Mizuho Financial Group

Overview of Environmental and Social Management Policy for Financial Activities

I. Purpose of the Environmental and Social Management Policy for Financial Activities

Mizuho aims to contribute to the sustainable development of domestic and international economies and societies and the resolution of environmental and social concerns by conducting financial activities managed with environmental and social considerations.

The Environmental and Social Management Policy for Financial Activities is established by Mizuho Financial Group, Inc. ("MHFG") as a group-wide unified policy to conduct financial activities managed with environmental and social considerations in accordance with the *Mizuho Code of Conduct*, the *Environmental Policy* and the *Human Rights Policy.* This Policy shall apply to the core group companies that engage in designated financial activities[1].

In the event of any conflict between this Policy and applicable laws and regulations of any jurisdiction, this Policy shall not apply to the extent of such conflict.

II. Fundamental policies

Mizuho addresses environmental and social concerns including actions on climate change, conservation of biodiversity, respect for human rights, by performing our financial intermediation and consulting functions. Mizuho will strive to expand our positive impacts on the environment and society, and to prevent and mitigate adverse impacts.

Companies that do not properly address environmental and social concerns by considering the expectations of stakeholders may eventually face difficulty continuing their business. If Mizuho provides financial services including financing to such companies or supporting their funding, we may undermine the trust that our clients and society place in Mizuho and concerns may also arise regarding the recoverability of our *financing and investment* to such companies. Therefore, we take appropriate measures considering specific risks associated with each environmental and social issue and industry sector that are highly likely to contribute to adverse impacts on the environment and society through Mizuho's client relationship.

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[1] Designated financial activities: (1) Financing to client at our own discretion, (2) Support of client's funding, (3) Holding an asset in our own name to support client's business. More specifically, it refers to the following activities which are collectively called as 'financing and investment' in this document: Lending (including corporate finance and project finance), Underwriting (including bond underwriting and equity underwriting), Proprietary investment in individual stocks, Trust service (excluding trust service related to asset management)

Mizuho is committed to complying with all applicable laws and regulations. Through our financial services, Mizuho will not knowingly engage in any activity that violates laws and regulations.

III. Operational framework

1. Prohibitions
   - Mizuho will not provide *financing and investment* to projects and companies that have significant risks and/or adverse impacts on the environment and society.

2. Risk assessments
   - For projects and companies that have risks and/or adverse impacts on the environment and society, Mizuho will make a determination on each transaction after conducting risk assessments, such as evaluating measures taken by clients to prevent and mitigate the adverse impacts.
   - Mizuho will not provide *financing and investment* if a risk assessment reveals that the client has not properly addressed environmental and social concerns and as a result faces crucial difficulty continuing its business.

IV. Policies on climate change

Mizuho aims to actively fulfill our role in achieving a net zero greenhouse gas emissions society by 2050 and building a climate-resilient society.
Under the Transition Promotion Framework[2], Mizuho will take an integrated approach to capturing business opportunities, managing risks, and reducing Scope 3 emissions (greenhouse gas emissions through *financing and investment*) by promoting clients' transition.

1. Scope
   - Companies that belong to sectors covered by the Transition Promotion Framework and have credit transactions:
     - Electric power, oil and gas, steel, coal mining (thermal coal / metallurgical coal), cement, automotive, maritime transport, and real estate

2. Overview of risks that Mizuho should recognize
   - Companies that belong to sectors with high transition risks[3] may face increased risks, including deterioration in earnings due to cost increases associated with the shift to a carbon neutral society, decline in demand, and impacts on funding, if they do not

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[2] Please refer to the Sustainability Report for details on the Transition Promotion Framework. (https://www.mizuhogroup.com/sustainability/reports-home)

[3] Coal-fired, oil–fired and gas-fired power generation, oil and gas, steel (blast furnace) , coal mining (thermal coal / metallurgical coal) or cement sectors. Note: The sector to which client belongs is determined based on the sector with the highest proportion of sales or power generation within the client's business composition.

appropriately address that transition.

3. Policies

Risk assessments

- Mizuho undertakes the following initiatives to promote the transition of the real economy and to prevent and mitigate adverse impacts stemming from transition risk and physical risk caused by climate change.
  - For clients in sectors covered by the Transition Promotion Framework, we assess their transition measures as necessary and promote the strengthening of their initiatives in a phased manner.
  - For clients in sectors with high transition risk due to the shift to a carbon neutral society, we assess whether a transition strategy is in place. If the client has not developed a transition strategy one year after the initial assessment, Mizuho will carefully consider whether to continue transactions with the client.
- When considering *financing and investment* for companies whose primary business is coal-fired power generation, thermal coal mining, oil and gas, or metallurgical coal mining, the sector-specific policies provided below (for coal-fired power generation, thermal coal mining, oil and gas, and mining[4], respectively) shall also be followed.

V. Policies on nature

Mizuho recognizes that our business activities may have both direct and indirect impacts on the environment. We also believe the importance of pursuing initiatives to preserve and restore biodiversity.

Mizuho works on preventing and mitigating adverse impacts on the environment and society, including natural capital.

VI. Policies on human rights

Mizuho is committed to respecting internationally recognized human rights in our *Mizuho Code of Conduct*. Based on our *Human Rights Policy*, Mizuho strives to meet our responsibility to respect human rights throughout our global value chain in accordance with the *UN Guiding Principles on Business and Human Rights*. In particular, Mizuho aims to eliminate forced labor, child labor, and human trafficking from our business and value chain.

Mizuho expects our clients to understand our commitments to human rights based on our *Human Rights Policy* and expects them to act to prevent and mitigate adverse impacts on human rights throughout their operations and supply chain as well as to provide remedy if necessary.

[4] Applicable to metallurgical coal mining

1. Scope
    - Companies exposed to risk of human rights issues

2. Overview of risks that Mizuho should recognize
    - Companies have a risk of causing or contributing to adverse impacts on human rights through their business operations.
    - Companies have a risk that adverse impacts on human rights are directly linked to their operations, products, or services.
    - Forced labor, child labor and human trafficking are the extremely serious human rights issues that international conventions and laws prohibit.

3. Policies

    Risk assessments

    - To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*. More specifically, Mizuho will conduct *human rights due diligence*.

    Human rights due diligence

    (1) Identification of our client's adverse impacts on human rights

    Mizuho will identify our client's adverse impacts on human rights in the following way:

    - When starting new *financing and investment* transaction with a company with no existing *financing and investment* transactions, Mizuho will examine whether the company is involved in any adverse impacts on human rights.
    - With regard to a company with existing *financing and investment* transactions, an external party shared findings or a public organization provided credible information, Mizuho will examine whether the company is involved in any adverse impacts on human rights.

    (2) Assessment of our client's adverse impacts on human rights

    Mizuho will assess the identified adverse impacts on human rights, including their severity and likelihood. If Mizuho determines that the client is involved in significant adverse impacts on human rights[5], it will consider responses.

    (3) Mizuho's responses to significant adverse impacts

    A. When the client is causing forced labor, child labor or human trafficking

    (a) If Mizuho has no existing *financing and investment* transactions with the client

    - Mizuho will not provide *financing and investment* to the company, if it is evident that forced labor, child labor, or human trafficking is caused by the company.

[5] 'Being involved in adverse impacts on human rights' means any of the following situations: (1) causing adverse impacts on human rights (2) contributing to adverse impacts on human rights (3) adverse impacts on human rights are directly linked to the operations, products, or services by a business relationship.

(b) If Mizuho has existing *financing and investment* transaction with the client

- If the client is evidently causing forced labor, child labor, or human trafficking, Mizuho will require the client to provide remedy and prevent recurrence.
- If the client does not respond to our requirements after a certain period of time, we carefully consider whether or not to continue our business with them.

B. When the client is contributing to forced labor, child labor, or human trafficking, or when forced labor, child labor, or human trafficking is directly linked to the client's operations, products, or services

- Mizuho will engage in dialogues with the client to prevent and mitigate adverse impacts. More specifically, Mizuho will require the client to:
  - Report the progress of measures taken against the relevant issue
  - Take additional measures if measures taken by the client is unsatisfactory

C. When the client is involved in other adverse impacts on human rights

- Mizuho will engage in dialogues with the client to prevent and mitigate adverse impacts. More specifically, Mizuho will require the client to:
  - Report the progress of measures taken against the relevant issue
  - Take additional measures if measures taken by the client is unsatisfactory

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Based on the above policies on climate change, nature, and human rights, Mizuho further sets forth the following policies for environmental and social issues and industry sectors that have historically provoked public controversy on environmental and social concerns and are highly likely to contribute to adverse impacts on the environment and society through Mizuho's client relationship.

Under the cross-sectional policies and sector-specific policies, Mizuho sets forth policies that prohibit *financing and investment* and require risk assessments, considering the risks associated with each issue and sector.

VII. Cross-sectional policies

1. Scope

   Regardless of industry sector,

   - Projects that have significant risks or significant adverse impacts on the environment and society
   - Projects that have risks or adverse impacts on the environment and society, requiring appropriate actions by the clients against such environmental and social concerns

2. Overview of risks that Mizuho should recognize

   - The scope of '*Prohibitions*' covers the restrictions of international conventions.

Companies that violate the *Prohibitions* may eventually face difficulty continuing their business.

- Development projects have inherent risks as follows: serious environmental pollution, impacts on ecosystem, damages to biodiversity, human rights abuse including involuntary resettlement of indigenous peoples and local communities.
- There is a risk of delay in development and project completion resulting from protests organized by or lawsuits filed by indigenous peoples and local communities as well as human rights organizations.
- In conflict areas, there is a risk of human rights abuse due to various contexts of conflict or governance insufficiency for protecting human rights of civilians.

3. Policies

Target area	Transaction prohibitions / Subject to risk assessment / Related matters
Cross-sectional policies: Climate change-related	<u>Scope:</u> • Companies whose primary business is any of the following industry sectors: - Coal-fired, oil–fired and gas-fired power generation, oil and gas, steel (blast furnace), coal mining (thermal coal / metallurgical coal) or cement <u>Policies on a company basis:</u> • If the client has not developed a transition strategy one year after the initial assessment, Mizuho will carefully consider whether to continue transactions with the client.
Cross-sectional policies: Nature-related	<u>Scope:</u> • All companies, regardless of industry sector <u>Prohibitions on a project basis:</u> • *Financing and investment* used for projects that have adverse impacts on wetlands registered in the Ramsar Convention • *Financing and investment* used for projects that have adverse impacts on sites and properties registered on the UNESCO World Heritage List, unless UNESCO and the government of the site/property location country have given a prior consent • *Financing and investment* used for projects that are in violation of the Washington Convention (It is necessary to pay attention to any provisions suspended by the countries involved in the project) <u>Subject to risk assessment:</u> • *Financing and investment* used for projects that have adverse impacts on high conservation value areas
Cross-sectional policies: Human rights-related	<u>Scope:</u> • All companies, regardless of industry sector <u>Prohibitions on a company basis:</u> • *Financing and investment* to companies with no existing *financing and*

Target area	Transaction prohibitions / Subject to risk assessment / Related matters
	investment transactions if it is evident that forced labor, child labor, or human trafficking is caused by the companies * If the companies with existing *financing and investment* transactions evidently cause forced labor, child labor, or human trafficking, Mizuho will require the companies to provide remedy and prevent recurrence. If the companies do not follow our requirements after a certain period of time, Mizuho will reconsider our transaction policy on the companies including phased withdrawal from *financing and investment*. <u>Prohibitions on a project basis:</u> • *Financing and investment* used for projects that cause forced labor, child labor, or human trafficking <u>Subject to risk assessment:</u> • *Financing and investment* used for projects that have adverse impacts on indigenous people's communities • *Financing and investment* used for projects involving land acquisition that will result in involuntary resettlement of residents • *Financing and investment* used for projects that are involved in adverse impacts on human rights in conflict areas

VIII. Sector-specific policies

1. Weapons and arms

(1) Scope
- Companies that engage in the manufacture, sales or distribution of weapons and arms[6]

(2) Overview of risks that Mizuho should recognize
- Companies which engage in the weapons and arms business have a risk of criticism from the perspective of social justice due to the lethal and destructive nature of the products.
- As a result of the use of weapons and arms, there is a risk of causing human rights abuse, violations of international laws and/or other such issues.

(3) Policies
<u>Prohibitions</u>
- Mizuho will not provide *financing and investment* to:
  - Companies that engage in the manufacture, sales and distribution of cluster

[6] Excluding those used for sports and leisure.

munitions, antipersonnel mines, and biological and chemical weapons

- Mizuho will not provide *financing and investment* which will be used for:
  - The manufacture, sales and distribution of cluster munitions, antipersonnel mines, biological and chemical weapons, and nuclear weapons
  - The manufacture, sales and distribution of other weapons and arms than those indicated above (only when the purpose is the legitimate national security or UN peacekeeping operations, Mizuho may provide *financing or investment* based on careful consideration)

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.

2. Coal-fired power generation

(1) Scope

- Companies that run coal-fired power plant operations

(2) Overview of risks that Mizuho should recognize

- Coal-fired power generation has a risk of causing climate change or air pollution because it emits more greenhouse gas than other type of power generation and releases sulfur oxide and nitrogen oxide.

(3) Policy

Prohibitions

- Mizuho will not provide *financing and investment*[7] to:
  - Companies with no existing *financing and investment* transactions and whose primary business is coal-fired power generation
- Mizuho will not provide *financing and investment*[7] which will be used for:
  - New construction of coal-fired power plant
  - Expansion of existing coal-fired power plant

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize.*
- We will support development of innovative, clean, and also efficient next-generation technology that will contribute to the energy conversions that lead to a carbon neutral society by 2050.

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[7] *'Financing and investment'* include fixed income product underwriting. Please refer to Annotation 1 in "I. Purpose of the Environmental and Social Management Policy for Financial Activities" for all operations subject to 'financing and investment'

- For *financing and investment*[4] aimed at enabling the early retirement of existing coal-fired power plant, Mizuho may provide *financing or investment*[7] after verifying the reliability and effectiveness of the plans for progress towards decarbonization.

3. Thermal coal mining（including thermal coal mining related infrastructure）

(1) Scope
- Companies that run thermal coal mining operations
- Companies that run infrastructure operations linked with thermal coal mining

(2) Overview of risks that Mizuho should recognize
- Thermal coal mining has a risk of enormous adverse impacts on the environment including those on ecosystems resulting from the removal of vegetation and topsoil in the development process, soil and water pollution resulting from harmful substances such as acid mine drainage, heavy metals, and cyanide compounds, and impacts on water resources by using a large volume of water.
- Mountaintop removal coal mining involves the use of explosives to remove all vegetation and topsoil above the coal seam and disposal of the rubble in nearby valleys, which has a significant impact on ecosystems and water quality.
- Thermal coal mining has risks as follows in the absence of proper management of the mining sites: mining accidents such as cave-ins and tailings dam failures, forced labor of mineworkers, and human rights abuse such as involuntary resettlement of indigenous peoples and local communities caused by development project.
- In the states with weak governance, corruption is likely to occur in such occasions as acquisition of mining concession, which heightens the risk of the adverse impacts on the environment and society indicated above.
- In the states with weak governance and conflict areas, there are risks as follows unless the mining company properly manages the relationship with security contractors: human rights abuses against people involved in protests, and exacerbation of conflicts by aiding military/paramilitary groups.
- Thermal coals have a risk of increasing greenhouse gas emissions when they will be burned for power generation.

(3) Policies

<u>Prohibitions</u>
- Mizuho will not provide *financing and investment*[7] to:
  - Companies with no existing *financing and investment* transactions and whose primary business is thermal coal mining
  - Companies with no existing *financing and investment* transactions and whose primary business is infrastructure operations linked with thermal coal mining

- Mizuho will not provide *financing and investment*[7] which will be used for:
  - Development of new thermal coal mine
  - Expansion of existing thermal coal mine
  - Acquiring an interest in existing thermal coal mine, only when it is critical to stable supply of energy of a country which set a target to achieve Net Zero greenhouse gas emissions by 2050[8], we may provide financing or investment based on careful consideration,
  - Development of new infrastructure linked with thermal coal mining
  - Expansion of existing infrastructure linked with thermal coal mining

<u>Risk assessments</u>

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.

4. Oil and gas

(1) Scope

- Companies that run oil and gas extraction business
- Companies that run pipeline operation

(2) Overview of risks that Mizuho should recognize

- Depending on production and development method, oil and gas extraction business has a risk of emitting more greenhouse gas because of methane gas leaks, flaring, the energy used in extraction process.
- Oil and gas production-related assets have a risk of potential exposure to transition risk (e.g. tougher climate-related regulations, shifting to renewable energy).
- Oil and gas extraction or pipeline operations have a risk of enormous adverse impacts on the environment including marine and river pollution in the event of oil and gas spills.
- At both construction and operation, oil and gas pipelines have risks as follows: adverse impacts on the environment due to deforestation or oil spills; human rights abuse such as involuntary resettlement of indigenous peoples and local communities.
- The projects indicated below particularly impose enormous burden on the environment due to oil and gas extraction. They also have risks as follows: impacts on ecosystem, damages to biodiversity, and human rights abuse such as involuntary resettlement of indigenous peoples and local communities.
  - The Arctic (66°　33' N and beyond) is the region which requires special consideration for preservation of rare species as well as the lives of indigenous

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[8] Nationally Determined Contribution (NDC)

peoples.

- A large volume of greenhouse gas is emitted from oil sands because the production requires heat treatment. It also has such risks as: deforestation due to oil sands deposits development; creating an impact on water resources by using a large volume of water; soil and water pollution resulting from wastewater.
- Shale oil and gas extraction with fracking has such risks as: creating an impact on water resources by using a large volume of water; soil and water pollution resulting from wastewater; triggering earthquakes.

(3) Policies

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize.*
- For new *financing and investment*[7] that will be used for oil and gas extraction, Mizuho will assess if sufficient measures are taken by the client to reduce greenhouse gas emissions.
- Mizuho will carry out an appropriate environmental and social risk assessment based on operation-specific risks, for *financing and investment*[7]which will be used for:
  - Oil and gas extraction in the Arctic
  - Oil sands extraction
  - Shale oil and gas extraction
  - Pipelines

5. Mining

(1) Scope

- Companies that engage in mining[9]

(2) Overview of risks that Mizuho should recognize

- Mining has a risk of enormous adverse impacts on the environment including those on ecosystems resulting from the removal of vegetation and topsoil in the development process, soil and water pollution resulting from harmful substances such as acid mine drainage, heavy metals, and cyanide compounds, and impacts on water resources by using a large volume of water.
- Mountaintop removal coal mining involves the use of explosives to remove all

[9] Includes the exploration, development, mining, and processing of precious metals, base metals, iron and non-ferrous metals, non-metallic minerals such as limestone and diamonds, and metallurgical coal. Excludes quarrying of stones, aggregates, gravel, and sand for building materials. For thermal coal, refer to "Ⅷ.3. thermal coal mining", and for oil and gas, refer to "Ⅷ.4. oil and gas".

vegetation and topsoil above the coal seam and disposal of the rubble in nearby valleys, which has a significant impact on ecosystems and water quality.

- Mining has risks as follows in the absence of proper management of the mining sites: mining accidents such as cave-ins and tailings dam failures, forced labor of mineworkers, and human rights abuse such as involuntary resettlement of indigenous peoples and local communities caused by development project.
- Artisanal and small-scale mining is often operated without legal permits, which heightens the risk of the adverse impacts on the environment and society indicated above.
- In the states with weak governance, corruption is likely to occur in such occasions as acquisition of mining concession, which heightens the risk of the adverse impacts on the environment and society indicated above.
- In the states with weak governance and conflict areas, there are risks as follows unless the mining company properly manages the relationship with security contractors: human rights abuses against people involved in protests, and exacerbation of conflicts by aiding military/paramilitary groups.

(3) Policies

Prohibitions

- Mizuho will not provide *financing and investment* which will be used for:
  - Mountaintop removal metallurgical coal mining

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize.*

6. Large-scale hydroelectric power generation

(1) Scope

- Companies that run large-scale hydroelectric power plant[10]

(2) Overview of risks that Mizuho should recognize

- Large-scale hydroelectric power generation has risks of impacts on regional river ecosystems and damages to biodiversity, at construction of the power plant.
- Large-scale hydroelectric power generation has a risk of human rights abuse such as involuntary resettlement of indigenous peoples and local communities.

(3) Policies

Risk assessments

[10] Hydroelectric power plants with 25 MW or larger output and has 15m or higher dam wall.

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize.*
- For *financing and investment* which will be used for large-scale hydroelectric power generation, Mizuho will recommend our clients to:
  - Carry out an environmental and social assessment based on Hydropower Sustainability Assessment Protocol[11].

7. Woody biomass power generation

(1) Scope

- Companies that run woody biomass mono-fuel combustion power plant[12][13]

(2) Overview of risks that Mizuho should recognize

- Woody biomass power generation has a risk of increased greenhouse gas emissions throughout its entire lifecycle in the cases where large-scale logging and peatland development are involved in fuel production or fuel is transported from remote areas.
- Production of woody biomass fuel has a risk of impacts on ecosystems and damages to biodiversity due to large-scale deforestation.
- Production of woody biomass fuel has risks as follows: violation of the rights of indigenous peoples resulting from logging, unsafe or unhealthy working conditions, troubles with local communities resulting from environmental destruction, and competition with important land uses such as food production.

(3) Policies

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.

8. Large plantations

(1) Scope

- Companies that run large plantation farming business[14]

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[11] A framework for assessing the environmental and social impacts of hydropower projects, developed by the International Hydropower Association (IHA) and others

[12] Power plant that uses woody biomass (including firewoods, woodchips, wood pellets, palm kernel shells) as fuel

[13] For coal and woody biomass co-combustion power plant, refer to “Ⅷ.2.Coal-fired power generation”

[14] Large plantation farming business refers to the plantation with 10,000 hectares or larger of land where any crops (e.g. soybeans, natural rubber, cacao and coffee beans) are cultivated, or used as pastureland.

(2) Overview of risks that Mizuho should recognize

- Destruction and burning of natural forests for development of large plantations as well as operations of plantations have such risks as:
  - Desertification and soil degradation resulting from deforestation, rise of global climate change risk
  - Reduction of wild fauna and flora habitats, damages to biodiversity
  - Violation of the rights of indigenous peoples resulting from logging and development of plantations
  - Troubles with local communities resulting from environmental destruction
  - Emission of carbon dioxide under the soil resulting from drying peatland, damages to the soil resulting from subsidence and submergence, and forest fires and pollution by smoke caused by carbon under the soil that caught fire
  - Illegal child labor in plantation farming

(3) Policies

Prohibitions

- Mizuho will not provide *financing and investment* which will be used for:
  - Projects involving illegal logging

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will require our clients to:
  - Respect indigenous peoples' and local communities' right to FPIC[15]
  - Formulate a policy on the environment and human rights which includes NDPE[16]
- Mizuho will request our clients to:
  - Enhance their supply chain management and traceability to ensure that their policy will also apply to their supply chain

9. Palm oil

(1) Scope

- Companies that run oil palm plantation farming business

(2) Overview of risks that Mizuho should recognize

- Destruction and burning of natural forests for development of oil palm (the raw

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[15] Free, Prior, and Informed Consent

[16] NDPE Policy(No Deforestation, No Peat, No Exploitation) includes following provisions: (1)Prohibit deforestation including conversion of high conservation value areas as well as high carbon stock forests (2)Prohibit development on peat regardless of depth (3)Respect the rights of all workers, respect the indigenous and local communities' right to FPIC.

material for palm oil) plantations as well as operations of plantations have such risks as:

- Desertification and soil degradation resulting from deforestation, rise of global climate change risk
- Reduction of wild fauna and flora habitats, damages to biodiversity
- Violation of the rights of indigenous peoples resulting from logging and development of plantations
- Troubles with local communities resulting from environmental destruction
- Emission of carbon dioxide under the soil resulting from drying peatland, damages to the soil resulting from subsidence and submergence, and forest fires and pollution by smoke caused by carbon under the soil that caught fire
- Illegal child labor in plantation farming

(3) Policies

Prohibitions

- Mizuho will not provide *financing and investment* which will be used for:
  - Projects involving illegal logging

Risk assessments

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will check if our clients address the sustainability issues properly during the transaction period.
  - Mizuho will urge our client to take immediate remedial measures if any unlawful act (e.g. deprivation of local certification) is identified. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
  - Mizuho will enter into a dialogue with the client in the case of the client's failure to address sustainability issues. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
- Mizuho will require our clients to:
  - Respect indigenous peoples' and local communities' right to FPIC
  - Formulate a policy on the environment and human rights which includes NDPE
  - Satisfy either of the following requirements:
    (a) Acquire RSPO[17] certification for every plantation farm, or
    (b) If a client is not to acquire RSPO certification, the client shall take measures equivalent to the certification and periodically deliver a status report.
  - If it will take time to satisfy the above-mentioned (a) or (b), the client shall

[17] Roundtable on Sustainable Palm Oil

formulate a time-bound action plan.

- Mizuho will request our clients to:
  - Enhance their supply chain management and traceability to ensure that their policy will also apply to their supply chain

10. Lumber and pulp

(1) Scope

- Companies that run forest logging operations[18]

(2) Overview of risks that Mizuho should recognize

- Large-scale commercial logging for lumber and pulp production has a risk of deforestation. Similarly, afforestation in the production of raw materials has a risk of leading to the destruction of old-growth forest. Both may result in the following issues:
  - Desertification and soil degradation resulting from deforestation, rise of global climate change risk
  - Reduction of wild fauna and flora habitats, damages to biodiversity
  - Violation of the rights of indigenous peoples resulting from logging
  - Troubles with local communities resulting from environmental destruction
  - Emission of carbon dioxide under the soil resulting from drying peatland, damages to the soil resulting from subsidence and submergence, and forest fires and pollution by smoke caused by carbon under the soil that caught fire

(3) Policies

<u>Prohibitions</u>

- Mizuho will not provide *financing and investment* which will be used for:
  - Projects involving illegal logging

<u>Risk assessments</u>

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.
- Mizuho will check if our clients address the sustainability issues properly during the transaction period.
  - Mizuho will urge the client to take immediate remedial measures if any unlawful act is identified. If remedial measures taken by the client is unsatisfactory, Mizuho will not provide new *financing and investment*.
  - Mizuho will enter into a dialogue with the client in the case of the client's failure to address sustainability issues. If remedial measures taken by the client is

[18] Operations for following purposes: producing lumber or producing woodchips as raw material for pulp

unsatisfactory, Mizuho will not provide new *financing and investment*.

- Mizuho will require our clients to:
  - Respect indigenous peoples' and local communities' right to FPIC
  - Formulate a policy on the environment and human rights which includes NDPE
- For *financing and investment* which is used for logging in the countries excluding high-income OECD countries, Mizuho will require our clients to:
  - Acquire FSC[19] or PEFC[20] certification, or.
  - If it will take time to satisfy the above-mentioned certification, the client shall formulate a time-bound action plan.
- Mizuho will request our clients to:
  - Enhance their supply chain management and traceability to ensure that their policy will also apply to their supply chain

11. Fisheries and aquaculture

(1) Scope

- Companies that engage in fisheries
- Companies that engage in aquaculture

(2) Overview of risks that Mizuho should recognize

- Fisheries have risks as follows: impacts on ecosystems and damages to biodiversity due to IUU fishing[21], destructive and indiscriminate fishing methods, overfishing and bycatch, and human rights abuse such as forced labor, child labor, and impacts on the traditional livelihoods of indigenous peoples.
- Aquaculture has risks as follows: impacts on ecosystems and damages to biodiversity at construction of fish farms, eutrophication, red tide, and water pollution caused by antibiotics and other chemicals.

(3) Policies

<u>Risk assessments</u>

- To prevent and mitigate adverse impacts, Mizuho will make a determination on each transaction after verifying the measures taken by the client based on the *risks that Mizuho should recognize*.

[19] Forest Stewardship Council

[20] Programme for the Endorsement of Forest Certification

[21] Fishing activities that are illegal, unreported, and unregulated. These refer to fishing activities that do not comply with national laws or international operational rules.

IX. Governance related to this policy

1. Governance
   - Relevant governing bodies within Mizuho such as our Executive Management Committee and/or Business Policy Committee regularly review whether our measures related to the risks, sectors, and other factors covered under this policy are appropriate and sufficient, with consideration to changes in the external environment and the results of implementation of this policy. Following these reviews, our governing bodies may revise this policy or improve business processes for more appropriate implementation of this policy.
   - Based on this policy, our primary subsidiaries continue to engage with specific clients in each sector with the aim of sharing a medium- to long-term perspective on opportunities and risks accompanying sustainability issues and climate change.

2. Education and training
   Mizuho will conduct training and professional development exercises to enhance executive officers' and employees' understanding of environmental and human rights issues. We will also implement educational seminars, training, and awareness building activities for executive officers and employees regarding compliance with the internal regulations and procedures which are relevant to their field of work.

3. Stakeholder communication
   As part of our initiatives in this area, we place a strong emphasis on engagement with stakeholders. Our objective in taking this approach is to ensure that our initiatives are aligned with expectations of our stakeholders.

Decisions related to financing and investments, or involvement with other business entities, are made based on independently established business strategies, risk management policies, and other guidelines of Mizuho Financial Group, Inc. and its group companies, irrespective of whether such decisions involve sustainability considerations. These decisions and activities are conducted in compliance with applicable laws and regulations in each jurisdiction.