

Declaration of SDGs and Priority Issues

The Gunma Bank Group SDGs Declaration, formulated in February 2019, identifies four priority issues, with a focus on seven goals to which the Group can make a particular contribution, based on the nature of its business and the areas in which we operate, and it is working to address social and environmental issues through its business activities. The Group is committed to contributing to the realization of a sustainable society and the creation of economic value by implementing each of the measures in its Mid-Term Business Plan, which is based on the perspective of the SDGs Declaration, as well as taking new initiatives to resolve the issues faced.



The Gunma Bank Group SDGs Declaration (GB Sustainability Policy 2030)

We are working to achieve the SDGs through our business activities that will foster the development of regional communities as well as to realize a sustainable society and create economic value.

Priority Issues and Approaches	Main Initiatives
<p>Sustainable development of regional economy</p> <p>Along with supporting the growth of local business operators and stepping up our efforts to stimulate local economies, we support the sustainable development of local economies by providing financial services tailored to our customers' diverse needs.</p> <p>While endeavoring to provide and expand upon a range of educational opportunities for the development of the next generation's leaders, we will enhance our finance and economics education with a view to boosting local residents' financial literacy.</p>	<ul style="list-style-type: none"> Enhance support for entrepreneurs Comprehensive initiatives to address business succession issues Provide financial services that facilitate asset building and asset succession Conduct finance and economics education courses at high schools and universities Begin offering sustainability-linked loans
<p>Preservation and creation of the global environment</p> <p>In accordance with the Gunma Bank Environmental Policy, we support the customers who practice environmental conservation and create beautiful environments, while working work to reduce the environmental impact of our business activities.</p>	<ul style="list-style-type: none"> Provide standard and energy-saving loans for renewable energy Maintenance activities for Gungin Forest Support environmental conservation activities through the Gunma Bank Environmental Foundation Leverage a tablet, and promote paperless environments via Web-based accounts Issue green bonds
<p>Promotion of a variety of human resources into active positions</p> <p>In order to build workplaces where women, the young, seniors, and all other staff members are able to play an active part, we will strive to improve officer and employee diversity while providing the necessary training and enabling flexible working styles.</p>	<ul style="list-style-type: none"> L-NEXT (Team for female participation and career advancement in the workplace) and other efforts aimed at promoting women's empowerment Build systems and environments to facilitate flexible working styles
<p>Promotion of partnerships</p> <p>Through partnerships with local public bodies, corporations, individuals, and other customers, we will work to achieve sustainable communities.</p>	<ul style="list-style-type: none"> Support for activities to provide education and achieve the SDGs using Gungin SDGs private placement bonds Work to achieve the SDGs in all communities through collaboration with local public bodies

Environmental Initiatives

Based on the Gunma Bank Environmental Policy/Environment Conservation Behavior Code established and announced in May 2009, we are working to reduce our impact on the environment by supporting environmental conservation activities and environmental conservation education. As part of our efforts, we are continuing to actively engage in environmental conservation, such as selling financial products that can contribute to environmental protection.

《Environmental Policy》

We want to cherish the natural environment of our hometown with the aim of realizing a truly affluent community where industry is compatible with the environment.

We will play an active role in environmental conservation and play a responsible role as a citizen.

《Environment Conservation Behavior Code》

- Promote resource saving, energy saving and recycling activities to reduce environmental impact.
- Support customers who are engaged in environmental conservation through the provision of financial products and services.
- Promote environmental education and support environmental conservation activities for executives and employees.
- Support regional environmental conservation activities.

Efforts to Address Climate Change Risk

In July, 2020 Gunma Bank announced its support for TCFD* recommendations as a means to achieve preservation and creation of the global environment, a priority issue in the Gunma Bank Group SDGs Declaration. In the future, we will strengthen efforts to disclose information concerning such things as the impact of climate change on the Company's business.



Governance

- Along with disclosing information in accordance with TCFD recommendations, we hold discussions during Executive Committee about the state of our environmental efforts, including with respect to climate change, and report findings to the Board of Directors.

Strategies

- In order to bring about a decarbonized society, we will expand on and improve our sustainable finance (loans aimed at realizing sustainable communities) activities and provide support for customers' environmental conservation efforts through a broad range of support.
- We will consider how best to analyze the impact of migration and physical risks in order to ascertain the impact of climate change risk on our credit portfolio.

Risk management

- We have created the Environmentally and Socially Conscious Investment and Loan Policy and have formulated financing and investing policies for sectors that will be impacted by climate change. (See next page)
- We will view the impact of climate change risk on our business and finances as a significant risk and consider how to build a risk management system.

Indicators and targets

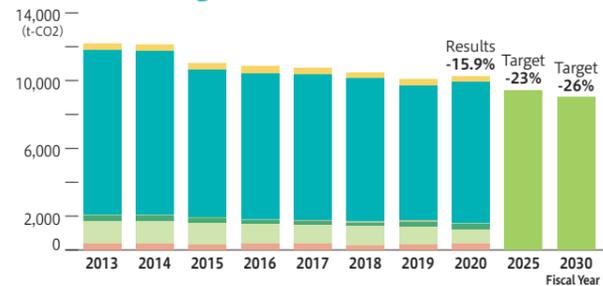
- We have established targets for reducing greenhouse gas emissions and the amount of paper (copy paper) we use.

Greenhouse gas emission reduction target			Paper (copy paper) usage reduction targets		
FY2025	Reduction of at least 23% compared to FY2013	FY2020 results 15.9% reduction	FY2025	Reduction of at least 30% compared to FY2013	FY2020 results 30.2% reduction
FY2030	Reduction of at least 26% compared to FY2013		FY2030	Reduction of at least 40% compared to FY2013	

* Greenhouse gas emissions are calculated by fixing the emission factor for electricity to the FY2013 figures in order to eliminate the effect of changes in emission factors.

* The scope of the greenhouse gas emissions calculation is part of scope 1, scope 2, and scope 3 for the domestic offices of Gunma Bank.

Greenhouse gas emission reduction results



*1 Domestic business offices only. The electricity emission factor is calculated by fixing it to the reference fiscal year value of 0.406.

Paper (copy paper) usage reduction results



* Number of pages of equivalent to A4 copy paper.

Creation of the Environmentally and Socially Conscious Investment and Loan Policy

In June 2021, the Gunma Bank created the Environmentally and Socially Conscious Investment and Loan Policy in order to help solve environmental and social issues with a regard for sustainability. We will contribute to realizing a sustainable society by formulating policies concerning loans for sectors that could significantly impact the environment and society, providing loans according to these policies, and actively supporting customers' efforts to solve environmental and social issues.

Environmentally and Socially Conscious Investment and Loan Policy

With the goal of advancing social sustainability through its business activities, the Gunma Bank will actively support customers' efforts to solve environmental and social issues.

With regard to loans for businesses that place a burden on the environment, involve human rights issues, or otherwise significantly impact society, we will endeavor to mitigate and avoid adverse effects on the environment and society based on careful decision-making as explained below.

1. Coal-fired power generation

In principle, we do not provide loans to be used in connection with the construction of coal-fired power plants. However, when the use of coal-fired thermal power is unavoidable due to the electricity for resource situation in a country or region, we will carefully deliberate on exceptional measures based on an accounting of international guidelines that include the OECD's Arrangement on Officially Supported Export Credits, as well as power generation efficiency and environmental impact.

2. Production of weapons

We do not provide loans to companies that produce inhumane weapons that are used in war or other conflicts and that include cluster bombs intended to cause mass casualties or destruction.

3. Palm oil plantation development business

In the interest of environmental conservation and the protection of human rights, we make determinations carefully when considering granting loans for palm oil plantation development businesses. We carefully consider the business's potential to disrupt the regional community, which includes looking the business's international certifications (RSPO*¹), its regard for the environment, and whether or not human rights will be violated.

4. Logging businesses

When considering loans for logging businesses, we carefully consider the business's potential to disrupt the regional community, which includes looking at the business's international certifications (FSC*², PEFC*³) and regard for the environment.

*1 Roundtable on Sustainable Palm Oil
A nonprofit organization run by seven sectors related to palm oil (the palm oil industry, oil expression and trade industry, consumer product manufacturing industry, retail industry, banking and investment companies, environmental NGOs, and society and development NGOs). The organization certifies plantations and supply chains in accordance with "Principles and Criteria."

*2 Forest Stewardship Council
An international organization that provides proper forest management certification.

*3 Programme for the Endorsement of Forest Certification
"Forest Management Certification" is provided by a third party for forests according to international standards (Intergovernmental Process Criteria) established for the sake of sustainable forest management.

Handling of Sustainability-Linked Loans Begun

With the aim of supporting our suppliers' sustainability-oriented management, improving corporate value, and realizing a sustainable society, we began offering sustainability-linked loans in June 2021.

This product is a loan method based on the Sustainability Linked Loan Principles formulated by the Loan Market Association in March 2019. It is a means to achieve ambitious, important, and challenging goals, and loan conditions are linked to the degree to which suppliers are undertaking activities related to ESG and the SDGs. Third-party assessors review organizations' compliance with the Sustainability Linked Loan Principles and the appropriateness of their sustainability performance targets.

Issuance of Green Bonds and Formulation of the Gunma Bank Group Green/Social/Sustainability Bond Framework

As a step towards achieving the SDGs, in November 2019 the Gunma Bank formulated the Green Bond Framework, which sells bonds for green projects that stand out in areas such as renewables energy, energy performance, and green transportation, and became the first regional bank to issue green bonds (¥10 billion in bonds were issued). Allocation of this allotment has been completed as of March 31, 2021.

In addition, we formulated the Gunma Bank Group Green/Social/Sustainability Bond Framework in May 2021. Within the framework, we have expanded fund use categories to include green projects that fall under the Green Bond Framework, as well as social projects that contribute to solving social problems.

Green bond allocation (as of March 2021)

Parameter	Funds (Millions of yen)
Green bond proceeds	9,950
Allocated funds	9,950
Renewable energy	9,900
Solar power generation business	9,566
Hydroelectric power generation business	334
Energy efficiency	23
Clean transportation	27
Unallocated funds	0

The Gunma Bank Group Green/Social/Sustainability Bond Framework

Green projects

- Renewable energy
- Energy efficiency
- Clean transportation
- Green buildings

Social projects

- Keep and create jobs
- Support reconstruction and rehabilitation from disasters
- Support regional economy revitalization and sustainability
- Medical and welfare services

* This framework has received a second party opinion from the Rating and Investment Information, Inc. (R&I), a third-party assessor, and has been found to be in compliance with the standards laid out in the 2018 Green Bond Principles, 2020 Social Bond Principles, and 2018 Sustainability Bond Guidelines, all published by the International Capital Market Association.

Donations to Oze Preservation Foundation

Part of the trust fees received by Gunma Bank and its contractors are handled as part of the Oze Kiko, a natural environment protection fund that donates to the Oze Preservation Foundation, which conducts environmental preservation activities in Oze. We also handle donations made to the foundation through the donation course of the shareholder benefits program.

- Donations from the "Oze Kiko" 880,256 yen (cumulative total: 15,673,300 yen)
- Donations from the donation course of the shareholder benefits program 218,500 yen (cumulative total: 395,000 yen)

Maintenance Activities for Gungin Forest

As part of our environmental conservation activities, we named a forest as the Gungin Forest based on the designation in the Prefectural Forest Maintenance Partner Project Implementation Agreement signed with Gunma Prefecture, and are working on its maintenance and conservation activities.

A new employee training course incorporates forest maintenance experience and conducts employee education on forest maintenance and protection. (Not conducted in 2020 and 2021 due to the impact of the novel coronavirus infection.)



The Gunma Bank Environmental Foundation Activities

The Gunma Bank Environmental Foundation was established with the aim of promoting a comfortable and healthy environment and has been engaged in education and subsidy programs for environmental conservation and environmental research.

Gunma Bank conducts a number of awareness raising activities. These include the Eco-kids Camp in Akagi-yama, which has elementary students receive hands-on experience with environmental problems such as global warming. We also conduct the Environmental Expedition Group for junior high students, who visit the headwaters of the Watarasegawa River and former Ashio Copper Mine site to learn about the importance of protecting the natural environment through activities such as environmental learning and tree-planting experiences. (These programs were not conducted in

2020 due to the COVID-19 pandemic.)

As a subsidy program, in December 2020, 10 Gunma Prefecture elementary, junior high, and high schools received the Gunma Bank Environmental Foundation Education Award in commendation for their outstanding activities for environmental improvement and conservation. In March 2020, seven organizations were given this award in commendation for their outstanding achievements in conservation activities and research on the natural environment.