

Response of the Mizuho Financial Group to Letter to Banks concerning Myanmar

27th December 2023

Thank you for the opportunity to respond to your letter dated October 26th, 2023.

We are writing to inform you of “Mizuho’s basic stance/Mizuho’s Initiatives for respect human right”, “Response to economic sanctions”, and “Mizuho’s Customer Due Diligence”.

【Mizuho’s basic stance/Mizuho’s Initiatives for respect human rights】

- We appreciate your understanding that we are unable to disclose details of individual cases due to confidentiality requirements. We position the strict observance of all laws and regulations and the pursuit of fair and honest corporate activities that conform to socially-accepted norms as one of our core business principles.
- We would like to assure you that respecting human rights is fundamental to our corporate philosophy, and we have established our *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 UN Guiding Principles on Business and Human Rights (UNGPs).
- We opened a branch in Myanmar in 2015 to provide financial services such as loans and remittances. Given that business activities in conflict areas may seriously affect human rights issues, in accordance with our *Human Rights Policy*, we are working to track the situation and prevent the inflow of funds to the national armed forces. Compliance checks are also being enhanced in accordance with sanctions imposed by various countries.
- We 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 when determining whether to engage in transactions.
- Especially, we have set policy for human rights abuse in conflict areas, so when financing or investing in businesses in conflict areas, we cautiously consider the possibility of adverse impacts on human rights.
- For more information, please refer to our *Human Rights Report 2023*.

【Response to economic sanctions】

- We have a policy of complying with any applicable relevant laws and regulations in relation to economic sanctions, which include (but are not limited to) the regulations stipulated in Foreign Exchange and Foreign Trade Act of Japan, and the sanctions regulations of the United Nations and the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury, in our *Customer Acceptance Policy for Prevention of Money Laundering*. Since we comply those laws and regulations and maintain policies and procedures to ensure sanctions compliance, we cannot handle

the transactions that conflict with (or are likely to conflict with) these laws and regulations.

- When the lists of economic sanctions targets, including United Nations and sanction program by OFAC, are updated, we implement measures in accordance with laws and regulations, including reflecting those updates to our global common list of economic sanctions targets in a timely and appropriate manner, rejecting any new transactions related with the lists, freezing of relevant accounts, and eliminating the relationship within the period specified in the laws and regulations.

【Mizuho's Customer Due Diligence】

- Regarding to our Customer Due Diligence (CDD), we have established our *Standards for Anti Money Laundering* and relevant procedures, and we have put them into practice including Customer Identification Program specified by laws and regulations, Know Your Customer, and Customer Risk Assessment.
- In customer risk assessment, we assess the risks of each customer from the view point of country or geographic risk factors, customer risk factors, product, service, transaction risk factors, delivery channel risk factors, and we have conducted Enhanced Due Diligence (EDD) for high risk customers. In EDD, we conduct strict and enhanced CDD in addition to standard CDD, such as confirming additional information or evidence on the customer and enhancing transaction monitoring.
- For the customers and transactions related to Myanmar, we implement appropriate CDD and transaction due diligence in light of environmental changes such as the strengthening of economic sanctions and the FATF application on Myanmar to its blacklist of high-risk jurisdictions.

【Response to Financial Action Task Force】

- Since FATF placing Myanmar on its blacklist, we have taken measures to strengthen both CDD and transaction monitoring for customers and transactions related to Myanmar.
- Specifically, we are working to increase the frequency of updating customer information, strengthen transaction monitoring, and identify entities whose beneficial owners are subject to economic sanctions. In addition, we are making efforts to respond more rigorously to transactions related to Myanmar, such as conducting detailed verification of transactions.

Questions in the letter

- What steps has your institution taken to prevent sanctioned members of the junta and sanctioned entities under the de facto control of the junta from accessing accounts held at your institution?
- What is your institution's policy with respect to accounts for any unsanctioned individuals or entities known or suspected by your institution to have assisted the junta in sanctions evasion?
- Has your institution implemented safeguards to avoid participating in or facilitating the junta's efforts to circumvent sanctions? Please note that common junta sanctions evasion tactics include channeling funds through non-sanctioned individuals and entities and converting funds to different currencies.
- What measures has your institution taken to implement the United States' August 2023 determination that allows for sanctions to be imposed on any foreign individual or entity determined to operate in the jet fuel sector of the Burmese economy?
- How has your institution integrated the United States' January 2022 business advisory on Burma into its due diligence procedures?
- What measures are being implemented to ensure that humanitarian aid and access is being received in Myanmar and that civilians are able to access banking services and to safeguard against de-risking?