

Investment Stewardship Group

Voting Bulletin: Mizuho Financial Group

As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our [engagement priorities](#) based on our observation of market developments and emerging governance themes and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

Independent Fiduciary

BlackRock has for over a decade used an [independent fiduciary](#) to vote proxies where we are required by regulation not to vote ourselves or where there are actual or perceived conflicts of interest. The independent fiduciary makes voting decisions based solely on BlackRock’s publicly available [proxy voting guidelines](#), which aim to advance our clients’ long-term economic interests, and public information disclosed by the relevant company. Our voting guidelines are the benchmark against which we assess a company’s approach to corporate governance, including environmental and social (E&S) issues.

BlackRock uses an independent fiduciary for Mizuho Financial Group, Inc. (Mizuho FG). **In this case, the use of fiduciary is to satisfy regulatory requirements in the United States. Mizuho FG is in scope of these regulations as it is the parent of a US bank holding company subsidiary regulated by the Federal Reserve Bank.**

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand the voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we or, in this case, the independent fiduciary, have voted on select resolutions, and (where relevant) provide information around our engagement with the issuer.

Company	Mizuho Financial Group
Market	Japan
Meeting Date	25 th June 2020

Key Resolutions ¹	Item 5: Shareholder Proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement
Board Recommendation	Item 5: AGAINST
BlackRock Vote	BlackRock, through an independent fiduciary, voted AGAINST all shareholder proposals, including Item 5, and FOR all management resolutions.

Overview

Mizuho Financial Group, Inc. (Mizuho FG) together with its subsidiaries, engages in banking, trust, securities and other financial services in Japan and globally. It is one of the three largest banking groups in Japan. Mizuho FG was formed after mergers between Dai-Ichi Kangyo Bank, Fuji Bank and the Industrial Bank of Japan in 2002.

In March 2020, Mizuho FG received a shareholder proposal from a Japanese NGO to amend the company's Articles of Incorporation to add a clause to disclose in its annual reporting a plan outlining the business strategy to align its investments with the goals of Paris Agreement. The proponent explained that climate change is already having a profound impact on the environment, society and the economy. They believe that given Mizuho FG's lending exposure to coal-fired energy plants, the proposal would require Mizuho FG to step up its actions to adapt its strategy and disclosure on climate change risks.

The proposal would require a two-thirds majority of shareholder support to pass (a super majority). All shareholder proposals are legally binding under Japanese law.

In response, Mizuho FG recommended that its shareholders vote against the shareholder proposal, noting that they have already acknowledged the importance of managing climate risk and have clearly disclosed policies related to such risk. Furthermore, they believe the proposed language in the shareholder proposal may restrict Mizuho FG from providing corporate financing to companies in the energy and utilities sector as general working capital, including for research and development in new technology or innovation. The company also believes it can drive more positive outcomes through engagement with clients in the energy and utilities sectors to help them adapt their businesses during the transition to a low carbon economy, rather than simply ceasing to lend to them.

Mizuho FG first announced its integration of sustainability in May 2019 as part of its new 5-Year Business Plan.² Since then, the company announced several actions including, but not limited to, the following:

- Strengthened its Environmental Policy in April 2020, announcing that going-forward they will not be making any further finance commitments to new construction of coal-fired energy plants. This supports a new target setting to reduce the outstanding credit balance for coal-fired power generation facilities by 50% (against FY2019) by FY2030, and to reduce that balance to zero by FY2050.³
- Enhanced transparency on its climate related disclosures by publishing its first Task Force on Climate-related Financial Disclosures (TCFD) report in May 2020.⁴ The TCFD report includes scenario analysis for both transition risks and physical risks. The company also announced its plans to make further

¹ Full meeting resolutions can be accessed at: <https://www.mizuho-fg.com/investors/stock/meeting.html>. For the Articles of Incorporation in English translation, see: https://www.mizuho-fg.com/company/structure/governance/pdf/incorporation_eng.pdf

² See https://www.mizuho-fg.com/release/20190515release_eng.html

³ See https://www.mizuho-fg.com/release/20200415release_eng.html

⁴ See https://www.mizuho-fg.com/csr/mizuhocsr/report/pdf/tcf_d_report.pdf

progress on this front by publishing an ESG data book as well as reporting with the Sustainability Accounting Standards Board (SASB) standards.

- Clarification of its governance practices related to sustainability. The company explained that the Risk Committee and the Board of Directors provides oversight on its policies on key sustainability issues, including environment. The Board will continue to be chaired by an independent non-executive director, who is also a member of the Risk Committee.
- The company also hosted a session to its key stakeholders including investors to explain its sustainability initiatives. The main speakers at the meeting were the CEO and the Group Chief Strategy Officer, who are both executives responsible for the company's initiatives on sustainability, and the above mentioned independent non-executive director who was recently appointed as the new Chairperson of the Board. All of the speakers expressed their commitments to take leadership and action on sustainability issues and disclosures.

Rationale for BlackRock Vote

Based on BlackRock's proxy voting guidelines,⁵ the independent fiduciary voted as follows:

Item 5: Shareholder Proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement

VOTE AGAINST shareholder proposal **Item 5**.

The independent fiduciary reported that it took into consideration the company's policies and the announcements made since the shareholder proposal was filed.⁶ [The independent fiduciary] determined that the company now has policies in place that address the issues raised in the proposal.

⁵ See BlackRock Investment Stewardship's Corporate governance and proxy voting guidelines for Japanese securities, <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-japan.pdf>. These guidelines are available in both English and Japanese on the BIS website: <https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines>

⁶ The independent fiduciary reported that it took into consideration some of the releases [the company] issued:

Summary of the Q&A IR event [the company] held:

https://www.mizuho-fg.com/investors/ir/briefing/pdf/202006_1.pdf

https://www.mizuho-fg.com/investors/ir/briefing/pdf/202006_2.pdf

https://www.mizuho-fg.com/investors/ir/briefing/pdf/202006_3.pdf

Articles of Incorporation in English translation: https://www.mizuho-fg.com/company/structure/governance/pdf/incorporation_eng.pdf