



Mizuho Securities Asia Limited

## Modern Slavery Statement

### 1. Introduction

Mizuho Securities Asia Limited (MHSA) is a reporting entity with reporting requirements under Australia's Commonwealth Modern Slavery Act 2018 (hereinafter referred to as the "Act") and has published its annual Modern Slavery Statement (hereinafter referred to as the "Statement") for the fiscal year 2021 (the period from 1 April 2021 to 31 March 2022).

MHSA conducts its business in Australia through its Sydney office. MHSA is a registered foreign company in Australia (ARBN: 603 425 912).

### 2. Structure, Operations and Supply Chains

#### Mizuho Financial Group, Inc.

MHSA is a Hong Kong-based subsidiary of Mizuho Securities Co., Ltd. (MHSC), the core securities firm in the Mizuho Financial Group (MHFG). Our parent company is a global enterprise with subsidiaries operating in all major financial markets worldwide. MHFG is incorporated in Japan as a bank holding company in accordance with the Banking Act. Its shares are listed on the First Section of the Tokyo Stock Exchange (TSE) and its ADRs are listed on the New York Stock Exchange (NYSE).

#### Mizuho Securities Asia Limited

MHSA is an investment banking and securities firm incorporated in Hong Kong. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. MHSA provides a wealth of financial products and services covering regional brokerage, corporate finance and capital markets advisory. Our clients are diverse, including financial institutions, hedge funds and multi-national professional investors. With about 250 employees, MHSA strives to grow into a full-service investment bank in Asia, giving our clients the highest quality service.

### Supply chains

The business activities undertaken by MHSAs are supported by a network of suppliers providing goods and services, such as office supplies, computer systems and other outsourced operations.

As a financial services company, MHSAs's supply chains consist of custodian banks, electronic settlement agents for settlement services and securities trading brokers.

Please see MHFG's [Integrated Report](#) for the organizational structures of MHSAs and MHFG, and detailed information about the business activities of MHFG and its subsidiaries.

### 3. Risks of modern slavery practices within operations and supply chains

MHFG has formulated the Mizuho Code of Conduct, which is positioned as the ethical rules to be complied with in implementing Mizuho's Corporate Identity, and serves as the foundation for the various decisions made with regards to business administration and operations. The Code of Conduct has been adopted by its subsidiaries including MHSAs.

In its Code of Conduct, MHSAs declares that "as well as acting with respect for the internationally recognized human rights of everyone and acknowledging that our business activities may have the potential to impact human rights, we will work to create a corporate culture in which the spirit of respect for human rights is all-pervasive".

In 2018, MHFG established its Human Rights Policy, based on the International Bill of Human Rights; the International Labor Organization's Declaration on Fundamental Principles and Rights at Work ("ILO Declaration"); and the United Nations Guiding Principles on Business and Human Rights ("UN Guiding Principles"). In establishing the Policy, MHFG organized major human rights issues in the financial sector based on those internationally recognized guidelines and cases of human rights abuses by financial institutions..

In 2022, in view of the increasing recognition of the importance of ensuring respect for human rights and the changes in human rights issues for financial institutions and global corporations, they have revised their Human Rights Policy. In revising the Policy, they reviewed the human rights issues that could occur within our

business activities and value chain, including those related to the provision of financial services / financing and investment, employment and procurement. They have identified the issues which require an enhanced response based on their severity, as well as the issues which have to be newly added. Based on this review, Mizuho has created a chart for evaluating human rights issues to identify priority issues for enhancing response. (see Table 1 below). The human rights issues highlighted by the dotted red lines in the table, “Forced labor, child labor, human trafficking” and “Business activities in conflict-affected regions,” are those for which they have enhanced their response, after reviewing the severity of these issues.

Table 1: Chart for Evaluating Human Rights Issues

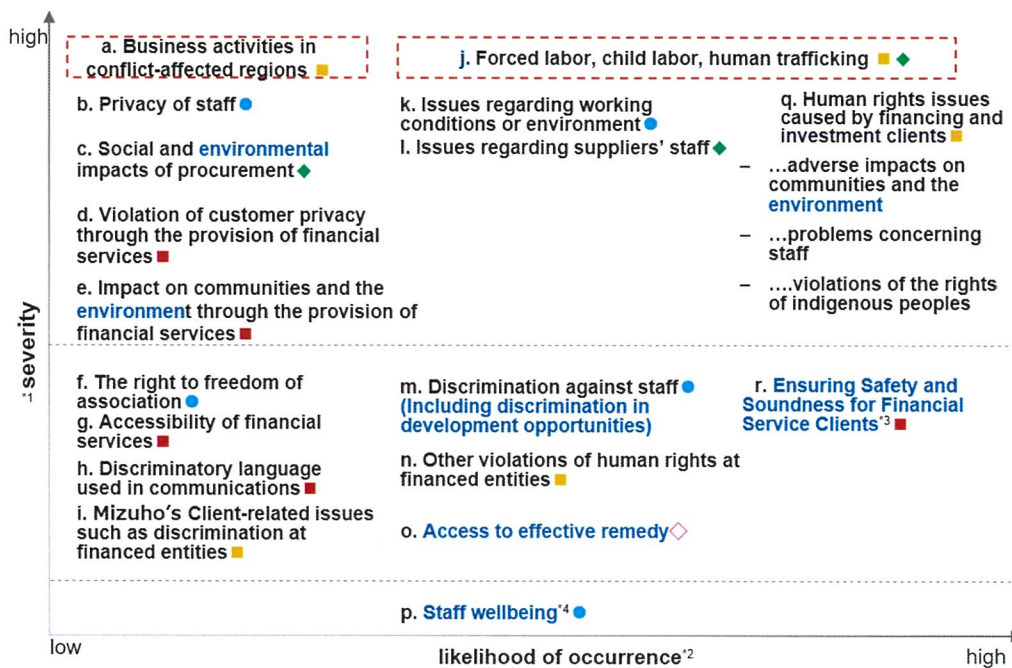


Table 1 (Continued): Chart for Evaluating Human Rights Issues

**May 2022: Points reviewed when revising Human Rights Policy**

**We have enhanced our response, after reviewing the severity of these issues**

**Blue** Newly added to list of human rights issues

- Issues for Mizuho employees (employment)
- Issues for Mizuho's Financial services provision
- Issues related to the clients in which we finance and invest through the provision of financial services
- ◆ Issues related to suppliers through procurement operations
- ◇ Other issues of Mizuho

<sup>1</sup> Assessment based on scale (severity of impact that may occur), scope (number of people who may be affected), and difficulty of remediation (constraints in restoring negatively affected persons to their pre-impact or equivalent condition.)

<sup>2</sup> Assessment from a survey of the occurrence of human rights violations involving the financial industry and a survey of significant human rights risks considered by peers.

<sup>3</sup> Handle through actions such as preventing over borrowing, providing financial facilitation and financial education, and supplying consumers with appropriate information.

<sup>4</sup> Protect staff from health risks, support them in realizing their social needs and achieving happiness. (Includes support for caregivers.)

<sup>5</sup> This has been newly added to the list of human rights issues. However, it has not been included in the chart to the left. This is because it is a contributing factor to various adverse human rights impacts, whereas the chart is only used to evaluate stand-alone risks to human rights.

In revising the Human Rights Policy in 2022, MHFG referred to international guidelines including the UN Guiding Principles and the OECD Due Diligence Guidance for Responsible Business Conduct. They also conducted a survey to confirm whether any human rights issues should be added based on cases of human rights abuses by financial institutions, stakeholder expectations of Mizuho, comparisons with other companies in finance. They also received guidance from human rights experts<sup>1</sup> outside Mizuho on human rights issues that require stronger measures by global corporations and financial institutions. After this process, we assessed the likelihood of each issue based on cases of human rights abuse and the importance placed on the issue by other companies in finance. We also assessed the severity of each issue based on the scale, scope, and remediability for those instances in which the issue causes a human rights violation. This Human Rights Policy has also been adopted by MHSAs.

#### **4. Actions taken to assess and address modern slavery practices**

MHSAs strive to take appropriate prior and subsequent actions to prevent or mitigate negative impacts on human rights that are related to modern slavery risks such as forced labor, child labor, and human trafficking with the potential of arising from their business activities. MHFG has established a human rights due diligence framework and are actively engaged in addressing human rights issues as follows.

##### **Human Rights Due Diligence**

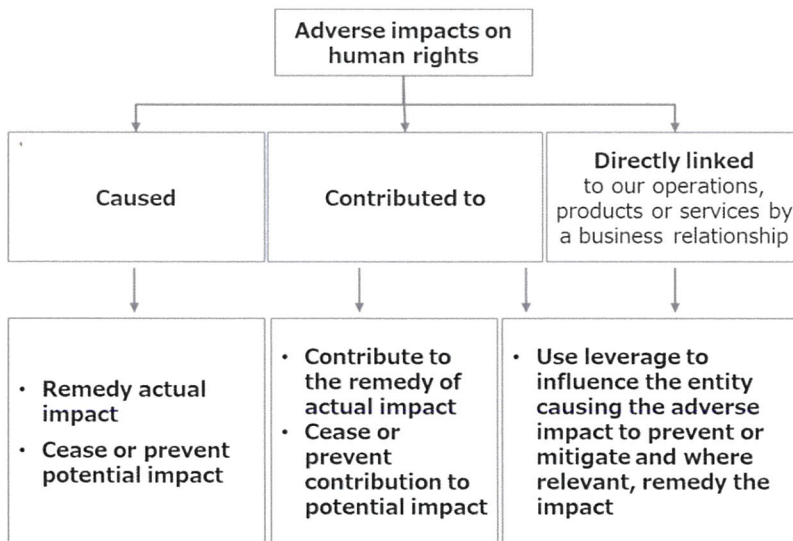
In 2022, MHFG has clarified the approach to human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, and has reflected as much in the Human Rights Policy. MHFG strives to conduct human rights due diligence through the following:

1) Identify and assess adverse impacts on human rights; 2) Cease, prevent, or mitigate adverse impacts on human rights; 3) Track implementation and results of 1 and 2; and 4) Communicate with stakeholders on how impacts are addressed.

Through human rights due diligence, MHFG strives to prevent or mitigate adverse human rights impacts in our operations. However, even with the best policies and practices, Mizuho may cause or contribute to an

adverse human rights impact that it had not foreseen or was not able to prevent. In such cases, MHFG will seek ways to address the adverse impact, referring to the following framework (See Table2 below).

Table 2: Framework to respond to adverse human rights impacts



In line with the UN Guiding Principles, MHFG seeks to cooperate in the remediation of adverse impacts through legitimate processes, and where reasonable and appropriate, encourage our clients to prevent or mitigate any adverse impacts on human rights.

**Actions by business activities**

In addition to the above, MHFG continuously incorporates human rights perspectives into their existing measures, and take actions to prevent or mitigate negative impacts on human rights that are related to modern slavery risks. The details of the actions are as follow.

A) Provision of financial services / Financing and investment

Mizuho commits to considering the environment and respecting internationally recognized human rights in the Mizuho Code of Conduct, Environmental Policy, and Human Rights Policy. Mizuho has also established an Environmental and Social Management Policy for Financing and Investment Activity for the purpose of avoiding and mitigating adverse environment and social impacts resulting from the financing and investment activity. The policy identifies industries and sectors that have a high

possibility of contributing to adverse impacts. The policy prohibits financing or requires additional due diligence regardless of sector for the transactions which involve serious risks or negative impacts on the environment and society, including prohibition of financing for projects that involve forced labor and child labor. This policy also identifies sector-specific environmental such as thermal coal mining sector, large-scale agriculture sector, palm oil sector which highly connected with forced labor and child labor and determine whether to assist with capital raising for projects and customers, after confirming the measures which the customer is taking to avoid or mitigate such risks or conducting other due diligence as appropriate based on the characteristics of the services we are providing. This policy has been adopted by MHSA.

In 2022, Mizuho has enhanced this policy to align with their review of the human rights issues that could occur within their business activities and value chain, and to ensure the respect of human rights in line with the expectations and perspectives of their stakeholders.

In the policy, "Financing and Investment Transactions Prohibited Regulations of Sector" is specified. In addition to forced labor and child labor, businesses that cause human trafficking are added. Moreover, projects which cause, contribute to or directly link with violation of human rights in conflict areas are added to "Financing and Investment Transactions which Require Additional Due Diligence regardless of Sector" which is also specified.

In addition, Mizuho recently added "Policy on Forced Labor, Child Labor, and Human Trafficking". They clarified that for a company with which they do not have credit transactions, if there is an evidence of forced labor, child labor, or human trafficking caused by the company, then they do not provide financing and investment. If Mizuho confirms that a client with which they already have credit transactions is causing forced labor, child labor, or human trafficking, they will urge them to provide remedy and prevent recurrence. If a client does not make progress on addressing their requests even after a certain period of time, Mizuho carefully considers whether or not to continue the



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business with them. If a client is contributing to or is directly linked with forced labor, child labor, or human trafficking, Mizuho will request a report on their responses to the relevant issue, and that they take additional steps if needed. On the other hand, when beginning business relationships with new clients and considering new transactions, Mizuho makes business decisions after carrying out the requisite confirmations and then regularly perform follow-up verification. Firstly, Mizuho has introduced initial screenings, which use external information to identify human rights issues (forced labor, child labor, and human trafficking) before starting transactions with new clients. When human rights issues are detected as a result of initial screening, enhanced due diligence will be performed. The frontline offices confirm incidents and the status of clients' measures and discuss response policies with the Head Office. Financing and investments will not be provided when there is evidence of forced labor, child labor, or human trafficking.

In addition, Mizuho will also conduct enhanced due diligence in interim management (monitoring) when they detect information that the country is involved in forced labor, child labor or human trafficking based on external sources or information from public institutions, or other such sources. For example, in cases where human rights issues are being caused, they will urge the client to provide remedy and prevent recurrence. If the client does not address the issue even after a certain period of time, they carefully consider whether or not to continue their business with them.

At Mizuho, they have designated conflict-affected and high-risk areas (CAHRAs) and related countries as conflict areas subject to due diligence in order to target areas with a high risk for involvement in human rights violations, they recognize that engaging in financing and investment in conflict areas entails a heightened risk of becoming involved in adverse impacts on human rights. Based on such recognition, they have strengthened our measures to avoid and mitigate human rights risks related to business activities in conflict areas. When conducting financing and investment for a project in a conflict area, they carefully consider the project and verify whether or not there are adverse impacts on human rights.

Furthermore, Mizuho has strengthened their response and policies with regards to Large-scale Agriculture, Palm oil, Lumber and pulp, they strengthened the response policy. While they recognize that these sectors are essential for maintaining their lifestyle and infrastructure, they are also aware of the potential human rights abuses within their business, such as the violation of indigenous people's rights or the use of child labor. In recognition of the serious risks to and adverse impacts on the environment and society in those sectors, Mizuho thoroughly investigates potential conflicts involving indigenous peoples' local communities. Their business decisions are informed, in part, by whether or not the relevant client or project has received international certifications demonstrating the client or project's adherence to international standards. This helps prevent Mizuho's involvement in any projects with connections to human rights violations or environmental damage. Specifically in the response policy, Mizuho will request their clients to strengthen supply chain management and traceability to ensure that sustainability and human rights policies, such as NDPE and FPIC, also apply to their supply chain.

As part of its efforts to enhance compliance, MHSA conducts due diligence of its customers. In the due diligence process, we screen for reputational risks, compliance with regulations and the existence of financial crimes, using a database which includes customer's published data and information released by internationally recognized media and others.

**B) Provision of financial services/ Others**

Mizuho is aware of the importance of managing information in a way that ensures appropriate protection and use of information assets. They continually work to strengthen their information management practices in order to identify appropriate ways to protect and respect the clients' privacy. This includes their aim to ensure that their security management measures and information administration methods for information assets are clear and straightforward. They also implement training and





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awareness-building exercises to ensure that members of their organization have a firm understanding regarding the proper protection of information assets.

Mizuho also recognizes that Mizuho's financial service offerings have the potential to be used for money laundering and the financing of terrorism. This illegal use of Mizuho's services could contribute to human rights violations. Mizuho continues to look for ways to strengthen their efforts toward preventing its employees, and its clients from contributing to or becoming involved in money laundering. They will endeavor to positively contribute to the healthy stability and growth of the financial system.

### C) Employment

MHSA has set rules regarding the working environment and working conditions in compliance with local laws and regulations. We also formulated basic policies for ensuring suitable employment conditions and a safe work environment, and adopted MHFG code of conducts and guidelines which specify matters that officers and employees (hereafter collectively referred to as "Staff Members") must be aware of and comply with to ensure and maintain a healthy work environment where all people in the same workplace respect each other's human rights and aim to achieve mutual understanding.

The guidelines stipulate, in accordance with the ILO Declaration on Fundamental Principles and Rights at Work including non-discrimination and prohibitions against forced labor and child labor, that we must act with respect for the human dignity and fundamental rights of all employees and specify matters that all Staff Members must be aware of to ensure the prohibition and elimination of harassment.

MHSA conducts a variety of training sessions and other educational activities to promote understanding of the importance of respect for diversity and prohibition and elimination of harassment.

MHSA has in place a Whistle-Blowing Procedure for employees to report any malpractice. Employees can report anonymously, and any retaliatory actions against those who have made a report is strictly prohibited.

#### D) Procurement

Since we recognized the need to develop a more robust approach to address risks surrounding procurement in light of trends in our external environment, MHFG established a procurement policy which MHSA has adopted in 2021. This policy clarifies our basic approach to procurement and our requirements for suppliers. It contains respect for human rights as one of the elements. In the policy, we ask suppliers to be aware of the ways in which business operations have the potential to impact human rights and to endeavor to respect human rights while carrying out corporate activities.

In light of our strengthened initiatives to ensure the respect of human rights, we revised our Procurement Policy to urge our suppliers to eliminate forced labor, child labor, and human trafficking from their supply chains. The revision also enhances our procurement-related human rights due diligence. Our revised human rights requirements for suppliers are as follows.

##### Respect for human rights

Be aware of the ways in which business operations have the potential to impact human rights and, referring to international standards, endeavor to respect human rights while carrying out corporate activities.

- Respect the basic human rights of employees
- Provide employees with a safe and comfortable work environment



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- Do not discriminate and do not use child labor or forced labor
- Respect the right to freedom of association and non-association and the right to collective bargaining, in conformance with laws and regulations
- Promote diversity and inclusion in order to ensure the participation and development of diverse talent
- Work proactively to eliminate discrimination and harassment

Understand Mizuho's Human Rights Policy, including to practices that aim to eliminate human trafficking, forced labor and child labor from the business and value chain. Based on this understanding, suppliers must carry out due consideration and responses to ensure that they and their own suppliers are not complicit in (involved with) human trafficking, forced labor, or child labor.

We will provide our Procurement Policy, Human Rights Policy, and Environmental Policy to our primary suppliers and will ask them to familiarize themselves with the contents.

In FY2022, MHSA will continue to adopt procurement policy and implement the same initiatives for their suppliers.

### **5. Assessment of the effectiveness of actions taken**

MHSA aims to periodically review the effectiveness of the relevant policies, procedures and training it has in place, and to implement additional measures as appropriate. Current assessments undertaken by MHSA include:

- A) Provision of financial services / Financing and investment



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Applications for any proposed underwriting to MHSA's Underwriting Committee include an assessment against the Environmental and Social Management Policy for Financing and Investment Activity of whether the offering involves a project which involves forced labor or child labor.

### B) Employment

MHSA is committed to the safety, well-being, and principle of equal opportunity for all employees and to provide employees with a work environment free of discrimination, harassment, vilification, and victimization. We offer an insurance scheme that covers medical expenses, as well as an Employee Assistance Program that provides assistance to employees faced with work-related or mental challenges at home. We run annual employee opinion surveys and have employee resource groups designed to raise awareness and understanding to enhance workplace culture and the quality of our human resources management.

### C) Procurement

Mizuho informs primary suppliers about the Human Rights Policy and the Procurement Policy, and requests their understanding and cooperation. From July 2021 through March 2022, they informed approximately 1,200 companies about the Procurement Policy.

In July 2022, they began stipulating compliance with the Supplier Guiding Principles in our contracts with suppliers when entering into external outsourcing transactions in order to ensure the respect of human rights in accordance with international standards. When compliance obligations are violated, they urge suppliers to provide remedy. If major violations persist due to the supplier failing to provide remedy without valid reason despite our requests, they consider terminating the contract.

In addition, for the purpose of monitoring negative information, using externally sourced data, they screened approximately 1,200 of their primary suppliers for risk, based on records of sanctions or crimes related to human rights. No serious risk events were discovered in the screening.

However, they continue to explore ways to further strengthen our screening framework in view of improving the comprehensiveness of coverage, the depth of risk confirmation, and the sustainability of the implementation framework.

MHSA assesses service providers providing critical outsourcing services on an annual basis to confirm that various risks and compliance items are sufficient, including assessment on reputational risk related to human rights. No adverse risks have been identified during the annual review and the results of this annual assessment are reported to MHSA management.

## **6. Process of consultation**

MHSA does not own or control any subsidiaries.

## **7. Other relevant information**

The COVID-19 pandemic has significantly impacted the business environment under which MHSA operates. We will remain steadfast in implementing our current initiatives to prevent and mitigate modern slavery risks, and we will further strengthen our actions in response to ongoing changes in the situation. Based on this recognition, the Human Rights Policy, the Environmental and Social Management Policy for Financing and Investment Activity, and the Procurement Policy were reviewed and improved. In relation to the Procurement Policy, we plan to further upgrade it by taking more in-depth measures directed at suppliers.



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## 8. Approval

This statement was approved by the Board of Directors of Mizuho Securities Asia Limited on 22 Sep 2022 and has been signed by Mr. Hirona Ishii, President & Chief Executive Officer.

A handwritten signature in black ink, appearing to read "Hirona Ishii". The signature is stylized and cursive.

Hirona Ishii

President & CEO

Mizuho Securities Asia Limited

Date Signed