

IR Select – Sustainability Initiatives: Q&A

Q: Regarding the status of clients' response to transition risks, are there any procedures set by Mizuho for dealing with clients who do not show improvement through engagement? Also, is there progress management for engagement with sectors that have set intermediate targets?

A: As stated on page 29 of the presentation material 'Sustainability Initiatives', there are currently no clients evaluated as having no policy to address transition risks or not having set targets to address transition risk. The immediate issue lies more in how to perform engagement with business partners who are further along in their transition. Mizuho is upgrading evaluation criteria for responses to transition risks and, as a step in that direction, plans to add the following two changes going forward. First, for business partners evaluated as "having set targets aligned with the Paris Agreement" and "implementing specific initiatives based on those targets", criteria such as "Certain GHG emission reductions have been achieved relative to targets" will be introduced. Second, for clients that have had third-party certification to confirm that "the company is on track to achieve its targets" and evaluated as "certain to achieve their targets", criteria such as "Target and performance are consistent with the 1.5 degree-aligned pathway" will be introduced. Mizuho wants to support their transition and will make dialogue and engagement more detailed, and continue to upgrade our framework in order to do so.

Q: The status of targets and engagement with clients regarding reduction of methane emissions

A: We recognize that methane has a much higher greenhouse effect than CO₂. Naturally Mizuho is discussing this topic, as the emissions from our financing and investment also include methane. Mizuho has few clients in sectors generally known for high methane emissions, such as dairy farming. Mizuho is progressing in how to work on reducing emissions of greenhouse gases, such as methane, including in the oil and gas sector, with clients and are considering how we can support them both in financial and non-financial aspects.