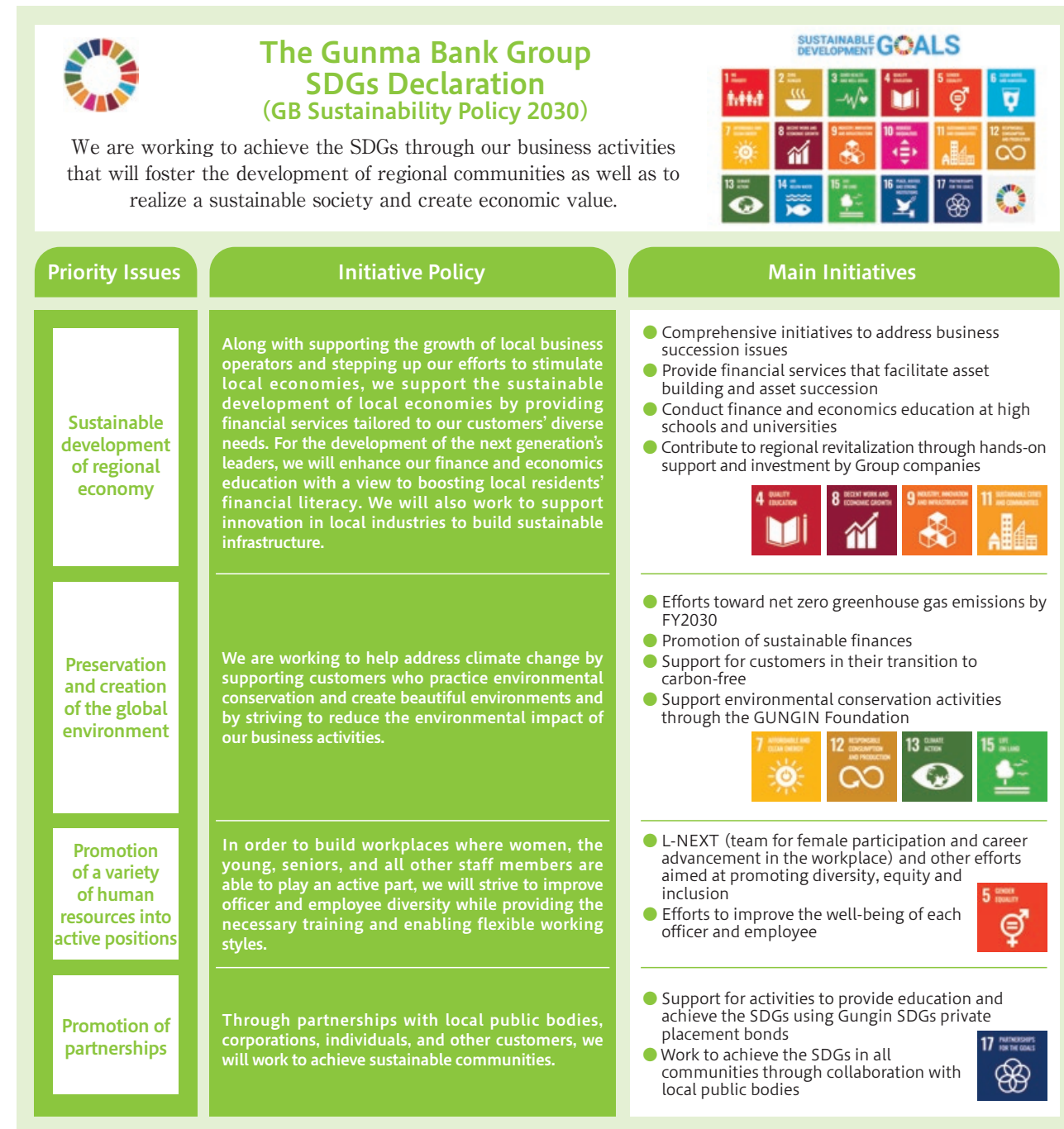


Sustainability Initiatives: Exercising Strengths in “Connections”

With the understanding that sustainability initiatives are an important management issue, the Gunma Bank has formulated the Gunma Bank Group SDGs Declaration, and is working to address social and environmental issues in order to achieve sustainability in the region.

The Gunma Bank Group SDGs Declaration identifies four priority issues, with a focus on 10 SDGs to which the Group can make a particular contribution, based on the nature of our business and the areas in which we operate. In accordance with the declaration, the Bank is working to address social and environmental issues through its business activities.

The Group believes that working to realize our Purpose, “We use our strengths in ‘Connections’ to spin the threads of the future for local communities,” will contribute to the achievement of the SDGs and lead to the realization of a sustainable society and the creation of economic value.



Environmental Policy

As well as working to reduce our impact on the environment based on the Gunma Bank Environmental Policy & Environment Conservation Behavior Code established and announced in May 2009, the Gunma Bank continues to implement environmental conservation initiatives, such as supporting activities and providing education on environmental conservation through the GUNGIN Foundation, and providing financial products and services that help protect the environment through business activities.

* Please see here for more details on the Gunma Bank Environmental Policy
(<https://www.gunmabank.co.jp/about/csr/environment-policy.html>)



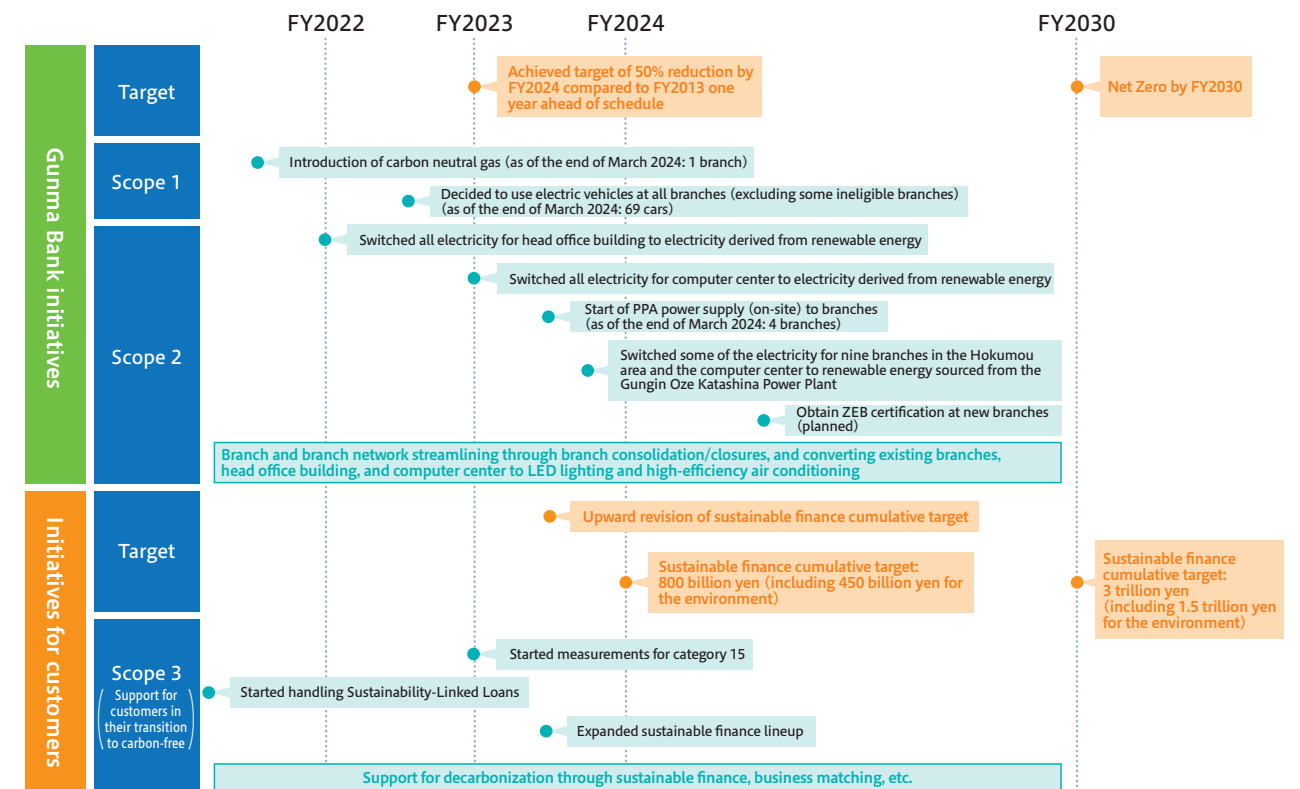
Long-term Sustainability KPIs

- FY2030: Net zero greenhouse gas emissions at the Gunma Bank (Scope 1 and 2)
- FY2030: 3 trillion yen cumulative sustainable finance* (including 1.5 trillion yen in the environmental field)

* Accumulated amount executed since FY2022. Sustainable finance refers to finance activities that contribute to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, medical care, etc.).

Decarbonization Initiatives

In order to achieve sustainability in the region, the Gunma Bank not only promotes its own decarbonization efforts, but also supports customers who are actively working on carbon-free initiatives by providing a variety of solutions.



Helping to create a sustainable society by working to resolve local environmental and social issues

Corporate Planning Department Head of SDGs & ESG Office Sayaka Shimizu

The Gunma Bank has identified “Preservation and creation of the global environment” as one of the key issues in the Gunma Bank Group SDGs Declaration. As such, we have set ambitious goals which the entire Group is working towards, including achieving net-zero greenhouse gas emissions by FY2030 and executing a cumulative total of 3 trillion yen in sustainable finance also by FY2030.

To elaborate on specific initiatives, starting in January 2024, we began procuring renewable energy from the newly established Oze Katashina Power Plant through TEPCO Energy Partner, Inc. This energy is used in nine branches in the Hokumou area, including at our Oze Branch near the power plant. In addition to procuring electricity, we have also acquired the naming rights for the power plant, naming it the Gungin Oze Katashina Power Plant. This is the first time a domestic financial institution has obtained the naming rights for a hydro-

electric power plant as part of a local renewable energy production-for-local consumption initiative that leverages environmental value. The power plant, designed with the idea of being Japan's most beautiful hydroelectric power plant, aims to work in harmony with the local community, including being used as a place for environmental education and as a tourist attraction. At the Gunma Bank, we hope to promote such initiatives widely, working with the community to advance decarbonization efforts.

In our branches, we are also installing solar panels, adopting electric vehicles, and working towards obtaining ZEB certification.

Organizationally, we established the Sustainability Committee in April 2022, chaired by the President, to discuss the Bank's sustainability measures and customer initiatives aimed at sustainability in the region.

Moving forward, we will continue to support our customers in solving environmental and social issues while strengthening our own initiatives to contribute to the realization of a sustainable society in the region.

Efforts to Address Climate Change

In July 2020, the Gunma Bank announced its support for the TCFD Recommendations as a means to preserve and create the global environment, a priority issue in the Gunma Bank Group SDGs Declaration. The Gunma Bank analyzes the impact of climate change on its business and reduces our greenhouse gas emissions, and supports its customers in their efforts to go carbon-free.

By strengthening our efforts to tackle climate change, we hope to create and piece together a future for the region.

Supporting the TCFD Recommendations

Disclosures related to governance, strategy, risk management, and indicators and targets based on the TCFD* Recommendations are as follows.



* Task Force on Climate-related Financial Disclosures

Governance

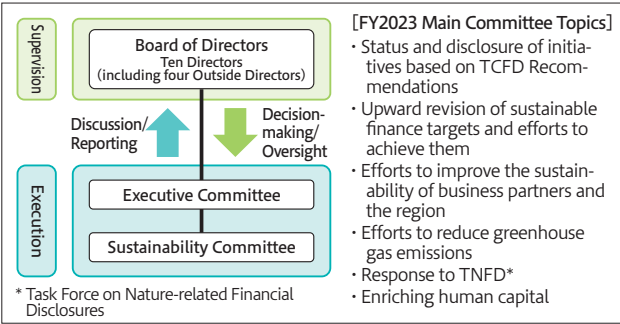
Governance structure

The Bank considers addressing climate change, the SDGs, ESG, and other sustainability-related initiatives as important management issues, and as such, is developing a governance structure to provide oversight of these issues.

We established the Sustainability Committee chaired by the President. Its goal is to reinforce the Bank’s sustainability initiatives, develop management strategies from a mid- to long-term perspective, and enhance the effectiveness of measures.

The Sustainability Committee will hold four meetings per year, in principle. The main matters it will discuss and consider include the formulation of policies related to sustainability initiatives and reports on the progress of the plan.

The matters discussed and considered by the Sustainability Committee are submitted and reported to the Executive Committee, an advisory body to the president, which discusses important business matters each time the committee is convened. The committee will make four reports to the Board of Directors per year, in principle, allowing the Board of Directors to provide oversight. The committee submits important sustainability-related matters for discussion by the Board of Directors, which in turn makes decisions on these matters.



Performance-linked share remuneration

A performance-linked share remuneration system for inside directors was introduced in June 2019. In addition to financial evaluation indicators, the Bank has adopted non-financial indicators for this system that measure contributions towards the achievement of the SDGs, including addressing climate change. These indicators include the Bank’s greenhouse gas emissions reduction rates and the cumulative amount of sustainable financing.

* See page 67 for more on the performance-linked share remuneration system.

Strategy

Identifying climate change-related risks and opportunities

We conduct qualitative analyses of the risks (physical risks and transition risks) and opportunities of climate change on short-(three-year), mid- (10-year), and long-term (30-year) time scales.

Risks and Opportunities	Overview	Time Scale
Risk		
Physical risk	Credit risk	• Damage to real estate collateral (buildings) due to flooding, etc.
		• Business stagnation and performance deterioration caused by damage to customers’ business facilities
	Operational risk	• Business interruption caused by damage to the Bank’s business facilities
	Transition risk	
	Credit risk	• Deterioration in customer performance due to stronger regulations and tax systems related to climate change
Opportunity	Credit risk	• Deterioration in customer performance due to increased costs of transitioning to low-carbon and carbon-free products, and delays in responding to changes in consumer product preferences, etc.
	Reputational Risk	• Damage to the Bank’s reputation in the event it is determined we have not provided adequate disclosure
	Increased business opportunities	• Greater opportunity to provide new financial products and services to support the transition to a decarbonized society
Cost reductions	Increased demand for public works projects, corporate capital investment, etc. as a countermeasure for climate change-related disasters	• Increased demand for public works projects, corporate capital investment, etc. as a countermeasure for climate change-related disasters
		• Reduction of operating costs through resource and energy conservation at the Bank’s business locations

Opportunity

As we transition to a decarbonized society, we believe that actively supporting our customers in responding to climate change—through meeting their funding needs and offering new financial products and services—will strengthen their business foundations. This, in turn, will expand our revenue opportunities and lead to sustainable growth. With this mindset, we are engaging in dialogue with our customers through initiatives such as the Connecting Process, sharing goals and needs, and providing solutions like sustainable finance.

* See pages 39-40 for more on our initiatives for customers.

Scenario Analysis

We estimated the increase in the Bank’s credit costs due to physical and transition risks in multiple temperature range scenarios. As shown below, the results of all analyses indicate that the impact on the Bank’s finances is limited.

Physical risk

The majority of physical risk was due to natural disasters caused by climate change. As floods have a high probability of occurring in Japan, we analyzed the impact of flood damage.

The analysis was based on the Intergovernmental Panel on Climate Change (IPCC) 8.5 scenario (4° C scenario). We calculated the increase in the Bank’s credit costs through 2050 based on two factors estimated using hazard maps; the amount of damage to the value of real estate collateral held by the Bank, and the number of days of business stagnation for customers due to flooding.

The result of the analysis was a maximum increase in credit costs of 4.3 billion yen through 2050.

Scenario	IPCC/RCP8.5 (4° C Scenario) Scenario Expectations: Slow adoption of regulations will lead to further global warming.
Subjects of analysis	Financed small and medium companies with head offices in Japan
Content of analysis	Damage to the value of real estate (buildings and condominiums) collateral held by the Bank estimated using hazard maps/Estimated impact on credit costs of decreased customer revenue due to business stagnation
Results of analysis	Maximum increase in credit costs through 2050: 4.3 billion yen

Transition risk

Among the sectors that are considered to be susceptible to climate-related financial impacts according to the TCFD recommendations, sectors were selected for analysis in terms of the impact on climate change and the Bank’s exposure. **Starting this year, in addition to the automotive and energy (electric power, oil and gas) sectors, we have newly selected the land transportation sector for analysis.**

Based on the 2° C or less scenario, publicly disclosed information of model companies set for each sector and scenario forecast data was used to estimate the increase in credit costs due to customers’ worsening financial situation associated with the transition to a carbon-free world.

In our analysis of the automotive sector, which is one of the core industries in the region, we are working to refine the results. This includes estimating the increase in credit costs for business partners other than model companies based on sales forecasts according to the degree of impact of the products handled, etc.

The result of the analysis was a cumulative increase in credit costs of 15.4 billion yen through 2050.

Scenario	NGFS/NetZero2050 (1.5° C scenario), IEA/NZE2050 (1.5° C scenario), IPCC/RCP2.6 (2° C scenario) Scenario Expectations: The regulations and technological innovations necessary to control temperature increases are adopted.
Subjects of analysis	Automotive, Energy (electric power, oil and gas), Land transportation sectors
Content of analysis	• Qualitative evaluation of the expected business impact on the sector • Based on qualitative analysis, model companies are selected for each sector with future performance changes predicted from scenario forecast data, public information, etc. • Above analysis results rolled out for entire sector to estimate increase in credit costs
Results of analysis	Cumulative increase in credit costs through 2050: 15.4 billion yen

State of Carbon-Related Assets

Carbon-related assets accounted for approximately 24.6% of the Bank’s total credit balance.

(Exposure to the energy, transportation, materials and buildings, and agriculture, food and forestry products sectors. Total of loans, acceptances, foreign exchange, private placement bonds, etc. at the end of March 2024. Excludes waterworks and renewable energy business.)

Risk Management

The Bank recognizes that the physical and transition risks arising from climate change are significant risks that could significantly impact the Bank’s business operations and strategic and financial plans. The impact of the various risks identified through scenario analysis, etc. will be assessed for different categories, such as “credit risks” and “operational risks.” The Bank will adopt a posture that allows it to manage such risks within the existing framework.

Based on the results of scenario analysis and other factors, we will strengthen our dialogue (engagement) with customers with the aim of addressing climate change and transitioning to a decarbonized society. Deeply understanding the challenges and needs of each of our customers and providing them with solutions will lead to the creation and better management of business opportunities.

The Bank also established its Environmentally and Socially Conscious Investment and Loan Policy in June 2021. The policy clearly states the Bank’s stance on providing credit to sectors that have a significant impact on climate change risk, including a principle of not providing investments and loans for the construction of new coal-fired power plants.

* The Environmentally and Socially Conscious Investment and Loan Policy has been published on our website. It can be viewed at the following URL.
(<https://www.gunmabank.co.jp/about/csr/investment-policy.html>)



Automotive Sector Initiatives

Background to initiative

In Gunma Prefecture, the automobile industry plays a central role in the local economy with transport equipment, such as automobiles, accounting for approximately 30% of all manufactured goods shipped. The environment surrounding the automotive industry is also undergoing significant changes, including rapid development in the electrification of cars. Suppliers in the region, too, are being forced to respond to these changes in a variety of ways. This includes offering products compatible with electric vehicles and reducing greenhouse gas emissions in their manufacturing processes. Due to the reduction in the number of parts it takes to build cars, this also includes entering new fields or changing business models.

Against this background, the Gunma Bank considers the automotive sector to be one of its most important sectors.

Expanding support system and engaging with the automotive sector

In order to improve the sustainability of the automobile-related industry, the Gunma Bank has expanded its support system by inviting former employees of

automakers, building a database of suppliers in the prefecture, and conducting individual company-specific interviews with SUBARU-affiliated suppliers, focusing on the technologies, equipment, and characteristics of each company. Based on the interview results, we created individual datasheets and summarized them in a positioning map for customer support. Additionally, we engage with the management of the companies we interviewed by providing information on the external environment, returning interview results, sharing issues, and offering support for those issues. At the start of this engagement, we were selected as a support institution for the 2022 ESG Regional Financial Promotion Project conducted by the Ministry of the Environment and received support for creating materials to benefit our customers.

Going forward, we will continue to strengthen collaboration with external organizations and work together to provide mid- to long-term support for customers' decarbonization and electrification efforts.

The database and interview results we have developed are also being used to enhance analysis, such as scenario analysis of transition risks in the automotive sector.

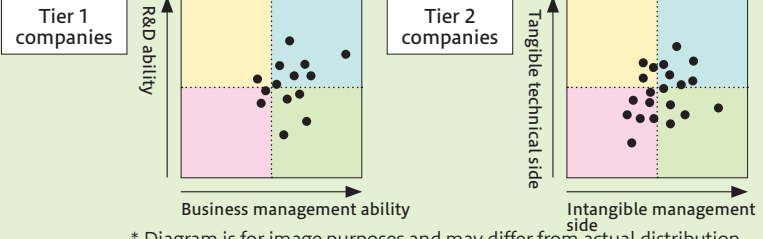
[Overview of initiative]



[Individual datasheet]

- Main details of datasheet
 - Main products and number of shipments
 - Ratio for automobiles
 - Ratio by manufacturer
 - Owned technology
 - Owned equipment
 - CASE compatibility
 - Impact of electrification
 - Production and inventory management
 - Use of IT
 - Certifications, etc.

[Positioning maps]



* Diagram is for image purposes and may differ from actual distribution.

Indicators and Targets

Greenhouse Gas Emission

Scope 1 and Scope 2

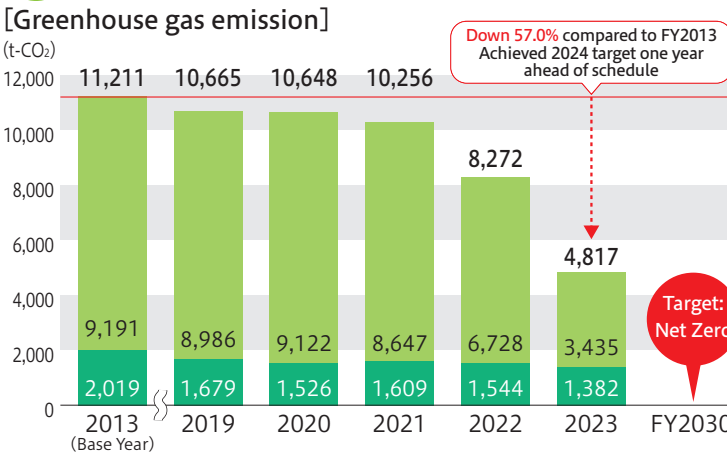
To help create a carbon-free world and contribute to the sustainable development of society, the Bank has set targets for reducing greenhouse gas emissions.

By switching to renewable energy derived from the Gungin Oze Katashina Power Plant, for which we acquired naming rights, our GHG emissions in FY2023 were 4,817 tons of CO₂, representing a 57.0% reduction compared to FY2013. This achievement surpassed our FY2024 target by one year.

Moving forward, we will continue to strengthen our efforts to be net zero by FY2030 by creating environmentally friendly branches, for example, by obtaining ZEB* certification and driving electric vehicles.

* ZEB (Net Zero Energy Building) refers to buildings that aim to balance primary energy consumption with energy produced on-site through the use of energy-saving and energy-generating equipment while ensuring a comfortable indoor environment.

Target FY2024: 50% reduction compared to FY2013 Net Zero by FY2030



■ Scope 1: the Gunma Bank direct emissions (heavy oil, utility gas, gasoline, etc.)
■ Scope 2: Indirect emissions from the use of energy supplied by other companies (electricity, cold water, steam, etc.)

* Calculated in accordance with criteria from the periodic reports mandated by the Act on Rationalizing Energy Use. Gasoline emissions are calculated using average annual gasoline prices and emission counts.
* The scope of the greenhouse gas emissions calculation is part of scope 1 and scope 2 for the Bank's domestic offices.

Scope 3

The Gunma Bank is expanding the scope of greenhouse gas emissions measurement and has calculated all applicable categories starting this fiscal year. The measurement method has been changed from last year due to the expanded scope.

(Units: Tons of CO ₂)			
Parameter	FY2021	FY2022	FY2023
Category 1 (purchased goods and services)	13,909	12,035	13,220
Category 2 (capital goods)	7,018	3,653	5,621
Category 3 (fuel- and energy-related activities not included in Scopes 1 and 2)	1,697	1,547	1,216
Category 4 (upstream transportation and distribution)	304	220	269
Category 5 (waste generated in operations)	184	166	146
Category 6 (business travel)	232	272	303
Category 7 (employee commuting)	3,847	3,481	3,284
Total	27,191	21,375	24,060

* Categories 8 to 14 not applicable due to the nature of the business.

[Measurement methods]

- Category 1: The amount of purchased products and services is multiplied by the respective emissions intensity. For calculation, we use data obtained from the expense management system used by the Bank, and determine the necessity of the calculation and the appropriate emissions intensity to use based on account items and description codes.
- Category 2: The amount of tangible fixed assets and intangible fixed assets acquired in each fiscal year is multiplied by the emissions intensity.
- Category 3: The amount of electricity used is multiplied by the emissions intensity. The consumption of gasoline, city gas, propane gas, heavy oil, and steam (including chilled water) is multiplied by the emissions intensity of the LCI database IDEAv2 (for calculating supply chain greenhouse gas emissions).
- Category 4: Postage costs are multiplied by the emissions intensity.
- Category 5: Expenditures for waste collection and treatment are multiplied by the emissions intensity.
- Category 6 and 7: The amount of transportation expenses paid for each mode of transport is multiplied by each emissions intensity.

* Measurements were made using the Japanese Ministry of the Environment and the Ministry of Economy, Trade and Industry's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.6) and the Ministry of the Environment's Emissions Intensity Database for Calculating an Organization's Greenhouse Gas Emissions Throughout the Supply Chain (Ver.3.4).

Scope 3 Category 15

Since Scope 3 Category 15 (financed emissions) is considered to be important for financial institutions in understanding the risks and opportunities in climate change, Category 15 calculations were made, based on the PCAF* standard measurement method, for investments and loans to domestic business loan recipient corporations as of the end of March 2024. We have started to measure data quality scores for the first time this fiscal year. In the future, we will continue to look at ways to expand the scope and improve measurements.

* Partnership for Carbon Accounting Financials. An international initiative to develop standards for standardizing the measurement and disclosure of financed emissions.

[Emissions by industry (18 carbon-related sectors based on TCFD recommendations)]

Industry	Carbon intensity (t-CO ₂ /million yen)	Emissions (t-CO ₂)	Weighted average data quality score
Oil/Gas	3.28	357,187	3.50
Coal	—	—	—
Electric/Utilities	21.86	435,413	3.34
Air freight	12.14	437	4.00
Passenger air transportation	—	—	—
Marine transportation	7.45	30,045	1.26
Rail transportation	0.95	27,125	1.64
Trucking services	3.78	466,484	3.91
Automobiles and components	2.42	389,242	2.56
Metals/Mining	4.62	803,320	2.80
Chemical product	4.54	276,146	2.19
Construction materials	14.57	271,057	2.66
Capital goods	3.56	1,279,925	3.54
Real estate management and development	0.83	177,741	3.19
Beverages	1.62	51,273	2.90
Agriculture	6.26	83,250	4.00
Packaged food and processed meats	5.50	831,076	3.89
Paper and forest products	3.70	145,800	2.86
Other	1.60	3,835,618	3.43
Total		9,461,139	

[Calculation formula for emissions]

Financed emissions are calculated by multiplying the ratio of the Bank's investments and loans to the total amount of funds raised by the investment and loan recipient (attribution factor) by the greenhouse gas emissions* of the investment and loan recipient.

* For listed companies, disclosed information is used where it can be obtained, and for other companies, estimated values are used.

Financed Emissions = \sum_i Attribution Factor_i x Emissions_i

Attribution Factor_i = $\frac{\text{Investment amount}_i}{\text{Funding total amount}_i}$ (i is each investment and loan recipient)

[Calculation formula for carbon intensity by industry] Carbon intensity by industry is derived by the following formula for each industry.
 Σ (Carbon intensity of individual company x investment and loan amount of individual company) / Total investment and loan amount of individual company

[Data quality score]

Scores are assigned on a 5-point scale based on the content of available data. A score of 1 is the highest quality data, and a score of 5 is the lowest quality.

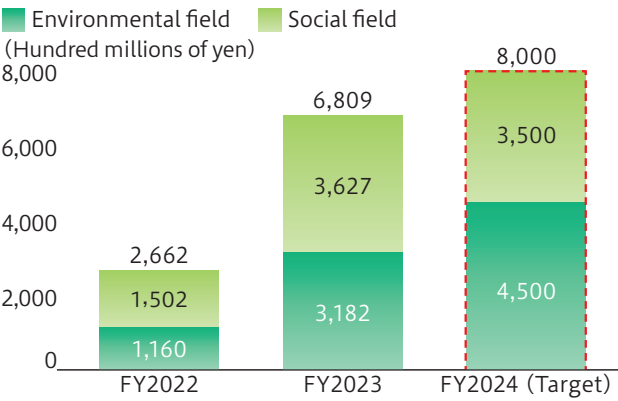
* Calculation results may change due to expanded disclosure of financed emissions, updates to carbon intensity data, and more sophisticated calculation methods.

Sustainable Finance

The Group has also set mid- to long-term finance targets for the period from FY2022 through to FY2030 in order to further initiatives aimed at achieving sustainability in the region by solving social, environmental, and other issues. In order to further advance our efforts to realize a sustainable society, **we raised our sustainable finance goals in September 2023**. By proactively engaging in sustainable finance, we will uncover and resolve local ESG issues.

As part of our efforts to decarbonize the region, in October 2021 we established the GB Green Fund, an investment and loan fund totaling 50 billion yen to support the development of renewable energy.

In June 2023, we achieved the investment and loan limit of 50 billion yen. We will continue to work towards achieving our sustainable finance goals.



Target cumulative amount of sustainable financing*		
	Before revision	After revision
FY2030 (including environmental field)	1.5 trillion yen (1 trillion yen)	3 trillion yen (1.5 trillion yen)
FY2024 (including environmental field)	500 billion yen (300 billion yen)	800 billion yen (450 billion yen)

* Accumulated amount executed since FY2022. Sustainable finance refers to finance activities that contribute to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, medical care, etc.).

Sustainable finance results	
Cumulative financing amount FY2022-FY2023	680.9 billion yen (including 318.2 billion yen in the environmental field)

Contributing to Regional Decarbonization Through Finance

To realize a sustainable society, the Gunma Bank is actively engaging in sustainable finance initiatives such as sustainability-linked loans, the Gungin SLL, and green loans. The renewable energy projects financed by the Gunma Bank have generated 6,433,821 MWh of renewable energy. Furthermore, customers utilizing sustainable finance products like sustainability-linked loans and the Gungin SLL have reduced their greenhouse gas emissions by 1,360,293 tons of CO₂. The Gunma Bank also issued green bonds in November 2019, and then in October 2021 issued sustainability bonds. These were the first issuances of both types of bonds by a regional bank. Of the 30 billion yen raised through the issuance of green bonds and sustainability bonds, 20 billion yen has been allocated to green projects. Moving forward, the Gunma Bank will continue to support customers who are actively working towards decarbonization by providing financial support, thereby contributing to decarbonization in the region.

[Environmental improvement results through sustainable finance (April 2022 to March 2024)]

Parameter	Result	Household equivalent*
Amount of renewable energy generated by financing renewable energy projects	6,433,821 MWh	Approx. 1.63 million households
Reduction in greenhouse gas emissions for customers using sustainable finance products	1,360,293 t-CO ₂	Approx. 780,000 households
Total		Approx. 2.41 million households (Number of households in Gunma Prefecture: 820,000 households)*2

Sustainable finance projects (environmental field) are selected where quantitative effects can be identified. These effects are then calculated based on the Gunma Bank's criteria.

Notes:

1. Calculated from annual greenhouse gas emissions (electricity) per household based on the Results of Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector in FY2022 (Final Figures), Ministry of the Environment

2. Source: 2023 Gunma Prefecture Population Movement Survey Results (Annual Report), Gunma Prefecture

Biodiversity and Natural Capital Initiatives

To achieve a sustainable society, we believe it is essential not only to address climate change but also to halt and restore the loss of natural capital, achieving a “nature-positive” outcome. The Gunma Bank is committed to tackling environmental challenges through its business activities and corporate initiatives.

■ **Participation in the Taskforce on Nature-related Financial Disclosures Forum**

In April 2024, we endorsed the initiatives of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum. By participating in the TNFD Forum, we aim to contribute to the development of a framework for disclosing nature-related financial information. Additionally, we will actively engage in the conservation of natural capital and biodiversity within our region.

* Please see page 78 for information on our biodiversity initiatives.



SDGs Initiative Support Service

Since September 2022, we have been providing the SDGs Initiative Support Service which evaluates the status of our customers' initiatives toward the SDGs. We objectively assess the status of our customers' SDGs initiatives through a prescribed interview sheet, and clarify the strengths and weaknesses of our customers through a feedback sheet. The service has been used by 444 companies to date (as of March 31, 2024).

Gungin SDGs/ESG Management Evaluation and Diagnostic Service (Scheduled Launch August 2024)

Starting in August 2024, we plan to launch the Gungin SDGs/ESG Management Evaluation and Diagnostic Service, which provides a high-level assessment of our customers' SDGs and ESG initiatives. This service uses a scoring model to quantify customers' SDGs and ESG efforts, allowing for industry comparisons and objective evaluations. Additionally, customers can utilize a detailed diagnostic report created through AI analysis and evaluation of their initiatives.

Raising Understanding of the SDGs/ESG and Their Necessity

SDGs Initiative Support Service

- Confirm current state of initiatives based on interview sheets
- Ascertain issues, etc. through dialog with business partners using feedback sheets
- Support formulation of SDGs declarations tailored to business partners' businesses
- Contributing to social trust and the improvement of employee satisfaction by declaring commitment to initiatives

Gungin SDGs/ESG Management Evaluation and Diagnostic Service (Scheduled Launch August 2024)

- Confirm current status of SDGs/ESG initiatives based on advanced evaluation using a scoring model
- Understand issues in detail with AI-generated diagnostics reports
- Contribute to more advanced SDGs/ESG management through continuous efforts and understanding of the current situation regarding SDGs/ESG

Deciding on priority issues

Environment	Human Rights/Labor	Fair Business Practices Organizational Structure	Products Service	Social Contribution Regional Contribution
-------------	--------------------	---	---------------------	--

Proposing Solutions that “Connect” to Solving Issues

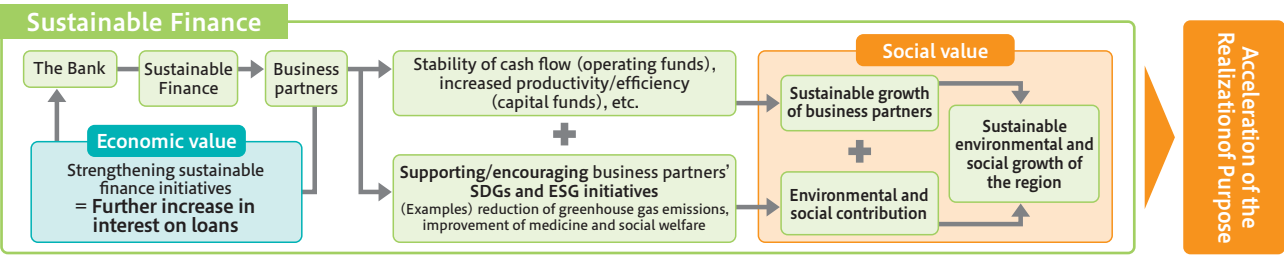
Parameter	Main Services, Etc.	Group Companies
SDGs/ESG-Related Consulting	SDGs/ESG-Related KPI Setting, Training, Etc.	Gungin Consulting Co., Ltd.
Carbon-Related		
Measuring and Visualizing Greenhouse Gas Emissions	Greenhouse Gas Emission Visualization Cloud Service	
Carbon Offsets	Support Creating and trading J-Credits	
Introduction of Renewable Energy Facilities	Support of Installation of Solar Equipment, Etc.	
Support for Solving Other Social Issues		
Business Succession	Support of Business Succession Plan Formulation Provision of Capital Funds, Hands-on Support	Gungin Consulting Co., Ltd. Gunma Regional Advanced Solution Partners Co., Ltd
Hiring of High-level Human Resources	Staffing Service	Gungin Consulting Co., Ltd.
BCP Consulting	Support with BCP Formulation and BCP Training	
Human and Labor Affairs/Training and Development	Formulation of Personnel and Labor Regulations, Training and Development	Gungin Consulting Co., Ltd.
Demand Forecasting Service	Demand Forecasting Using Weather and Sales Data, Etc.	

Financing, Subsidies, Etc. Based on Proposed Solution

Sustainable Finance	Various sustainable finance products (P.40) Loans for renewable energy projects Loans, etc. for business succession measures
Subsidies and Tax Benefit Support	Subsidies for large-scale growth investments such as labor-saving measures aimed at raising wages for small and medium companies Business restructuring subsidies, tax system to encourage future regional investment, etc.
Interest Subsidy	Subsidy for Energy Efficiency Investments

Initiatives for Sustainable Finance ▶ See P.38 for target cumulative amount of sustainable financing

Sustainable finance can make a significant environmental and social contribution and lead to the sustainable growth in the region (increase of social value). By strengthening these sustainable finance initiatives, the Bank will be able to increase interest on loans (increase in economic value). We aim to realize our Purpose by improving social and economic value.



Sustainable finance products

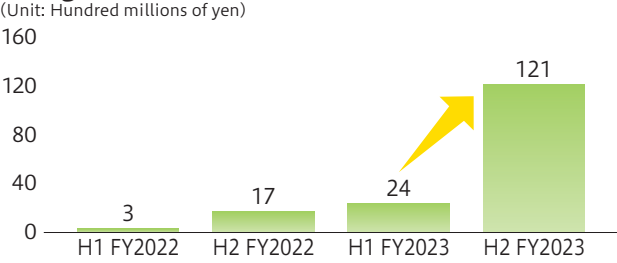
The Gunma Bank offers a variety of sustainable finance products that help drive progress in sustainability management.

Compliant with international principles (third party evaluation required)	Other
<p>Positive Impact Finance</p> <ul style="list-style-type: none">● The Gunma Bank comprehensively analyzes and evaluates the impact that corporate activities have on ESG● KPIs are set and monitored by the Bank regarding increase/mitigation of impact <p>Sustainability-Linked Loans</p> <ul style="list-style-type: none">● Ambitious sustainability performance targets are set and certified by a third-party evaluation organization● Incentives available, including interest rates that fluctuate depending on progress toward targets <p>Green Loans</p> <ul style="list-style-type: none">● Use of funds is limited to green projects● Once a year, customers report on environmental improvement effects, etc. <p>Social Loans</p> <ul style="list-style-type: none">● Use of funds is limited to social projects● Once a year, customers report on social improvement effects, etc.	<p>Carbon Neutral Loans</p> <ul style="list-style-type: none">● Financing products for customers who are working, or plan to work, towards carbon neutrality <p>Gungin SDGs Private Placement Bonds (donation support type)</p> <ul style="list-style-type: none">● Private placement bonds for customers looking to make a donation or gift● A portion of corporate bond issuance fees is donated to organizations working on SDGs <p>Gungin SDGs Private Placement Bonds (issuer support type)</p> <ul style="list-style-type: none">● Private placement bonds for customers working on projects to achieve SDGs● Helps improve corporate image and employee motivation <p>Financing with Special Clause for Waiver in Event of Earthquake</p> <ul style="list-style-type: none">● If an earthquake with a seismic intensity of 6 or higher occurs at a predetermined place, the loan principal is waived at a predetermined rate <p>Financing with Special Clause for Waiver in Event of Torrential Rain</p> <ul style="list-style-type: none">● If heavy rain exceeding a certain amount occurs at a predetermined place, the loan principal is waived at a predetermined rate <p>Doctor Support Loans</p> <ul style="list-style-type: none">● Can be used for equipment and working capital when opening a new or branch general practice or dental clinic

Gungin SLL

Since June 2022, we have been offering Gungin SLL, a loan product where the interest rate fluctuates based on the achievement of specific goals, to support our customers' efforts to address environmental challenges. Initially, the selectable KPIs were limited to the environmental field, such as greenhouse gas emissions. However, starting in April 2024, we will expand the selectable KPIs to include the social field, such as use of annual paid leave and male parental leave, thereby also supporting our customers' efforts to tackle social issues.

[Gungin SLL execution amount]



Regional Sustainability Initiatives

Comprehensive Collaborative Agreement for Community Revitalization

Collaboration with local governments in Gunma Prefecture aimed at regional revitalization

The Gunma Bank has concluded comprehensive partnership agreements with Gunma Prefecture and 13 local governments in the prefecture. Centered around the Regional Revitalization Office within the Corporate Consulting Department, we collaborate with related departments, branches, and Group companies to enhance the appeal of the region through initiatives such as promoting tourism, revitalization support through the corporate version of the hometown tax, revitalizing agriculture, and attracting businesses.

Revitalization of Minakami Onsen in collaboration with industry, academia, government and financial institutions

The Gunma Bank is actively involved in the revitalization of Minakami Onsen through a collaboration between four key sectors: industry, academia, government, and finance. In FY2023, we organized events such as markets to boost local engagement. Additionally, we are working on a project to transform an abandoned hot spring inn into a tourist facility. Using the industry-academia-government-financed efforts in Minakami Town as a model case, we aim to revitalize the region by expanding efforts outward to other regions in the prefecture.



Facilities being revitalized through public proposals in Minakami Town

Gunma Next Generator

Matching young entrepreneurs with SMEs facing challenges

On June 13, 2024, the Gunma Bank, along with Venture for Japan and Gunma Regional Advanced Solution Partners, Co., Ltd., jointly undertook the Gunma Next Generator project, commissioned by Gunma Prefecture.

The Gunma Next Generator project is a program designed to match talented and motivated young people with small and medium-sized enterprises (SMEs) in the prefecture that face challenges, providing support and collaboration. Through participation as project leaders in tackling the companies' issues, the young people gain opportunities for growth, while the companies benefit from the fresh perspectives brought by the young participants, potentially enhancing their corporate value.

By actively participating in initiatives promoted by local governments, the Gunma Bank aims to contribute to the development of regional industries and develop talent that supports the community.



Gunma Next Generator project partners
From left to right: Shinichiro Nakagawa, President of Gunma TV, Masataka Sakamoto, Representative Secretary of Gunma Association of Corporate Executives, Akihiko Fukai, President of the Gunma Bank, Yosuke Komatsu of Venture for Japan, Hideo Kagamiyama, President of Gunma Regional Advanced Solution Partners

Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation

Participation in projects aimed at discovering and implementing scientific and technological innovations

In 2021, the Gunma Bank signed a Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation and has been working on the Gunma Tech Planter project. Through organic collaboration among industry, academia, government, and finance, we focus on discovering scientific and technological innovations emerging from universities and providing supportive assistance. Our goal is to create an environment conducive to the birth of new industries and to foster a region where startups can always thrive.



The 4th Gunma Tech Plan Grand Prix