

Response of the Mizuho Financial Group to the Joint Communication from the Special Procedures  
27 June 2023 Reference AL OTH 86/2023

25 September 2023

Thank you for the opportunity to respond to your letter dated June 27, 2023 regarding Saudi Arabian Oil Company (Saudi Aramco), requesting information regarding our efforts to address climate change and human rights.

Please understand that confidentiality requirements make it difficult for us to comment on specific client matters. Nonetheless, we hope that the following details are helpful.

For more information on our response to each of your questions below, please refer to the following documents.

- ✓ TCFD<sup>1</sup> Report (Climate-related Report) 2023:  
[https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/tcdf\\_report\\_browsing\\_2023.pdf](https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/tcdf_report_browsing_2023.pdf)
- ✓ FY2022 Sustainability Progress – Initiatives addressing Climate Change:  
[https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/sustainability\\_progress.pdf](https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/overview/report/sustainability_progress.pdf)
- ✓ Environmental Policy:  
<https://www.mizuhogroup.com/sustainability/environment/policy/environmentalpolicy>
- ✓ Human Rights Report 2023:  
[https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/human-rights/solution/human\\_rights\\_report\\_2023.pdf](https://www.mizuhogroup.com/binaries/content/assets/pdf/mizuhoglobal/sustainability/human-rights/solution/human_rights_report_2023.pdf)

1. Please provide any additional information and/or comment(s) you may have on the above-mentioned allegations.

- We appreciate your understanding that we are unable to disclose details of individual cases due to confidentiality requirements.
- We would like to assure you that addressing environmental issues and climate change is one of our most important corporate priorities, and respecting human rights is fundamental to our corporate philosophy.
- In fact, Mizuho has set a long-term goal of achieving net-zero greenhouse gas (GHG) emissions from our financing and investment activities by 2050. To clarify our path to achieving this goal, we have set medium-term sector-level targets for 2030, starting with high-priority sectors such as oil and gas,

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<sup>1</sup> Task Force on Climate-related Financial Disclosures

which we already have set the target.

- Mizuho has established an Environmental and Social Management Policy for Financing and Investment Activities to prevent and mitigate adverse impacts on the environment and society resulting from our financing and investment activity, and we identify, assess, and manage environmental and social risks associated with client's business including the oil and gas sector when determining whether to engage in transactions.
- For more information on our initiatives, please refer to the following pages:
  - Pages 38-41 of our [TCFD Report \(Climate-related Report\) 2023](#), which addresses the "Initiatives in the Oil and Gas Sector".
  - Pages 20 and 39-43 of our [Human Rights Report 2023](#), which cover the "Overview of Responsible Financing and Investment" and "Overview of our Environmental and Social Management Policy for Financing and Investment Activity (Full Text)", respectively.

2. Please indicate the steps that your company takes to determine whether it causes, contributes to or is directly linked to human rights abuses as a result of its business activities or through business relationships.

- Our approach to human rights due diligence is based on the UN Guiding Principles on Business and Human Rights (UNGPs) and with reference to the OECD Due Diligence Guidance for Responsible Business Conduct.
- We work to prevent and mitigate any adverse impacts that our business activities may have on human rights; however, if we are unable to foresee or prevent them from the occurrence of adverse impacts on human rights, we also strive to address adverse impacts that are caused, contributed to, or directly linked to our activities.
- For more information, please refer to page 19 of our [Human Rights Report 2023](#), which covers the approach of human rights due diligence.

3. Please indicate whether your company has a human rights policy commitment, informed by human rights experts, that describes what your company, as an investor, expects of all business relationships in terms of human rights, and whether this takes into account climate change-related human rights impacts. Please indicate whether any such commitment is public and actively communicated, and whether it is embedded throughout the business, including within other policies and procedures.

- Mizuho establishes its Human Rights Policy based on the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations Global Compact, and the UNGPs.
- Our Human Rights Policy applies to all officers and employees of the Mizuho Financial Group. We

also clearly state an expectation that our business partners, including our clients and suppliers, share our conviction to uphold the corporate responsibility to respect human rights.

- Mizuho benefited from the input of various stakeholders in drafting this Human Rights Policy and developing our implementation strategy. In 2022, when we revised the Human Rights Policy, we received advice from external human rights experts on human rights issues that global corporations and financial institutions should address.
- We also added "Environmental Impact" caused by financing and investment clients to our list of salient human rights issues, reflecting the adoption of the right to a clean, healthy, and sustainable environment at the United Nations Human Rights Council.
- Mizuho is committed to disclosing our progress on our human rights journey. We actively report on our initiatives, including policies, procedures, and operational status on human rights, through various platforms, such as our website and Human Rights Report.
- We strive to enhance our efforts to respect human rights in all of our operations. We regularly report our initiatives for respecting human rights to the Board of Directors, following discussions at the business execution line. The Risk Committee, an advisory committee of the Board of Directors, oversees our efforts on human rights, together with the Board of Directors itself.
- For more information, please refer to Pages 8-13, 14-15 and 16 of our [Human Rights Report 2023](#), which addresses the "Human Rights Policy", major human rights issues and promoting respect for human rights, respectively.

4. Please provide information on the risk assessments that your company carries out prior to engaging in business activities or business relationships, and whether these studies are prepared with a human rights-based approach, taking into account climate change impacts, as well as social and cultural impacts on relevant communities located in affected areas.

- Mizuho examines environmental and social risks when beginning business relationships with new clients or considering new transactions, in accordance with the Environmental and Social Management Policy for Financing and Investment Activity.
- Mizuho does not provide financing and investments to:
  - Projects which have adverse impacts on wetlands registered in the Ramsar Convention
  - Projects which have adverse impacts on sites and properties registered on the UNESCO World Heritage List
  - Projects which are in violation of the Washington Convention
  - Projects which are causing forced labor, child labor, and human traffickingMizuho conducts additional due diligence on:
  - Projects which have adverse impacts on Indigenous people's communities
  - Projects involving land acquisition which will result in involuntary resettlement of residents
  - Projects which are causing, contributing to or are directly linked to with human rights abuse in

conflict areas

Furthermore, Mizuho proactively engages with sectors, such as oil and gas, where we recognize higher risks in transitioning to a low-carbon society, to support their transition. We assess the client's responses to transition risk at least once a year through these engagements. If the client has not developed a transition strategy one year after the engagement, we carefully consider whether or not to continue our business with them.

- In addition, Mizuho works with clients to conduct appropriate environmental and social risk assessment and due diligence processes, as required by the Equator Principles, for project financing involving large-scale development or construction projects.
- For more information, please refer to Pages 21-22 and 25-26 of our [Human Rights Report 2023](#), which covers the "Implementing the Environmental and Social Management Policy for Financing and Investment Activity" and "Adoption and Application of the Equator Principles", respectively.

5. Please indicate measures taken to ensure that your company complies with international environmental laws and human rights standards, including through its business relationships, especially in relation to climate change.

- Our commitment to environmentally conscious action is enshrined in [Mizuho's Code of Conduct](#). In accordance with this commitment, we have established an [Environmental Policy](#) that sets out the objectives that guide our conduct and the specific actions we will take to achieve them. The policy articulates our support for the Paris Agreement's objective of strengthening the global response to climate change. It also states that we are committed to responding to climate change as a key pillar of our business strategy and to proactively fulfilling our role in the effort to achieve a low-carbon society (net zero greenhouse gas emissions) by 2050 and to develop a climate change resilient society.
- Mizuho also establishes and implements a net-zero transition plan to promote a more integrated approach to climate action, from the perspectives of facilitating the real economy transition, capturing business opportunities, and managing risks.
- Based on the Environmental Policy, Mizuho continuously improves the environmental initiatives through a governance and management system that includes regular reporting to the Board of Directors, setting indicators and targets, and periodically assessing and reviewing progress. We also adequately and actively disclose information about our environmental initiatives to ensure transparency.
- We disclose details of our climate initiatives through our [TCFD Report \(Climate-related Report\)](#).
- For more information, please refer to [Environmental Policy](#) and [TCFD Report \(Climate-related Report\) 2023](#).

6. Please advise the steps taken to ensure that your company respects human rights in line with the UN Guiding Principles on Business and Human Rights, including by conducting human rights due diligence that addresses how to prevent, mitigate and remediate the adverse climate change-related and other human rights impacts you're your business may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships.

- In order to prevent and mitigate the adverse impacts in relation to our operations, Mizuho strives to conduct a human rights due diligence process appropriately in accordance with the UNGPs and the OECD Due Diligence Guidance for Responsible Business Conduct. The process involves the following steps:
  1. Identify and assess adverse impacts: Identify and assess potential risks to human rights from our business activities, periodic inspection and review in line with changes in the internal and external business environment.
  2. Prevent or mitigate adverse impacts: Establish policies and procedures in each business area.
  3. Track implementation and monitoring: Track implementation and outcomes of 1 and 2 report to the executive management.
  4. Communicate with stakeholders.
- In line with the UNGPs, we seek to cooperate in the remediation of adverse impacts through legitimate processes, in accordance with our degree of involvement, if our business activities cause, contribute to, or are directly linked to adverse human rights impacts. We encourage our clients, suppliers, and others to prevent or mitigate any adverse impacts, where reasonable and appropriate.
- For more information, please refer to Pages 19-26 of our [Human Rights Report 2023](#), which covers the human rights due diligence.

7. Please indicate any steps your company has taken to identify the Scope 1, 2 and 3 greenhouse gas emissions of companies that it engages through business activities and/or relationships, with an explanation of how such identification is science-based, verifiable and informed by expert input, as well as being based on meaningful consultation with all relevant stakeholders.

- Mizuho has developed Mizuho's Approach to Achieving Net Zero by 2050 and Net Zero Transition Plan. The medium-term sector-level targets to reduce financed emissions have been established in reference to the NZBA's<sup>2</sup> target-setting guidance and have been approved by Mizuho Financial Group's Board of Directors.
- The scope of Scope 1 and 2 measurements includes domestic and overseas consolidated

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<sup>2</sup> NZBA (the Net-Zero Banking Alliance) is the global initiative established by United Nations Environment Programme Finance Initiative.

subsidiaries and affiliates. We are phasing in expanded third-party assurances, from all Mizuho Bank branches in Japan, the previous scope, to seven Group companies in fiscal year 2022 and to the full consolidated Group scope in fiscal year 2023.

- Concerning Scope 3 emissions, we measure and disclose indirect GHG emissions from financing and investment (financed emissions) based on the PCAF standard. We use data from interviews with companies in addition to data from the vendors and company disclosures.
- For more information, please refer to Pages 70, 72-77 and 80-83 of our [TCFD Report \(Climate-related Report\) 2023](#), which cover the "Scope 1 and 2", "Measurement of financed emissions ", and "Reduction of emissions from financing and investment: Approach and measurement standards of medium-term target", respectively.

8. Please advise about the steps that your company has taken to refrain from engaging in business activities or business relationships that promote public information campaigns based on inaccurate, misleading and unfounded assertions that harm the ability of States and the public to make informed decisions pertaining to climate change. In this context, please also indicate how your company respects the right of all persons to benefit from science and its applications.

- Mizuho proactively engages with sectors, such as oil and gas, where we recognize higher risks in transitioning to a low-carbon society, to support their transition. We check and assess our clients' responses to transition risk at least once a year through engagement with them. The evaluation criteria include, but are not limited to, the following:
  - Willingness to take measures against transition risk
  - Development of a transition risk strategy and setting of quantitative targets, target level
  - Concreteness of means of achievement and status of efforts, track record, objectivity, etc.
- If we identify any act in conflicting with the Environmental and Social Management Policy for Financing and Investment Activity during the term of a transaction, we immediately engage with the client to address the issue and seek improvement.
- Our [Code of Conduct](#) enshrines our commitment to having constructive dialogues with stakeholders. We also strive to disclose not only financial information, but also various initiatives proactively, effectively, and fairly, in order to ensure transparency. Through constructive dialogues with stakeholders, we aim to earn their understanding and trust, increase corporate value, ensure soundness, and improve the quality of our services.
- In addition to feedback from external stakeholders and information from public authorities, we also utilize the inputs of external experts when conducting human rights due diligence.
- For more information, please refer to the following:
  - Pages 66-68 of our [TCFD Report \(Climate-related Report\) 2023](#), which cover the "Financing and investment responses based on climate-related risks".

- Page 33 of our [Human Rights Report 2023](#), which cover the "Stakeholder Communication".

9. Please indicate measures taken to disseminate information on the environmental and climate change impacts of your company's business activities and/or business relationships, taking into consideration the rights to a healthy environment, participation, and remedy.

- We have been publishing our annual TCFD report since 2020, in line with the recommendation of the TCFD. The TCFD recommendation was published in June 2017, aiming to enhance corporate disclosure on climate-related risks and opportunities. Mizuho expressed its support for the TCFD recommendations in 2017 and has been working to enhance its initiatives and disclosures in line with the TCFD framework.
- In April 2023, Mizuho disclosed its "[Sustainability Progress - Initiatives addressing Climate Change](#)", which summarizes the details and progress of strengthening its efforts to address climate change. The document outlines Mizuho's basic concepts and approaches, specific initiatives, quantitative results, progress in line with its targets, as well as details of the initiatives that have been strengthened this time around.
- For more information, please refer to our [TCFD Report \(Climate-related Report\) 2023](#) and [Sustainability Progress Report](#).

10. Please indicate any steps that your company has taken to strive for coherence in its responsibility to respect human rights, including in the policies and procedures that govern your wider business activities and relationships as they relate to climate change.

- In accordance with the Environmental and Social Management Policy, Mizuho assesses the environmental and social risks of its clients, with a focus on relatively high-risk sectors. We engage with these clients at least once a year to ensure that the environmental and social risks are being managed appropriately. To ensure that these measures are internalized throughout our operation, Mizuho strives to train its officers and employees to manage risks effectively. This includes developing training programs such as e-learning and internal procedures such as check-sheets.
- We are also strengthening support from the head office to ensure that frontline offices engage effectively with clients, such as by providing a manual that outlines the key checkpoints for verifying the status of clients' response to environmental and social issues.
- In addition, we conduct enhanced due diligence when we detect human rights issues related to our clients. After confirming the situation and status of the client's response, we engage with and monitor the client as necessary to ensure that remedy and prevent recurrence are appropriately implemented.
- For more information, please refer to Pages 23 and 24 of our [Human Rights Report 2023](#), which covers the "Implementing the Environmental and Social Management Policy for Financing and Investment Activity" and "Status of Conducting Enhanced Due Diligence", respectively.

11. Please provide information on steps taken by your company to establish and/or participate in operational-level grievance mechanisms, in line with the UN Guiding Principles, to effectively address the adverse climate change-related and other human rights impacts caused by and/or contributed to your company throughout your business activities and/or business relationships. In addition, please indicate, in the context of climate change, where your company has contributed to severe impacts (including through its business relationships) and how your company has provided for appropriate remediation that accords with your responsibility for the harm.

- Mizuho receives inquiries, feedbacks, and complaints, including those related to climate change and human rights, from various stakeholders at its head office, branches, call centers, and websites. Feedback and complaints are collected internally, reported to management, and discussed for possible improvements in policies, procedures, and operations.
- Mizuho has also joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), a general incorporated association that operates an engagement and remedy platform, to improve access to remedy and establish effective grievance mechanisms that are in line with the requirements of the UNGPs, such as availability, predictability, and transparency.
- For more information, please refer to Pages 34 of our [Human Rights Report 2023](#), which covers the "Operation of Grievance Mechanism".

Yours sincerely,

Mizuho Financial Group