

# Impact Business Compass

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Mizuho Financial Group, Inc.  
Mizuho Bank, Ltd.  
Mizuho Trust & Banking Co., Ltd.  
Mizuho Securities Co., Ltd.  
Mizuho Research & Technologies, Ltd.  
Mizuho-DL Financial Technology Co., Ltd.  
Asset Management One Co., Ltd.

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Innovating today. Transforming tomorrow.

# Mizuho Thinks in Impact

Mizuho believes that impact, both positive and negative, must be a key consideration of all aspects of our business.

We aspire to be a critical player for the sustainable future by working with our esteemed clients to generate clearly planned and intended impact.

## Preface

Today, we face a rapidly changing society and the environment; the increasing challenges are demanding that all of us rethink the direction of our economic activities. In the last several decades, in our economy, the environmental and social considerations were outside the scope of our business, but they need to be brought in as a part of the equation; in other words, there is a need to internalize these externalities. We already live in the age in which each and every one of us needs to simultaneously solve the challenges we face and grow economically.

Companies have already started to articulate their long-term value creation story and work on improving both tangible and intangible aspects of their value chain. This path will take us to accomplishing a difficult mission of entirely redefining corporate norms and behaviors. This is where we need to make use of the virtuous cycle of impact generation driving economic growth and the repositioning of the financial and capital markets that will promote such developments.

As the impact finance market expands, the Japanese government has impact as a key concept in the “Basic Policy on Economic and Fiscal Management and Reform 2023,” and established the “Impact Consortium” last year with representatives from businesses, academia, and the financial markets.

Last year was the 150th year since Mizuho opened our doors to the first customer. We took this opportunity to rethink our purpose in this increasingly complex and challenging world, and declared that we will “proactively innovate together with our clients for a prosperous and sustainable future,” as our corporate purpose. Since Eiichi Shibusawa founded the Dai-Ichi Kangyo Bank in 1873, we have always pursued to co-create social impact with our stakeholders.

We will continue to work on this legacy with our clients and stakeholders to contribute to the creation of a better society. I hope that our movement, in Japan and in our global operations, will bring about a ripple effect worldwide.

14th May, 2024



Mizuho Financial Group, Inc.  
Senior Executive Officer  
Group Chief Sustainability Officer (Group CSuO)



## Executive Summary

### »» Vision: Value Co-creation by Mizuho and Stakeholders

Working with our stakeholders, Mizuho will achieve a mutually-reinforcing cycle of impact and revenue generation to solve social issues and increase corporate value.

### »» Mizuho’s Impact Business

Both through finance and other services, Mizuho will support and contribute to our clients’ business activities that integrate impact in their decision-making process. It will serve as an instrument to achieve sustainable society by generating impact and business opportunities.

### »» What is Possible with Impact Business?

#### Impact business will:

- Foster innovations that provide solutions to social and environmental challenges
- (For Corporations) Articulate integrated value through the new “Yardstick” which enables the growth of corporate value
- (For Financial Institutions): Contribute to business opportunity creations and strengthen risk management.

#### Mizuho’s Assets

- ✓ Our History and Identity
- ✓ Insights to Create the New “Yardstick”
- ✓ Capacities to Catalyze Value Creation: Network and Finance Solutions

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## Why Impact

### Transformation of Values That Have Supported Businesses is Urgent

Today, we are faced with long overdue consequences of unrestrained capitalism that have brought massive social and environmental problems. Environmentally, what used to be once in a thousand year disaster is becoming a yearly event, and once abundant energy resources are quickly depleting. On the social front, issues such as increasing economic inequality and ageing population in Japan are clearly visible challenges but they are just a tip of an enormous iceberg.

Alarmed business leaders supporting sustainability, a rapidly growing global community, are calling for actions, demonstrating the fact that these problems cannot be put aside anymore. The World Economic Forum released a Global Risk Report in 2023 and recognized climate change, biodiversity losses, and polarization of the society as top risks to the business environment.

Economic actors have been putting aside externalities, society and environment, "in the current economic system" but it cannot be maintained anymore; there is a call for a paradigm shift to sustainable capitalism that internalizes externalities and have social and environmental values respected as much as economical values. Such transformation of our values as well as adapting to and achieving this paradigm shift will be an unprecedented, long, and patient process.

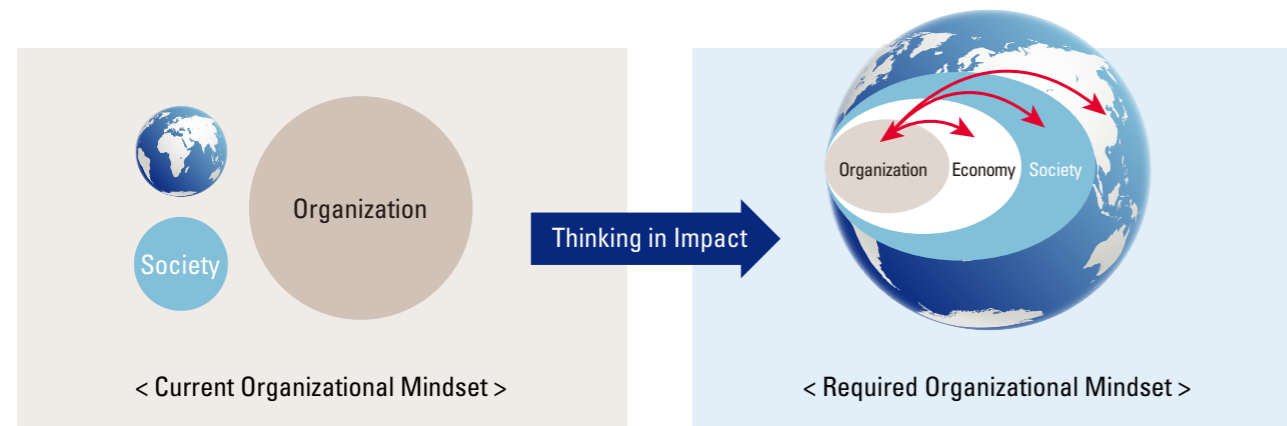
It will also mean that we need to completely redefine the definition of and how to measure "success". All actors in this evolved form of capitalism need to utilize a set of new "Yardsticks" that can measure social and environmental effects of economic activities, and this is where the notions of "intentionality" and "impact management" will become important.

### Shifting Perspectives From Organization-Centric to Society and Environment-Centric Thinking

In the last 50 years, economic activities essentially considered externalities as a given. This has led to increasing volatilities that damage society and environment; it also damages corporate activities in the long term.

These days, companies have started to focus on alleviating negative effects of externalities. In order to "think impact," however, economic actors must go one step further to place effects on externalities, both positive and negative, as the centerpiece of their economic activities.

### The Need for a Shift in Perspective



Source: Created by Mizuho based on United Nations Development Programme's SDG Impact Standard Training Materials

## What is Impact

### "Impact" in the Business World

The term "impact" is used in business with a particular set of meaning these days. Below are some definitions from this perspective.

#### Definition of Impact

Inclusive of both short-term and long-term, social and environmental changes and effects as a result of specific projects or activities.

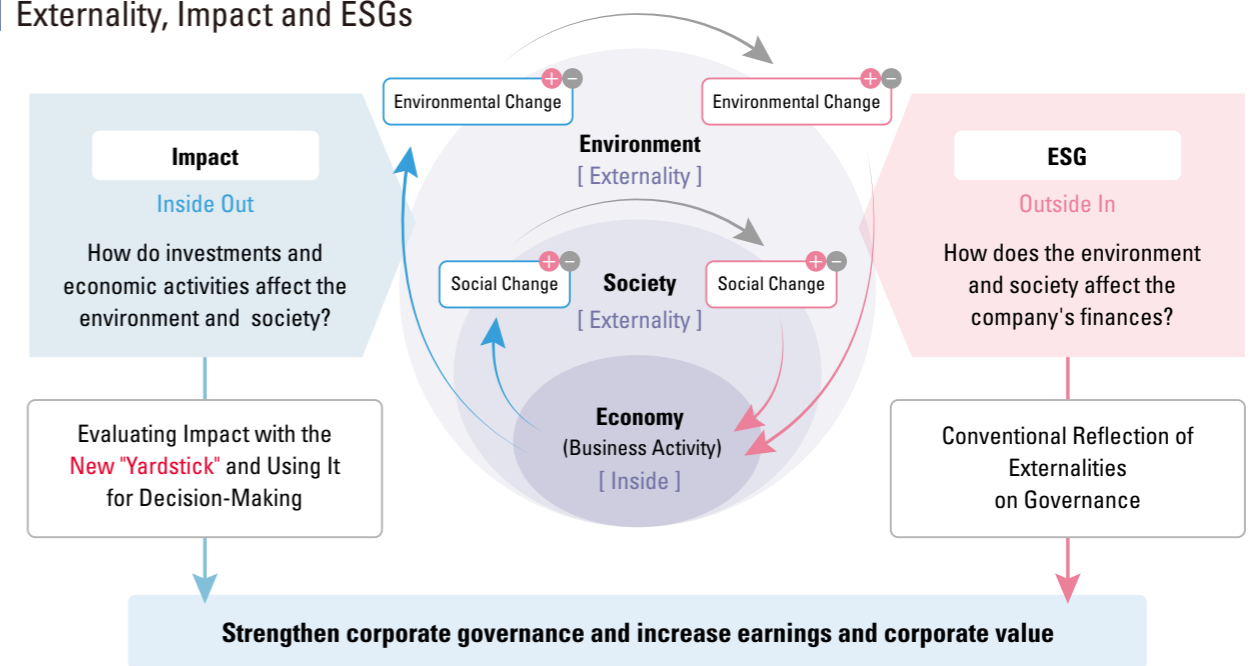
Source: the Global Steering Group for Impact Investment

Changes to aspects of wellbeing as experienced by people and/or planet caused by the organization through its decisions and actions in its own operations and through its supply and value chains and its business relationships. Impacts can be positive or negative, intended or unintended, direct or indirect.

Source: "SDG Impact Standards Glossary," United Nations Development Programme (UNDP)

While ESG is an important bedrock to sustainability, impact takes the "inside out" approach that starts with economic actors' activities and ends with focusing on societal and environmental effects that have been generated.

### Externality, Impact and ESGs



Created by Mizuho Financial Group

#### Keyword Intentionality

Although the entire process and all elements of impact-driven economic activities are important, the "intentionality" is at the top of the priority list. "Intentionality" refers to the purposeful and strategic approach toward economic activities that seeks to generate positive outcomes.

In this document, "impact generation" is defined as generation and expansion of positive impact, as well as reduction and mitigation of negative impact.

## Mizuho's Corporate Identity

### CORPORATE PHILOSOPHY

#### Corporate Philosophy

Our fundamental approach to corporate activities

**Operating responsibly and transparently with foresight, Mizuho is deeply committed to serving client needs, enabling our people to flourish, and helping to improve society and the communities where we do business.**

Founding fathers of Mizuho such as Eiichi Shibusawa and Zenjiro Yasuda, were visionaries who prioritized the commonwealth and nurtured the Meiji-era industries, businesses, and the financial system. This attitude of "operating responsibly and transparently with foresight" is the legacy that Mizuho still honor as our corporate philosophy, and it is our timeless identity. As we face this unprecedented paradigm shift, we reflect upon our founding fathers' legacy, and we firmly believe that our identity is once again our "compass" to the future; and generating impact to address the challenges we face today is becoming increasingly important.

**Mizuho Has Generated and Will Always Generate Impact**

### PURPOSE

#### Purpose

Mizuho's raison d'être

**Proactively Innovate Together with Our Clients for a Prosperous and Sustainable Future.**

Throughout our 150 years, Mizuho has inherited the DNA to challenge and advance the socioeconomic landscape. And we are passionate to lead the transformation and create new values. We are committed to champion our clients' challenges, and challenge ourselves, to create a better future together.

**Mizuho Challenges to Co-generate Impact with Our Clients**

### VALUES

#### Values

The specific values and behaviors to realize the Purpose

**Be a Catalyst for Change**

- Integrity** ..... Act as a trusted partner by always upholding solid moral principles.
- Passion** ..... Work with enthusiasm and dedication.
- Agility** ..... Adapt to change and take prompt action.
- Creativity**..... Drive innovation and think outside the box.
- Empathy**..... Embrace diverse perspectives and collaboration to gain new insight.

**Mizuho Will Lead the Diverse Impact-Driven Activities**

## Value Co-Creation by Mizuho and Stakeholders

### Client Value Growth Through Co-Generation of Impact

Closely working with our clients in unabating value creation efforts, Mizuho will strive to maximize the generation of social and environmental impacts. Contributing to our clients' business development and strengthening their corporate value goes hand in hand with the long-term growth of Mizuho's tangible and intangible value.

### Positive Feedback Loop: Synergizing Greater Impact and Profitability

#### 1 Co-Generating Impact Through Our Services

Our primary mission is to contribute to our clients' business activities through financial and non-financial solutions; this will be the driving force to generate our impact to the world.

#### 2 Client Growth Through Impact Co-Generation

Business operations that contribute to the improvement of the society and the environment will be rewarded with sustained growth of business that results in increase of corporate value. Mizuho will contribute to reshaping our clients' strategy that places emphasis on creating a mutually-reinforcing cycle of generating tangible and intangible values.

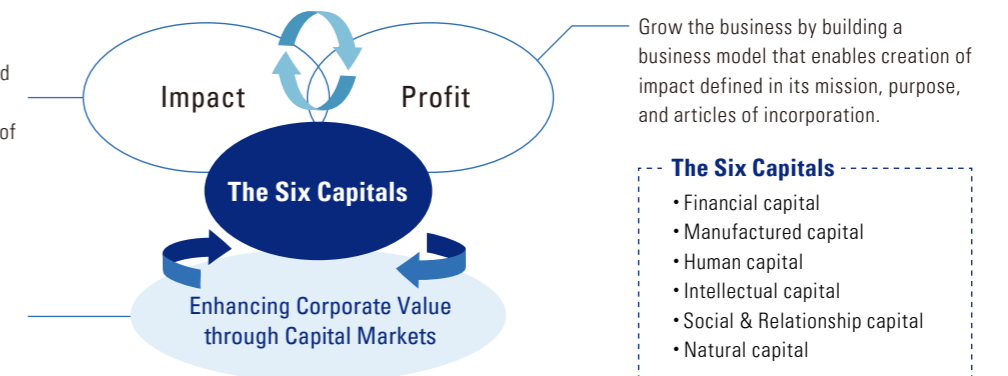
#### 3 Client Growth = Mizuho's Growth

Through close engagement with our clients adapting to the paradigm shift, Mizuho will be able to increase relations and businesses with existing and new economic actors; we see this development of managing the good cycle as Mizuho's compass.

### Positive Feedback Loop

Implement business activities designed to generate impact and build a management foundation that incorporates the elements of impact

Utilize financial and capital markets to achieve continuous business growth and increase corporate value



Source: Created by Mizuho Financial Group based on the Guidance of the Impact IPO WG, GSG National Advisory Board Japan

#### Keyword Positive Feedback Loop

Companies must engage with stakeholders on their growth story, in which their long-term vision is based on the premise that business opportunities and impact generation complement and strengthen one another. Through this process, the "six capitals" that underpin value creation will become more robust. The financial and capital market needs to properly evaluate such action and offer the capital needed for growth, unlocking the loop for further growth.

## Mizuho's Impact Business

**Mizuho's Impact Business is an instrument to achieve sustainable society by generating impact and business opportunities, through which Mizuho will support and contribute to our clients' business activities, both through finance and other services, that integrate impact in their decision-making process.**

### The New Impact "Yardstick": Pioneering the Future

#### Mizuho's Assets for the Impact Business

##### 1 Our History and Identity

Throughout our history, Mizuho has nurtured and developed Japanese industries and financial system. Generating social impact has been, and will continue to be, our core identity.

##### 2 Insights to Create the New "Yardstick"

Mizuho's mission to facilitate the industries to focus on solving social and environmental challenges have allowed us to cultivate our research capabilities to evaluate the impact and growth potential of new technologies and businesses. We have a unique position to bring out and further sophisticate this new "Yardstick" to measure what needs to be measured using such capabilities.

##### 3 Capabilities to Catalyze Value Creation: Network and Finance Solutions

Mizuho has a diverse range of stakeholders both home and abroad that include clients, government bodies, and various initiatives. Together with these stakeholders, we will deploy the new "Yardstick" and utilize our financing capabilities in order to generate impact that will achieve a better society.

#### Keyword New "Yardstick"

The new "Yardstick" seeks to measure and evaluate impact, and express it in the corporate valuation. This new way of measurement seeks to articulate social and environmental value, and reflect it on the integrated value of corporations.

## What is Possible with Impact Business?

### What We Expect From Impact Business

We believe that proactive efforts to generate impact will lead to variety of positive effects for the economic actors and the economy.

#### Innovation

##### Fostering Innovation to Provide Solutions to Socio-Environmental Problems

Faced with the diverse and complex socio-environmental challenges that necessitate a change in business models to integrate both tangible and intangible values, we must identify and work with innovative solutions that address these issues.

"Innovation" refers to various initiatives to enhance efficiency and productivity while addressing unmet needs such as implementing new ideas and technologies, transforming business models, offering services that are not available in the current market, etc.

In order to advance innovation, we need to tackle challenges in their specificity by understanding them well.

Impact business is characterized by its approach to evaluate positive and negative impact of economic activities that were envisioned to tackle specific challenges with the intention to generate impact; thus, working on impact business is exactly about working on innovation.

#### Corporations

##### Articulating Integrated Value Through the New "Yardstick" to Grow Corporate Value

A corporation's "integrated value" is a product of comprehensive calculation of its financial, social and environmental values. There is a need to evaluate the corporation's implicit value beyond what is on the balance sheet or P&L statements to include measuring elements such as strategy, a new business lens, social and environmental effects, human capital, technologies and knowledge, sales network, and supply chains. Assessment of these intangible values will lead to re-evaluation of the corporation's corporate value.

#### Financial Institutions

##### Contributing to the Creation of Business Opportunities and Strengthening Risk Management.

Impact business seeks to evaluate clients' impact using the new "Yardstick." By adopting a holistic approach to analyze social and environmental impacts, and by deepening engagement with clients beyond financial conversations, financial institutions can contribute to generating positive impact while mitigating the negative.

This new relationship, while strengthening and upgrading the sustainability risk management, will create long-term business opportunities for both financial institutions and their clients.

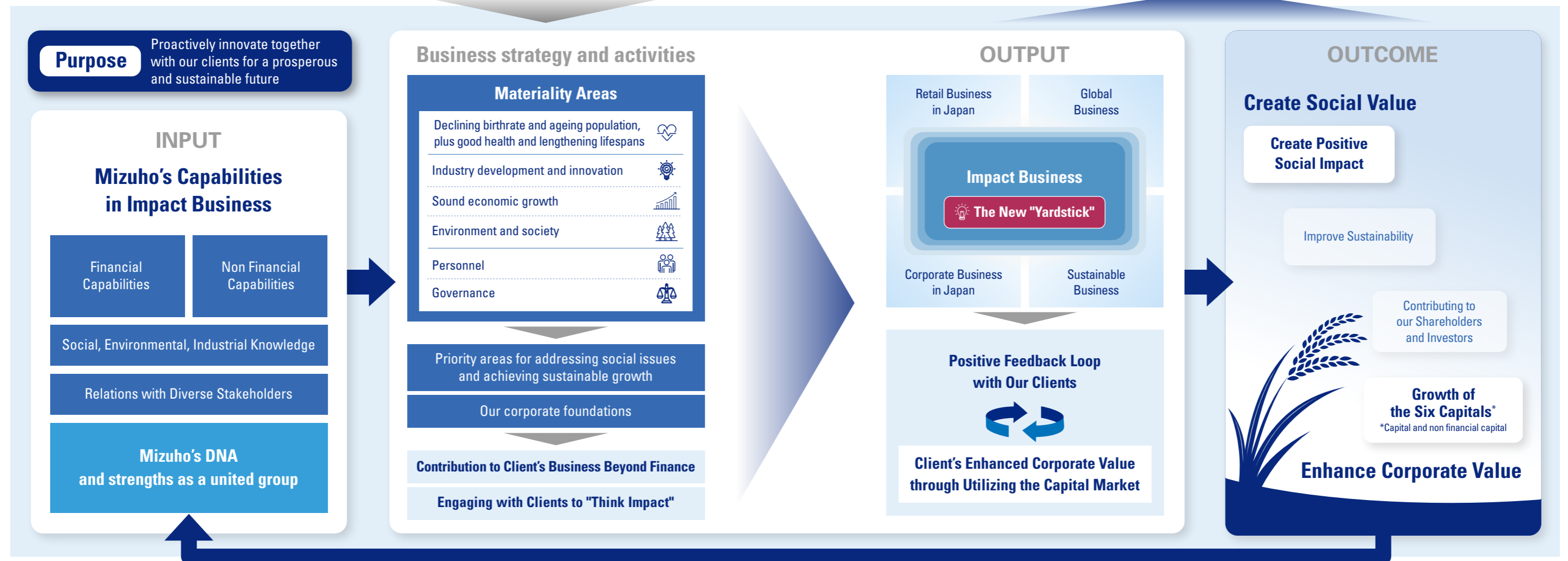
# Impact Business in Practice

## Connecting the Dots:

### A Catalyst for the Positive Feedback Loop

Mizuho's vision for the world is the realization of "personal well-being and sustainable society and economy."  
 Mizuho will collectively provide financial services and solutions beyond finance.  
 Through advancing impact business, we will pioneer the future with our clients to materialize our vision.

## Mizuho's Value Creation Process of the Impact Business



## How Mizuho Will Involve Itself in the Impact Business

### 1 Integration: Integrating Impact to Our Risk/Return Framework

We will closely communicate and share with our stakeholders the importance to work on both positive and negative impacts. We will also lead the impact market, still in its nascent stage, through establishing and utilizing evaluation methodologies with our stakeholders.

### 2 Continuity: Unabating Efforts with Our Clients

Generating impact is not a one-time but an iterative and continuous action. We intend to continuously generate positive impacts by directing the financial investments to responsible solutions that intend to create a sustainable society. We will pursue positive feedback loop with our clients to foster sustainable society and environment, as well as economic growth.

### 3 Capability as Mizuho: We Will Utilize Our Full Potential to Achieve Our Goals

Mizuho will utilize our potential and capabilities within and outside of our group; i.e., our insights, financial capability and our network. The combination of these capabilities that go beyond our financial solutions, will provide invaluable possibilities to our clients to pioneer the future together.



# Working Examples

Mizuho, across the group, works with a diverse set of clients on businesses that have clear intentions for value creation. Below are some cases that Mizuho works in partnership and seeks to expand upon in order to further sophisticate the practice of impact business.

**CASE #1**

**Loans with Commitments to Sustainability Goals**

Solution to ageing society: alleviating pain for Alzheimer's disease (AD) patients and their caretakers' burden

Eisai  
×  
Mizuho Bank

**>> Intended Impacts**



Realizing the world where people with AD can lead a fulfilling life



Achieving better health conditions for patients



Addressing challenges of caretaking for AD patients

<b>Our Partner's Intention</b>	Under the corporate objective coined as "human health care", Eisai intends to "relieve anxiety over health" and "reduce healthcare disparities" through innovative pharmaceutical products and services, which resulted in a new drug for Alzheimer's disease (AD). By delivering the treatment to people with early AD, Eisai aims not only to improve their health outcomes but also contribute to address social issues regarding AD.
<b>Mizuho's Intention and Action</b>	Mizuho has set impact goals and the Sustainability Performance Targets (SPTs)*1 for this financing based on the social value generated from the health outcomes*2 of Eisai's new drug (Leqembi®) and the cost reduction from this new drug. Through this approach, we will support Eisai's efforts to provide the new drug for free for low-income individuals in the United States and emerging countries, as well as to build an ecosystem of support for people with dementia.
<b>Toward an Impact Business</b>	Eisai is experimenting a new impact measurement methodology which multiplies per patient societal value by the total number of patients received the drug. This calculating method focuses on benefits including alleviating medical cost, caretaking cost and caretaker's burden, in addition to the health outcome. Mizuho will continue to work on expanding the quantification of social values as demonstrated in this case.



\*1 SPTs: Sustainability Performance Targets (Refer to the Glossary)  
 \*2 Outcome: While specific goods and services that result from projects are called "Outputs", benefits and changes (results) brought to target population(s), etc. as a result of the outputs are called "Outcomes."


**CASE #2**

**An Innovative Scholarship Fund Program**


A School founded with the intent to solve educational disparity

Kamiyama Marugoto College of Design, Engineering and Entrepreneurship  
×  
Mizuho Trust & Banking


**>> Intended Impacts**



Increasing educational opportunities for children




Minimizing educational inequality



Increasing Japanese competitiveness through technology education

<b>Our Partner's Intention</b>	Kamiyama Marugoto College of Design, Engineering and Entrepreneurship's vision is to "change humanity's future through technology and design," and it nurtures students who "make a difference with a power to create." With the founding philosophy of "creating an educational institute where students with boundless potential, regardless of their economic status, aspire to create," the institute aims to eliminate educational disparities by offering scholarships and to be a place where everyone can challenge themselves.
<b>Mizuho's Intention and Action</b>	Mizuho has helped the creation of a fund to provide scholarships, which effectively achieves free tuition for the recipients. The fund makes use of a nonprofit endowment system, in which the proceeds are used to provide stable scholarships. The fund accepted contribution from businesses that support the institute's objectives. Mizuho has provided support through the Mizuho Bank.
<b>Toward an Impact Business</b>	This case has utilized Mizuho's expertise in establishing funds. We are looking forward to seeing the students graduate from this school using the scholarship, and to start their journey to change the world for better. Mizuho will work with our partner to continuously reflect upon and improve this system to generate even bigger impacts.



**CASE #3**

**First Mover in Japan for Infrastructure Debt Fund**

Providing investors with consistent economic return as well as social and environmental impact

**Asset Management One**  
(Asset Management One Alternative Investments)

**>> Intended Impacts**



Securing community safety with a reliable infrastructure backbone



Assuring wellbeing of local residents

<b>Our Partner's Intention</b>	Although the goal of asset management is to yield consistent economic returns, institutional investors are expected to generate positive social and environmental impact as well. Asset Management One Alternative Investments (AMOA1) is working on infrastructure, a vital hardware for local community and economy, where impact generation addressing social challenges is particularly important.
<b>Mizuho's Intention and Action</b>	Through our in-house operated debt fund*1, AMOA1 provides a crucial infrastructure support to local communities. For instance, we have facilitated investment and financing for a seawater desalination project in the UAE. Through operating the world's largest desalination plant, the fund contributes to a stable supply of water for the UAE, where water sources are scarce. The plant's water production capacity is equivalent to the average water consumption of about 1.36 million people in the UAE.
<b>Toward an Impact Business</b>	The fund focuses on "essentiality", and makes investments on infrastructure projects vital to countries and local communities. Each investment goes through negative and positive screening with both qualitative and quantitative assessment based on the SDG framework. We believe that continued emphasis on social and environmental impact we make on our investment is crucial.



\*1 Debt fund: investment pool in which the core holdings comprise fixed income investments such as bonds and securitized products


**CASE #4**

**"Smart" Agriculture Project with Digital Transformation**


Reviving agriculture with Mizuho's data analysis know-how

SEIWA  
×  
Mizuho-DL Financial Technology


**>> Intended Impacts**



Revitalizing Japanese agriculture




Increasing farmer's quality of life



Increasing farming productivity

<b>Our Partner's Intention</b>	Seiwa adopts "smart" agriculture, where the power of AI, ICT, and IoT is combined, to decrease the burden involved in farming practices, and digitally visualize the experience of veteran farmers. These efforts are intended to enable ageing farmers to continue their work and to increase new farmers, ultimately revitalizing the entire agricultural sector.
<b>Mizuho's Intention and Action</b>	We have evaluated our capability in financial data analysis technology, and applied our know-how on environmental data analysis to provide "smart" agricultural solutions. We have collected data on crops and identified optimal solutions in controlling greenhouse setting. By developing a yield prediction model based on environmental factors such as sunlight, CO2 levels and temperature, we have achieved increases in production and cost reduction.
<b>Toward an Impact Business</b>	The "smart" agriculture solutions through our data analysis technology demonstrate impact generation beyond our financial undertaking. By quantitatively reviewing increase in harvest and reduction in cost and labor, and by working on the PDCA cycle, we believe that our impact management will become more effective.



CASE #5

### Hachijo Island's "Smart Island" Project

Working with Hachijo Town to digitally transform the island

Hachijo Town  
×  
Mizuho Bank  
Mizuho Research & Technologies

#### >> Intended Impacts

- Energizing the local economy mainly through tourism
- Improving convenience for the local community
- Increasing the resiliency of the local community

**Our Partner's Intention** Hachijo island, highly bio-diverse and rich in natural capital, faces a series of challenges typical to many rural areas in Japan; a declining and ageing population, frequent occurrence of natural disasters such as heavy rainfall and landslides, and a decrease in the number of tourists and their consumption. To overcome the challenges, the town of Hachijo Island, using its beautiful nature, seeks to utilize digital technology to create a sustainable local community.

**Mizuho's Intention and Action** Mizuho is supporting the island to re-build its community through the power of technology. We have provided cashless solutions, natural disaster prevention with IoT sensors, and an experimental "face pass" system in the communal hot springs. Addressing issues and optimizing solutions based on local characteristics and supporting regional revitalization is another form of impact creation.

**Toward an Impact Business** This initiative, a collaborative effort between Mizuho, the only megabank on Hachijo Island, and the Hachijo town government, showcases a collaborative impact creation model with a focus on regional revitalization. We have relentlessly worked on solving social issues, which helped us build relationship with local communities. Based on such trust, we will continue to reflect on our work and leverage our knowledge and network to create more impact.



CASE #6

### Sustainability-Linked Bond\* Commitment to Climate Change and Circular Economy

Providing decarbonization and the circular economy solutions as only a leasing company can

Fuyo General Lease  
×  
Mizuho Securities

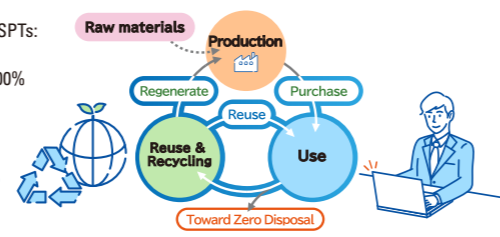
#### >> Intended Impacts

- Decarbonization Society
- Circular Economy

**Our Partner's Intention** Fuyo Lease Group has worked on identifying its materiality by a backward mapping from the company's "Vision for 2030," and established non-financial targets of their medium-term management plan as the Sustainability Performance Targets (SPTs) within the Sustainable Finance Framework. The company aims to work on the identified materiality through their business activities, and seeks to increase its social and corporate value simultaneously.

**Mizuho's Intention and Action** Our partner plays a crucial role to decarbonize their entire value chain through their businesses. The SLB framework set out social-related KPIs/SPTs such as health and welfare in addition to environment. Through structuring and issuance support of the SLB, we contribute to the diverse impact generation unique to Fuyo General Lease.

**Toward an Impact Business** This initiative aims to create impacts such as the realization of a decarbonization society and circular economy by adopting the following SPTs: (1) CO<sub>2</sub> reduction of 500,000 t-CO<sub>2</sub>/year by FY2026 and (2) material/chemical recycling rate of plastics (from returned items) of 100% by FY2026. The progress will be disclosed annually on the website, and effective operation of IMM (Impact Measurement and Management) is expected.



\* Sustainability-Linked Bond: It is any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives

## Mizuho's Contribution to The Impact Economy

### The Compass: Sailing to the Great Unknown

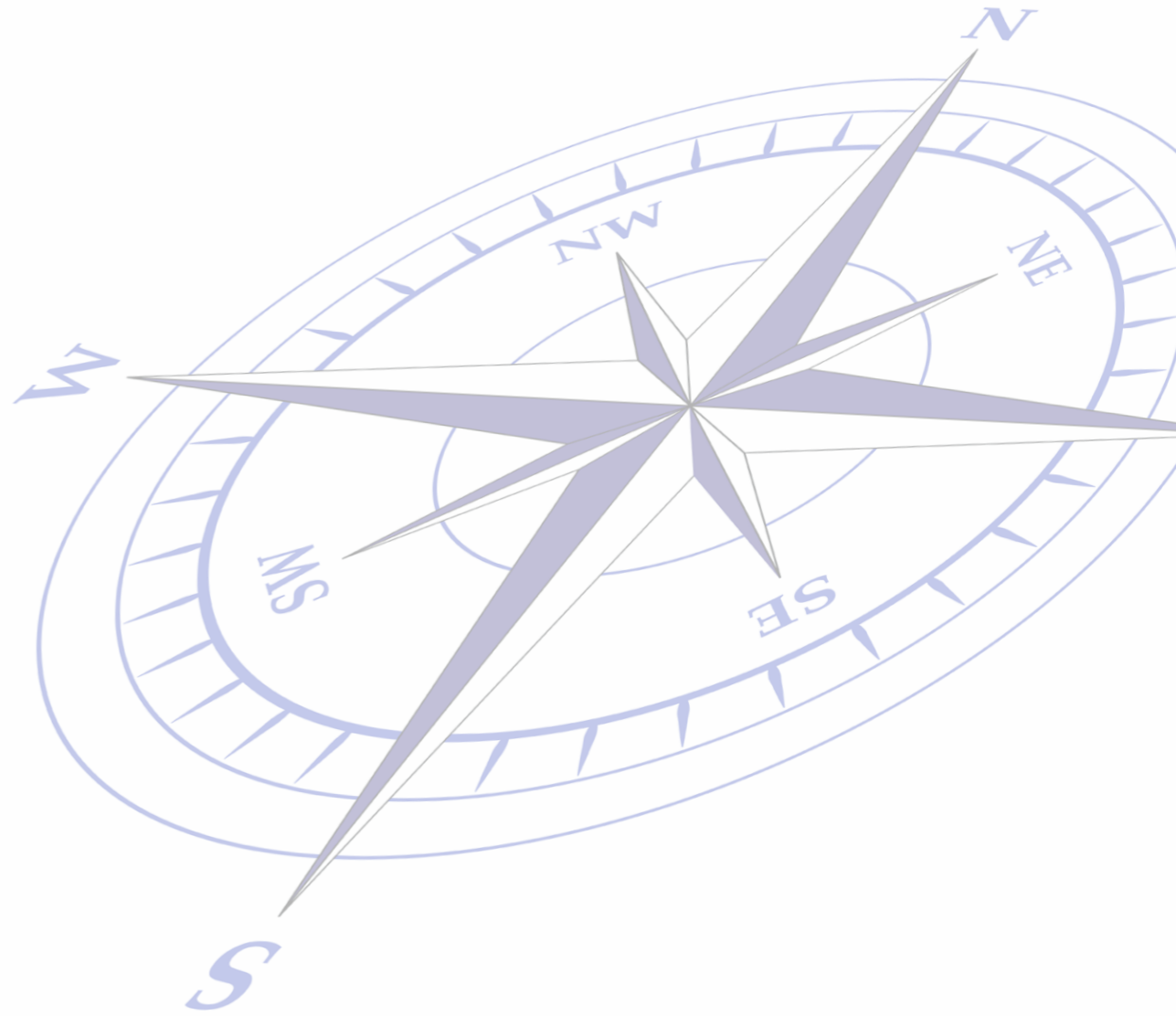
The critical challenges we face around the globe require transformative solutions. We believe that impact business is a breakthrough for such transformation.

Incorporating impact into management demands that we reconsider how we evaluate business, and the purpose of business itself. Therefore, it is necessary to promote the "Impact Economy\*," where the measurement (and management) of social and environmental impacts is integrated into all economic activities and sits at the heart of decision-making in government, business, investment, and consumption.

To turn toward impact business means that diverse stakeholders collaborate to create new norms and rules to adapt to this unknown standard that is impact economy. Mizuho will contribute to the paradigm shift both as an economic actor and as a leader among the business and financial communities.

The "Compass for Impact Business" is our first step for impact economy, and Mizuho will continue to take steps toward realization of such economy.

\*Source: "Impact: Reshaping Capitalism to Drive Real Change," Sir Ronald Cohen





## Endorsements

### Reviewer



#### Katsuji Imata

Co-CEO,  
Blue Marble Japan, Inc.

I would like to congratulate on your publication of "Impact Business Compass". More than 15 years have passed since impact investing first gained global attention, and the movement to establish an impact ecosystem is accelerating in Japan as well. At this juncture, it is very significant for Mizuho, a "mega" financial group, to clearly present its approach to impact, from its philosophy to its implementation, to the world. As a reviewer, I was impressed by the bold will, high level of ambition, and concrete plans, and learned a great deal in reviewing the contents of this document. I have nothing but high expectations for the future development of this endeavor.

### Experts



#### Ken Shibusawa

Chief Executive Officer, Shibusawa and Company, Inc.  
Founder and Chairman, Commons Asset Management  
Founder and CEO, &Capital, Inc.  
Senior Advisor, Brunswick Group

About 150 years ago Eiichi Shibusawa established the first bank in Japan (now Mizuho) to realize "a new world." Japan is again in a new era. The years of prominence of "Made in Japan" is over, and the years avoiding trade frictions of "Made by Japan" in your country is over. Japan now must co-create with the world new values that incorporate environmental/social externalities through "Made with Japan", where Mizuho should navigate with impact.



#### Takeshi Mizuguchi

President, Takasaki City University of Economics

I express my respect for your commitment to an impact-driven approach across the entire Mizuho group, with a core focus on considering externalities. While the methods may vary depending on the nature of each group company, I expect a process where the group collectively identifies priority areas of environmental and social challenges to address, presents a Theory of Change that generates sufficient positive impact, and measures and discloses the extent to which it has been achieved. This would serve to illustrate a new model of financial management known as impact-driven management.



#### Haruka Mera

Founder and Chief Executive Officer  
READYFOR Co.,Ltd  
Representative Director of Impact Startup Association

First, I extend my congratulation to Mizuho on the publication of "Impact Business Compass." In a world grappling with numerous social challenges that market principles alone cannot address, the rise of impact startups—endeavors that aim to achieve both social and business impact—is noteworthy. Mizuho's commitment to positioning impact at the core of its value creation process and its efforts to intertwine impact with financial mechanisms are truly inspiring. I am convinced that such initiatives will empower future generations to boldly and sustainably tackle the social issues confronting us today.

## Chronology and Evolution of Impact Finance

Year	Global	Japan	Mizuho
2006	The Principles for Responsible Investment (PRI), which call for the inclusion of ESG issues in investor decision-making, were established under the advocacy of UN Secretary-General Kofi Annan.		Mizuho Trust & Banking and Asset Management One signed the Principles for Responsible Investment (PRI)  Joined United Nations Environment Program Finance Initiative (UNEP FI)
2007	The Rockefeller Foundation used the term "impact investing" for the first time and started to promote impact investing		
2008	The Dormant Accounts Act was enacted in the UK		
2009	Global Impact Investing Network (GIIN), a global network of impact investors, was established  IRIS, a catalog of metrics for impact investing, began operating		
2011	The first Social Impact Bond was issued in the UK, and expanded to the world  The state of Maryland legalized Benefit Corporation, as a corporate category for social purpose for-profit organizations, and other US states followed	The 21st Century Financial Behavior Principles were adopted mainly by private financial institutions	As a committee member and part of the working group for the drafting committee, Mizuho engaged in discussions regarding the rules and principles of the "Principles for Financial Action for the Creation of a Sustainable Society (21st Century Financial Action Principles)." In the same year, Mizuho also signed the principle, committing to its guidelines and objectives.
2012	Big Society Capital, a wholesale fund funded by dormant bank accounts, was established in the UK		
2013	The Global Sustainable Investment Alliance (GSIA) announced the publication of the "Global Sustainable Investment Review 2012," which is considered as the world's first comprehensive report on sustainable investment.  Global Steering Group for Impact Investment (GSG) was established (at the time, it was called "G8 Impact Investment Task Force," which was renamed "GSG" in 2015).		

## Chronology and Evolution of Impact Finance

Year	Global	Japan	Mizuho
2014		GSG National Advisory Board was established  GSG National Advisory Board issued a report on the current state of impact investing in Japan for the first time.	
2015	The UN Summit unanimously approved the 2030 Agenda, which included the Sustainable Development Goals(SDGs) and promised to <i>Leave no one behind</i> .  United Nations Environmental Programme Finance Initiative (UNEP FI) released the Positive Impact Manifesto, which later turned into the Principles for Positive Impact Finance(PIF) in 2017.	GSG National Advisory Board proposed 7 key recommendations towards promotion of impact investing  The promotion of impact investing is mentioned for the first time in the government's growth strategies and in basic policies for regional revitalization  The Government Pension Investment Fund (GPIF) signed the UN Principles of Responsible Investment (PRI)	
2016	Impact Management Project (IMP), an initiative for impact measurement and management, was established	Social Impact Management Initiative (SIMI) was established (at the time, it was called the "Social Impact Measurement Initiative," which was later renamed.)	
2017	TPG, a major private equity firm, established a JPY 200 billion Impact Investment fund	The first social impact bond in Japan was arranged	Mizuho contributed to the first domestic issuance of a social impact bond
2018	"Impact investing" was included in the leaders' declaration of G20 Buenos Aires Summit  The United Nations Development Programme (UNDP) started the SDG Impact in the expectation that the flow of private funds will expand to achieve the goals of the SDGs	The Dormant Deposits Utilization Act came into effect	Mizuho Bank signed the Principles for Responsible Investment (PRI)
2019	Prime Minister Abe declared at the G20 Osaka Summit that Japan will lead in innovative financing schemes such as impact investing and dormant bank accounts  The Operating Principles for Impact Management were developed by IFC with a core group of external stakeholders.  The Principles for Responsible Banking (PRB) proposed by UNEP FI have come into effect	The Cabinet Office designated Japan Network for Public Interest Activities (JANPIA) as the designated utilization organization based on the Dormant Deposits Utilization Act  Japan International Cooperation Agency (JICA) signed up for the Operating Principles for Impact Management as the first organization in Japan	Invested in the "Hataraku FUND," a social impact fund that focuses on working people in need of support  Mizuho Bank signed the Principles for Responsible Banking (PRB)

## Chronology and Evolution of Impact Finance

Year	Global	Japan	Mizuho
2020	UK's Big Society Capital and a major private-sector asset management institution partner to establish an impact investment trust company	Grant support for solving social issues using dormant bank accounts started  The Financial Services Agency and GSG National Advisory Board started to co-host "Impact Investing Roundtable"	Became a committee member for GSG NAB Japan, and joined the "Study Group for Impact Investing."  Joined the Impact Management Project
2021	The Impact Taskforce was established by the UK, the chair of 2021 G7 summit  The Impact Management Platform was launched as a successor to the Impact Management Project  "A Legal Framework fo Impact" was published by PRI Association, UNEP FI, and Generation Foundation (Written by Freshfields Bruckhaus Deringer)	Prime Minister Kishida mentioned impact investing in his first policy speech  The National Advisory Board of GSG announced the publication of the "Guidebook for Impact Measurement and Management"  21 financial institutions signed the Japan Impact-driven Financing Initiative	Became the drafting member for Guidebook for Impact Measurement & Management  Launched the Mizuho Positive Impact Finance
2022	Impact AUM reached 1.16 trillion dollars worldwide, according to a global survey by the GIIN  The IWAI created and published a tentative proposal for an impact weighted accounting framework (IWAF)  GIIN hosted the Global Impact Forum for the first time after COVID	In the "Grand Design and Action Plan for a New Form of Capitalism" and "Basic Policies for Economic and Fiscal Management and Reform 2022," the Cabinet and Cabinet Secretariat clearly stated that the government will promote impact investing  The cabinet office initiated the Impact Investing and Global Health study group  Tokyo Metropolitan Government established the Social Impact Investing Fund  The Financial Services Agency established the Working Group on Impact Investment  The Impact Startup Association was established  Keidanren (Japan Business Federation) published the report "Using Impact Metrics to Promote Dialogue with Purpose as Starting Point"	Invested in an environment related innovation fund  Signed for the "Impact Driven Finance Initiative"  Joined the SDG Impact Training by UNDP as the first participant globally  Established a new organization to oversee sustainability across the financial group  Mizuho Bank launched Mizuho Positive Impact Finance PRO
2023	PRI hosted PRI in Person, in Tokyo. During the keynote speech, prime minister Kishida stated "to develop impact investment into an established approach and market."  Big Society Capital(BSC) founded the ImpactVC, a community for venture capitals that practice impact investing  GSG hosted the GSG Global Impact Summit, the first in person conference after COVID	GSG National Advisory Board published "Guidance for Impact Measurement & Management in Debt Finance"  The Financial Services Agency published "Report by the Working Group on Impact Investment."  The Impact Consortium was established	Became the drafting member for "Guidance for Impact Measurement & Management in Debt Finance"  Joined the Impact Startup Association  Joined the Impact Investment Initiative for Global Health (Triple I for Global Health)  Established the Impact Business Working Group with members across the financial group  Launched <i>the Mizuho Human Capital Management Impact Finance</i>
2024	The leaders' declaration in G20 Buenos Aires Summit mentioned <i>impact investment</i> in the context of inclusive and sustainable growth  UNDP started the SDG Impact, which hoped to further mobilize the flow of private capital	The Impact Consortium started its activities  The Financial Services Agency finalized the "Basic Guidelines on Impact Investment (Impact Finance)."	Joined the Impact Consortium  Joined the GIIN(Global Impact Investment Network)  Joined AVPN(Asian Venture Philanthropy Network)  Released "Compass for Impact Business"

## Glossary

\*Terms defined by Mizuho specifically for this paper

Term	Definition
Mizuho *	Mizuho Financial Group, as well as, banks, securities, and trust&banking, and others belonging to Mizuho Group
Engagement	Constructive dialogue conducted with companies that are recipients of investments or loans, or those being considered for such financial actions. The goal of engagement is for financial institutions to encourage improvements of the recipient's corporate management from a medium to long-term perspective, aiming to foster sustainable growth and increase corporate value.
ESG Investments	Abbreviation of Environment, Social, and Governance. Investments toward businesses that consider their environmental and social conditions, and have properly managed governance functions.
Impact	Social or environmental changes or benefits achieved by specific measures or projects Source: GSG National Advisory Board Japan  Changes to aspects of wellbeing as experienced by people and/or planet caused by the organization through its decisions and actions in its own operations and through its supply and value chains and its business relationships. Impacts can be positive or negative, intended or unintended, direct or indirect. Source: "Impact," <i>SDG Impact Standards – Glossary</i> , United Nations Development Programme
Impact Business *	Mizuho's Impact Business is an instrument to achieve sustainable society by generating impact and business opportunities, through which Mizuho supports and contributes to our clients' business activities, both through finance and other services that integrate impact in their decision-making process.
Impact Evaluation	Precise assessment of the changes(impact) in the target population, which compares the result of a particular project to a counterfactual condition in which the project does not exist. Source: "About Impact Evaluation," JICA  (Social)Impact Measurement: The act of assessing both quantitative and qualitative social impact of a project or activity and rendering a value judgment according to the assessment. Source: "Advancing Social Impact Measurement," the Cabinet Office
Impact Investment / Impact Finance	Investments with clear intention to generate both financial returns and positive, measurable social/environmental changes (impact). Source: "Impact Investing," the GIIN  The term "impact finance" used in this document is defined as one that satisfies all of the following elements (1) to (4): Element (1) It is intended to appropriately mitigate/manage material negative impacts in all environmental, social and economic aspects while generating a positive impact at least in one aspect. Element (2) It conducts impact assessment and monitoring Element (3) It discloses information on the results of impact assessment and monitoring Element (4) It seeks to ensure an appropriate risk-return profile for individual financial institutions/investors from a medium- to long-term perspective (Ministry of the Environment Concept Paper on Impact Finance) Source: "Concept Paper on Impact Finance," the Ministry of Environment  In March 2024, the Financial Services Agency also established the following as new elements of "impact investment (impact finance)". Element 1 (intention): intended "social or environmental impact" is clarified, as well as to clarify strategies and consider significant negative secondary effects Element 2 (contribution): investment contributes to realizing impact, and specifically expect investee's "social or environmental impact." Consider and endeavor appropriate measures, including non-financial supports such as engagement. Element 3 (identification, measurement, and management): "Identify, measure, and manage" in quantitative or qualitative terms impact to be realized through investment. Element 4 (innovation/transformation/acceleration): Support transforming or accelerating transformations in markets and customers Source: "Basic Guidelines on Impact Investment(Impact Finance)," the Financial Services Agency

## Glossary

Term	Definition
Impact Management	Identification of both positive and negative effects of corporate activities on people and planet, and the process of increasing the positive and decreasing the negative.
IMM (Impact Measurement and Management)	IMM involves figuring out ways to mitigate negative social and environmental impacts of investments while maximizing positive social and environmental investment benefits, in the iterative process of measuring and managing such impacts/benefits. Source: "GETTING STARTED WITH IMPACT MEASUREMENT & MANAGEMENT (IMM)," GIIN
Innovation	Includes a wide range of actions such as deployment of new technologies, business model transformation and product/service differentiation efforts
Integrated Value	The value of a company that is not reflected in financial statements. Examples include "management strategy and policy," "business insights," "social and environmental value and effects," "human capital," "technology, intellectual property, and know-how," "sales networks," and "supply chains."
New "Yardstick" *	The new "Yardstick" seeks to measure and evaluate impact, and express it in the corporate valuation. This new way of measurement seeks to articulate social and environmental value, and reflect it on the integrated value of corporations.
Outcome	While specific goods and services that result from projects are called "Outputs", benefits and changes (results) brought to target population(s), etc. as a result of the outputs are called "Outcomes." Source: "Social Bond Guideline," the Financial Services Agency
Social Impact Bond	A mechanism for addressing social issues by entrusting the operation of highly public services, traditionally managed by the government, to private organizations and funding these operations through private investors. Source: "New System for Public-Private Cooperation: Social Impact Bond," the Ministry of Economy, Trade and Industry
SPTs	Sustainability Performance Targets. KPIs that are both ambitious and quantitative that relate to the materiality of loan recipients
Sustainability	The ability to meet the needs of the present without compromising the ability of future generations to meet their own needs Source: "The Brundtland Report," the United Nations
Sustainability Linked Loan	A Sustainability Linked Loan is a loan that encourages borrowers to achieve ambitious sustainability performance targets (SPTs). Specifically, it is a loan that: (1) organizes the relationships between sustainability objectives and SPTs set out in the borrowers' comprehensive social responsibility strategies; (2) measures the degree of improvement in sustainability by presetting appropriate SPTs; and (3) ensures transparency through post-loan reporting on them. Source: "Green Finance Portal," the Ministry of Environment
Sustainability-Linked Bond	Sustainability-Linked Bond is any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives Source: "SDGs of Securities Industry," Japan Securities Dealers Association

## Glossary

Term	Definition
GSG	Originally established as the "G8 Impact Investment Taskforce" in 2013 under the UK presidency of the G8 by Prime Minister David Cameron, it was renamed GSG in August 2015. It serves as a global network catalyzing impact investment, with more than 30 member countries and regions participating as national advisory boards.
GSG-NAB Japan	GSG-NAB Japan was established in 2014 as GSG's national advisory board in Japan. It contributes to the development of the market and ecosystem for impact investing in collaboration with practitioners and experts in diverse fields, including financial, business, social, and academic institutions. GSG-NAB Japan's activities revolve around three pillars of: research and publication, awareness-raising, and networking. Source: GSG-NAB Japan
Impact Management Project (IMP)	A time-limited initiative from 2016-2021 with participation from over 2,000 institutions actively promoting sustainability, including international organizations such as the United Nations Development Programme (UNDP), International Finance Corporation (IFC), and Organisation for Economic Co-operation and Development (OECD). It aimed to form a consensus on the definition, measurement methods, and reporting standard of impact investments.
Impact Startup Association	Established in 2022, the association aims to create a sustainable society by building an ecosystem for "impact startups." Impact startups bring positive impact on the society through solving social issues while achieving economic growth. They provide a platform for impact economy, create learning spaces, prepare investment environments, and engage with policymakers.
Japan Impact-driven Financing Initiative	An initiative by domestic financial institutions with an impact orientation, established in November 2021. It aims for the autonomous and sustained development of impact-oriented investments and loans in Japan's financial industry.
Triple I for Global Health	An initiative endorsed by G7 leaders at the 2023 G7 Hiroshima Summit to raise awareness and share best practices on impact investment in global health with the ultimate aim of achieving Universal Health Coverage (UHC)
United Nations Development Programme (UNDP)	As the United Nations lead agency on international development, UNDP works in 170 countries and territories to eradicate poverty and reduce inequality. As the core UN agency for development, it played a critical role in articulating the SDGs. It is involved in expanding the flow of private capital towards achieving the SDGs through SDG Impact.
Mizuho Positive Impact Finance	A financial product in which Mizuho utilizes the proprietary impact assessment framework developed by Mizuho Research & Technologies, Ltd., based on the Principles for Positive Impact Finance, to comprehensively and quantitatively evaluate the social impact of customers' activities. This financial product then evaluates the intention to generate positive impact, and supports continuity of such corporate activities through the loan.
Mizuho Human Capital Management Impact Finance	A financial product in which Mizuho utilizes the proprietary scoring methods developed by Mizuho Research & Technologies, based on guidelines such as ISO 30414 and Cabinet Office Guidelines for Human Capital Visualization, to quantify the visualizing, disclosing, and practicing of human capital management by companies. Mizuho Bank provides loans to customers who achieve a certain score.

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