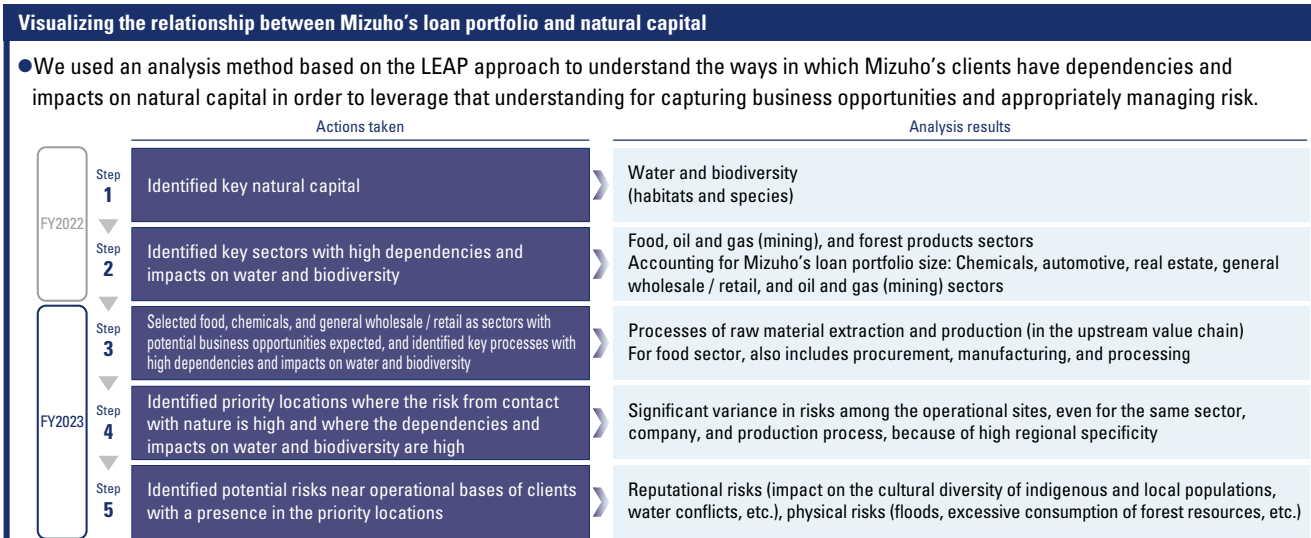
Please see our **Climate & Nature-related Report 2024** for more details on our climate-related risk management.
https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/climate_nature_browsing_2024.pdf

Conservation of natural capital

The conservation and recovery of natural capital is closely related to climate change and is an important issue for which, as a financial institution, we must make efforts both to capture opportunities and to manage risks.

We recognize water and biodiversity as key natural capital. In fiscal 2023, we used the LEAP approach¹ to analyze sectors with particularly high dependencies and impacts on water and biodiversity that are expected to provide business opportunities in the future: chemicals, general wholesale / retail, and food. We also support our clients in their efforts to preserve and restore natural capital through a variety of solutions, from consulting to financing.

1. A method of assessing nature-related issues by following four steps: Locate, Evaluate, Assess, and Prepare



Support clients

Blue finance	We provided financing for new water-related projects and infrastructure development (During FY2023: Financing arranged / underwritten for 13 projects)
Consulting services related to natural capital	Mizuho Research & Technologies cooperated with Kokusai Kogyo Co., Ltd. to provide Mizuho Nature-Positive Design®, a consulting service that uses satellite data to support the procurement of sustainable raw materials by companies.

 Please see our **Climate & Nature-related Report 2024** for more details on the conservation of natural capital.
https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/climate_nature_browsing_2024.pdf

Development of a circular economy

As economic growth continues globally, resource shortages and constraints are emerging, making the shift to a circular economy imperative. The thinking behind a circular economy is to conserve and maintain the value of products and materials indefinitely and minimize the generation of waste. As such it is highly compatible with strengthening responses to climate change and conservation of natural capital, and we will therefore gear our initiatives in these regards to our efforts to help its development.

Provision of finance	Mizuho Securities was appointed as lead book runner and structuring agent for a sustainability-linked bond, Japan’s first publicly offered bond that adopted circular economy-related KPIs.
Provision of risk capital	Mizuho Bank sought to address the issue of waste treatment in India by investing through our Value Co-creation Investment Facility into a venture company involved in a recycling-oriented waste treatment business producing alternative fuels from waste.
Provision of investment opportunities	Asset Management One started handling the publicly offered investment trust Mizuho Sustainable Fund Series – LO Circular Economy, enabling investment in companies whose earning opportunities are expected to increase with the transition to a circular economy.
Participation in industry-government-academia partnerships	Mizuho Financial Group, Mizuho Research & Technologies, and Mizuho Leasing participated in Circular Partners, a partnership between industries, academia, and local government to accelerate a circular economy in Japan. The partnership is building a platform to link the “output industries” that create products from natural resources with the “input industries” that collect, recycle, and reuse waste.

Respect for human rights

Strengthening human rights initiatives

To fulfil our responsibility to respect human rights throughout the value chains in our global operations, we follow guidelines including the UN Guiding Principles on Business and Human Rights and established our Human Rights Policy. In fiscal 2023, we conducted due diligence regarding various human rights issues that had arisen at companies to which we had provided financing or investment and enhanced our grievance mechanisms by introducing a mechanism run by a third party. We are also promoting better awareness and understanding of human rights among our executive officers and employees.

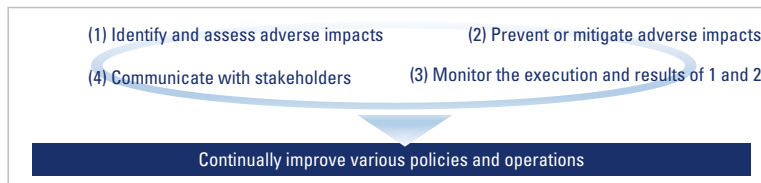
Promotion framework

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 adverse human rights impacts 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 take additional action including client engagement and monitoring.



Stakeholder engagement and disclosure of information

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

Key points of strengthened initiatives in fiscal 2023

Human rights due diligence	<ul style="list-style-type: none"> A total of 12 human rights incidents were inspected in greater detail through enhanced due diligence. We revised our Environmental and Social Management Policy for Financing and Investment Activity ("ES Policy") to expand the types of human rights issues covered from "forced labor, child labor, and human trafficking" to various human rights issues.
Strengthening grievance mechanisms	<ul style="list-style-type: none"> Joined the Engagement and Remedy Platform operated by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). Provided a fair dialogue remedy process through a professional and neutral third party to accept reports on human rights violations from all stakeholders. 
Training for executive officers and employees	<ul style="list-style-type: none"> We provided training for executive officers and employees to spread awareness and promote internal communication regarding the importance of companies promoting respect for human rights and the action we must take as a financial institution if a human rights violation is detected.
Participation in global network of financial institutions	<ul style="list-style-type: none"> Participated in the Financial Institutions Practitioner Circle (FIs Circle), a platform run by Shift, a non-profit organization, where human rights initiatives are discussed. Exchanges of views with global peers will be used to further step up Mizuho's own initiatives. 



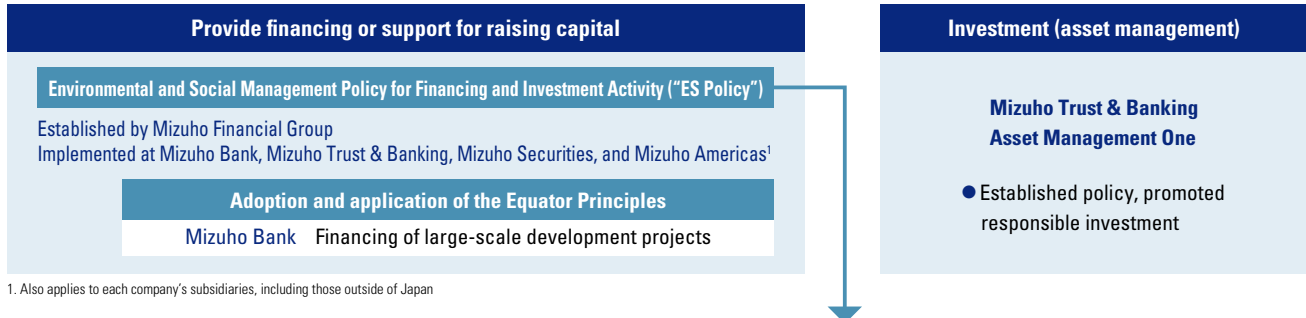
For more details on our initiatives for ensuring respect of human rights, please refer to our Human Rights Report.

https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/human-rights/solution/human_rights_report_2024.pdf

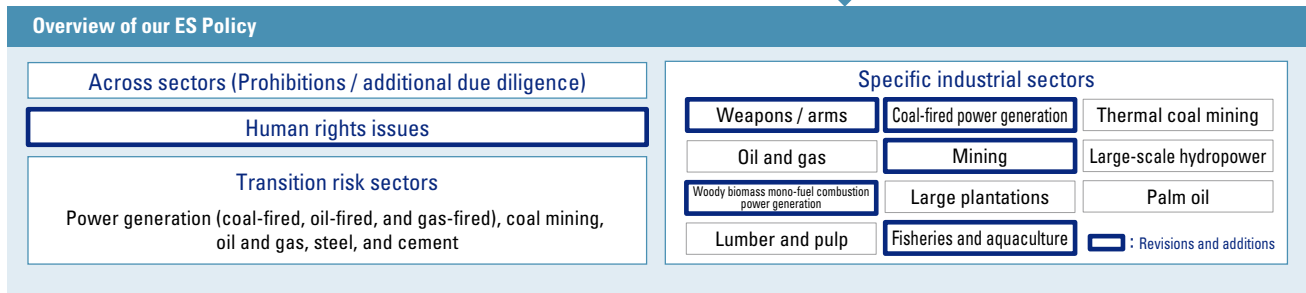
Responsible financing and investment

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 2024, we revised the ES Policy to strengthen our responses to climate change, loss of nature, and human rights issues.

An overview of responsible financing and investment



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



Major revisions (March 2024)

Human rights issues	Revision	<ul style="list-style-type: none"> Expanded the types of human rights issues covered by the ES Policy from “forced labor, child labor, and human trafficking” to various human rights issues
Weapons / arms	Revision	<ul style="list-style-type: none"> Prohibited financing and investment which will be used for the manufacture, sales, or distribution of nuclear weapons Prohibited transactions with companies engaged in sales and distribution of cluster munitions, anti-personnel mines, and biological and chemical weapons, as well as those engaged in their manufacture
Coal-fired power generation	Revision	<ul style="list-style-type: none"> Prohibited provision of financing to or investment in companies with which we have no current financing or investment transactions if the primary business of these companies is coal-fired power generation However, we acknowledge the need for financing and investment to enable the early retirement of coal-fired power plants, and in light of this, projects that would contribute to decarbonization premised on the early retirement of a coal-fired power plant or conversion to a renewable energy source can be considered as exceptions
Mining ²	New	<ul style="list-style-type: none"> Verified waste material disposal, forced and child labor, rights of indigenous people and local communities, etc.
Woody biomass mono-fuel combustion power generation ³	New	<ul style="list-style-type: none"> Verified GHG emissions throughout the lifecycle including fuel transportation, the sustainability of fuel production, and prevention of competition with other uses for wood or food production
Fisheries and aquaculture	New	<ul style="list-style-type: none"> Verified illegal, unreported, and unregulated (IUU) fishing, destructive and indiscriminate fishing practices, etc.

2. Excluding stone quarrying 3. Applies to woody biomass mono-fuel combustion power plants

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

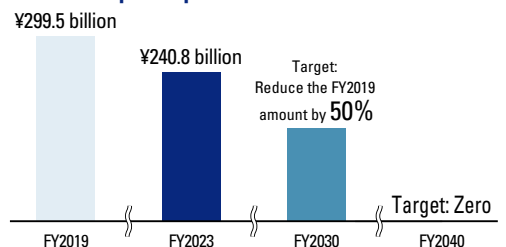
We engage (hold constructive dialogue) with clients in transition risk sectors and specific industrial sectors at least once a year.

FY2023 Approx. **900** 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 plants⁴



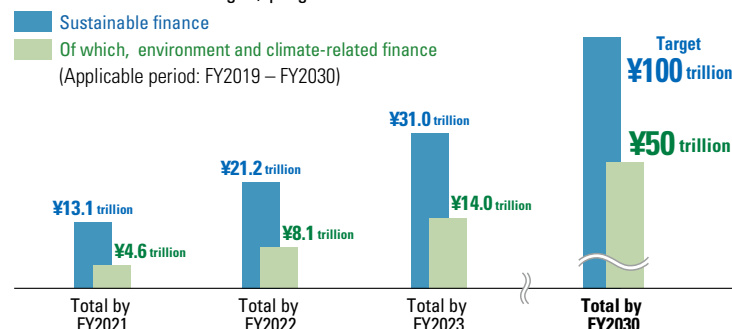
4. Aggregation targets: Credit balance where the funds are used for the construction or expansion of coal-fired power plants, which is prohibited under the ES policy.

Provision of sustainable finance

In order to direct further capital flow toward resolving social issues, we are steadily building up our financing track record as we work toward our sustainable finance target of ¥100 trillion, thereby leading the market. We are expanding the sectors to new social issues, including through human capital management impact finance.

In addition, we are proactively providing risk capital in groundbreaking business sectors including the Transition Equity Investment Facility for technologies or businesses in the development and verification stages and the Value Co-creation Investment Facility for businesses in the commercialization stage.

Sustainable finance target / progress



League tables

Publicly offered SDG bonds (in Japan) **#1**
FY2023 (5 successive years)

(Source: Capital Eye)

Sustainable finance (loans) (global) **#1**
FY2023 (among Japanese banks)

(Source: LSEG)

Transition Equity Investment Facility (development and verification stages) / Value Co-creation Investment Facility (commercialization stage)

In FY2023 both types of investment increased to around 6 times the amount in FY2022

Strengthening expertise

Cooperation with stakeholders and external collaboration

We are working to establish the platform and conditions to facilitate action on social and economic sustainability, cooperating with various stakeholders on initiatives such as promoting the use of carbon credits and expanding the scope of sustainability management.

Examples

- **Promote carbon credit utilization from finance industry perspective**
 - Invested in Climate Impact X, a Singapore-based carbon credit trading platform company
- **Measurement and reduction of CO₂ emissions**
 - Entered into a capital and business alliance with e-dash Co., Ltd., a startup that provides services for companies from CO₂ emissions measurement to reduction, with the aim of supporting structural transformation throughout supply chains
- **Support for sustainability information disclosure and sustainability management**
 - Joined the Sustainability Data Standardization Consortium in Japan and contributed to the creation of a handbook targeting unlisted middle-market firms and SMEs to promote sustainability information disclosure and sustainability management

Personnel development / knowledge enhancement / internal communication

To expand our support for clients' sustainability transformation, we are developing our personnel by enhancing the knowledge of each individual employee. In conjunction with this, we are improving our internal communication to enable Mizuho employees to increase their interest in and understanding of sustainability and implement sustainability-related initiatives.

Personnel development

Environmental / energy sector consultants

FY2023
Approx. 140 consultants

FY2022
Approx. 130 consultants

Sustainability management experts

FY2023
Approx. 1,650 experts

FY2022
Approx. 1,300 experts

Knowledge enhancement

Middle-market firms and SME relationship manager workshops

FY2023
18 sessions, averaged approx. 200 participants per session

Large corporate relationship manager workshops

FY2023
4 sessions, averaged approx. 600 participants per session

Executive dialogue

Dialogue with Paul Polman, former CEO of Unilever and a leading expert on sustainability management, and Group CEO Masahiro Kihara. Around 500 employees inside and outside Japan tuned into the session, raising their awareness regarding sustainability.

CSuO dialogue

Group CSuO Yasuhiko Ushikubo held dialogue sessions in branches and offices, and employees' opinions and perceptions of issues were reflected in initiatives.

34 dialogue sessions, approx. 1,000 employees in total

Status of Mizuho’s response to recommendations by the Task Force on Climate-related Financial Disclosures (TCFD): Summary

Key updates (since the Integrated Report 2023, published in September 2023)

Governance	Matters such as Mizuho’s transition plan, the status of our response to TCFD recommendations, and revisions to GHG emissions reduction targets and policy are discussed by the business execution line, then reported to and deliberated by the supervisory line.
Strategy	Sustainable business strategy ▶ We clarified our strategy for leveraging Mizuho’s strengths to support clients’ steady transition toward 2030 and their future-oriented action. We also strengthened our measures addressing three focus areas: hydrogen, carbon credits, and impact. Scenario analyses ▶ We added cement, chemicals, and automotive (suppliers) to the sectors for which we conduct transition risk analysis.
Risk management	Risk control in carbon-related sectors ▶ During fiscal 2024, we will add GHG emissions reduction performance and alignment of targets and results with the 1.5°C pathway as criteria for evaluating the status of clients’ transition risk responses. The Environmental and Social Management Policy for Financing and Investment Activity (ES Policy) ▶ We revised the activity policy for human rights issues, weapons and arms, and coal-fired power generation and added specific sectors (mining, woody biomass power generation, fisheries, and aquaculture).
Metrics and targets	Scope 3 (emissions from financing and investment) ▶ Set medium-term Scope 3 targets for the automotive, maritime transportation, steel, and real estate sectors. Completed initial target setting based on NZBA guidelines. Other disclosure items aside from the monitored metrics ▶ Made trial measurements of facilitated emissions (emissions from capital market activities).
Disclosure	We expanded our existing TCFD Report to create the Climate & Nature-related Report, which provides comprehensive disclosure on Mizuho’s climate- and nature-related information in line with the recommendations of both the TCFD and the Taskforce on Nature-related Financial Disclosures (TNFD).

Governance

- We built a supervision and business execution governance framework that centers on the Board of Directors (P. 57 Sustainability promotion structure).
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 deliberate and discuss, then report to the Board of Directors.
- The Group CSuO and Group CRO move forward initiatives in each field under the management of the Group CEO.
- 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. (P. 89 Compensation for executive officers (within “Corporate governance”))

Strategy (P. 58 Responses to climate change)

- The Net Zero Transition Plan has been developed (established in 2022, revised in April 2023) to promote the group’s climate change responses in a more integrated manner.
- 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 (P. 59), we actively support clients’ transitions to a decarbonized society and their measures to address climate change.
- Engagement efforts: We support client strategies through analysis and ideation, constructive engagement, and solution provision and co-creation. We have enhanced the communication to policy makers and our involvement in international rule-making.
- Capability building: We have promoted internal dissemination of sustainability awareness and strengthened training for sustainability transformation human capital.
- Risk recognition: We ascertain the entirety of risks associated with climate change by assessing their importance in each risk category. We recognize credit risk (deterioration of client business performance) and market risk (decline in the value of equity holdings) to be of particularly high consequence.
- Scenario analysis:

	Transition risk	Physical risk
Analysis method	<ul style="list-style-type: none"> • We use parameters for evaluating key risks and opportunities to forecast the impact on clients’ financial results under specific scenarios, and use the results to analyze increases in our credit costs arising from transition risks. 	<ul style="list-style-type: none"> • Acute risks: We analyze damage to assets and business stagnation associated with changes in natural disasters caused by temperature increases. • Chronic risks: We analyze asset deterioration and impact on labor force reductions associated with temperature increases.
Implications	<ul style="list-style-type: none"> • While the cumulative increase in credit costs by 2050 is approximately ¥1,910 billion under the Net Zero 2050 scenario and may have a commensurate financial impact in the medium to long term, the impact on Mizuho’s short-term financial soundness will be limited. 	<ul style="list-style-type: none"> • Although the likelihood of the disasters occurring simultaneously in calculation target sectors 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.

Risk management

- As part of our management of top risks, which are risks recognized by top management as having major potential impact on Mizuho, we designated the worsening impact of climate change as a top risk and have strengthened our control measures for this risk. (P. 93 Risk governance)
- We identified key climate-related risks by correlating climate-related risks with each risk category including credit risk and established a structure for managing risk using a risk appetite framework and a comprehensive risk management framework.
- Risk control in carbon-related sectors (P. 60 Climate-related risk management):
 - We have established a risk control framework to assess and monitor the degree of risks for each client along two axes—(1) client sectors and (2) progress of response to transition risks.
 - We control exposure in high-risk areas by promoting transition through engagement and assistance.
- Environmental and Social Management Policy for Financing and Investment Activity (ES policy): 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 (P. 63 Responsible financing and investment)

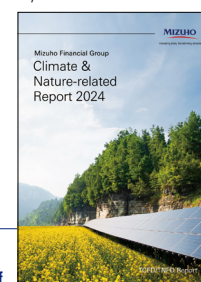
Metrics and targets

Monitored metrics	Targets	Recent results
Scope 1 and 2 emissions	Carbon neutral by FY2030	FY2022: 106,750 tCO ₂
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	FY2022: 368 kgCO ₂ e/MWh
Oil and gas sector	FY2030: Scope 1 and 2: 4.2 gCO ₂ e/MJ Scope 3: -12 to -29% (compared to FY2019 levels)	FY2022: Scope 1 and 2: 5.6 gCO ₂ e/MJ Scope 3: -43% (34.8 MtCO ₂ e)
Coal mining (thermal coal) sector	OECD countries : Zero by FY2030 Non-OECD countries: Zero by FY2040	FY2022: 0.6 MtCO ₂ e
Steel sector	FY2030: -17 to -23% (compared to FY2021 levels)	FY2022: -18% (14.1 MtCO ₂ e)
Automotive sector	FY2030: Scope 1 and 2: -38% (compared to FY2021 levels) Scope 3: -31% to -43% (compared to FY2021 levels)	FY2022: Scope 1 and 2: -11% (831 ktCO ₂ e) Scope 3: -7% (184 gCO ₂ e/vkm)
Maritime transportation sector	FY2030: Portfolio climate alignment score: ≤0%	FY2022: -1.55%
Real estate sector	FY2030: 33 to 42 kgCO ₂ e/m ²	FY2022: 65 kgCO ₂ e/m ²
Sustainable finance amount	Total from FY2019 to FY2030: ¥100 trillion (Of which ¥50 trillion is earmarked for environment and climate-related finance)	Total from FY2019 to FY2023: ¥31.0 trillion (Of which ¥14.0 trillion went to environment and climate-related finance)
Outstanding credit balance of coal-fired power plants ¹	Reduce the FY2019 amount by 50% by FY2030, and achieve an outstanding credit balance of zero by FY2040	March 31, 2024 ¥240.8 billion (down 19.6% from FY2019)
Exposure to high-risk areas in transition risk sectors	Reduce over the medium to long term	March 31, 2024 ¥1.5 trillion (-¥0.3 trillion compared to FY2020)
Status of clients' transition risk responses	N/A	As of March 31, 2024 Steady progress being made in targeted sectors
Sustainability transformation human capital (1) Sustainability management experts (2) Environmental / energy sector consultants	FY2025 (1) 1,600 (2) 150	As of March 2024 (1) Approx. 1,650 (2) Approx. 140

1. Aggregation targets: Credit balance where the funds are used for the construction or expansion of coal-fired power plants, which is prohibited under the ES Policy

Other disclosure items aside from the monitored metrics

- Sector-by-sector credit exposure in line with the TCFD Recommendations
- In addition to measuring GHG emissions resulting from our financing and investment activities (Financed Emissions), we started measurement of emissions from capital market activities in the form of underwriting (Facilitated Emissions) on a trial basis.



Please see our Climate & Nature-related Report 2024 for more details

https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/climate_nature_browsing_2024.pdf