

**MIZUHO IR Select 2023**  
**Addressing Climate Change: Key Questions and Answers**

Q: The background and aims of raising the sustainable finance target to JPY 100 trillion

A: First of all, for Japan, as well as the entire world to be encouraged to achieve carbon neutrality by 2050, we had a strong view that Mizuho should challenge for this much high target. Against the original target of JPY 25 trillion, we had reached slightly over JPY 20 trillion as of the end of FY22. To reach the JPY 100 trillion target, we need to execute JPY 10 trillion per year over the next eight fiscal years. While this is not an easy goal, we will work together on a group unified basis to promote the transformation and transition of the Japanese economy. Moreover, we have confirmed that the new target is not far unrealistic, by seeing the rationality of the target level by comparing the asset size of Mizuho with those of the global institutions.

Q: Risk management for climate-related risks in situation of raising the sustainable finance targets

A: In our basic risk control framework, we assess risk on two axes: customer sectors and the progress of response to transition risks, and identify high-risk areas of carbon-related sectors where these two axes are more closely intersected. We control and reduce exposure of high-risk areas, through deeper engagement with clients to support further progress in transition and to facilitate business structure transformation to lower risk areas. In addition, we set new standards to confirm clients' transition strategy in last fiscal year to develop a more effective risk control framework. At the same time, as exposure to carbon-related sectors is expected to increase to a certain extent by promoting sustainable finance, we are trying to visualize and identify the risk in more quantitatively way. With more increased attention on climate change risk in a global discussions, we will continue trying to properly understand the risk amount associated with the transition and to tackle with this issues by both promoting transition in the real economy as well as managing the risks.

Q: As an outside director, what kind of opinions have you given to the management?

A: As the external environment changes drastically, in terms of whether the scenario which the management is actually operating under is plausible, we raised questions to the management to examine what the possible effects might be if they put a slightly extreme future scenario. We are also expressing opinions from a global perspective, for example, on whether the concept of transition is appropriate, especially from a perspective of Europe, not only of Japan. Moreover, as for engagement, in addition to looking at how the management conducts engagements with the clients, we also questioned whether they have enough personnel to engage appropriately.

Q: Is it impossible to incorporate the short-term targets into the Medium-term business plan?

A: The environment surrounding climate change is moving rapidly, and while there may be uncontrollable factors such as rule-making, we think that we should take a longer-term perspective. We do not necessarily think it is practical to set a short-term target of three years to achieve net-zero by 2050 and the medium target by 2030. This is a very fast-moving area, and we believe that responding flexibly is important.