










Four Growth Strategies (Materiality) under VISION 2030 stage1

Having identified the risks and opportunities related to important social issues, in 2022, we set materiality linked to our Medium-term Management Plan as the priority theme that will contribute to resolving these issues by leveraging the Gunze Group's businesses and strengths.

Through measures and initiatives designed to realize materiality, we aim to become a sustainable company that contributes to society and achieves sustainable growth for the Group by working to balance economic value and social value.

Materiality	Our Measures	Gunze's Timeline	KPIs (FY2024 Targets)	FY2023 Initiatives	Future Challenges
Creation of New Value	<ul style="list-style-type: none"> Creation of new businesses and continued growth of existing businesses (including M&A) 	 Medium term	New business-related <ul style="list-style-type: none"> Commercialization of functional films such as films for next-generation lithium-ion batteries 	<ul style="list-style-type: none"> Completion of the initial design of the next-generation functional film Initiatives directed toward the commercialization of functional films underway 	<ul style="list-style-type: none"> Provision of mass production support tailored to each customer's business situation Expansion and examination of R&D targets with a view to expanding fields/domains
	<ul style="list-style-type: none"> Offering new products/services designed with enhanced sustainability in mind 	   Short term	Development of environmentally friendly products <ul style="list-style-type: none"> Value creation from resource circulating-type films Expand sales of biomass plastic products Expand sales of low-specific gravity polyolefin products Development of films to reduce food waste 	<ul style="list-style-type: none"> Expand sales of GEOPLAS™, an environment-friendly shrink film made from recycled raw materials Development and market launch of a thin coextruded blown film for the vacuum packaging of frozen foods to reduce food waste; expansion of use 	<ul style="list-style-type: none"> Expansion of the use of environmentally responsible products; establishment of technologies for resource recycling, and the creation of a mechanism for supply chain collaboration Upgrade and expansion coupled with increased use of films that help reduce food waste
Evolution of Corporate Constitution	<ul style="list-style-type: none"> Establishing a corporate culture that empowers diverse talent 	 Long term	Net sales of medical-related products <ul style="list-style-type: none"> Expand sales of new medical products 	<ul style="list-style-type: none"> Transformation to an organizational structure dedicated to comprehensive medical devices from R&D to sales Proactive market launch and sales expansion of adhesion barrier materials, etc. 	<ul style="list-style-type: none"> Acceleration of the speed of new product development that reflects the needs of the clinical site Strengthening of selection and concentration through portfolio strategies by medical field as well as exploration of the potential of mergers and acquisitions
	<ul style="list-style-type: none"> Promoting employee mindset/duties transformations through work style reforms 	 Medium term	Net sales of wellness and health category products <ul style="list-style-type: none"> Strengthen the development of health category products Expand sales of lifestyle-oriented products 	<ul style="list-style-type: none"> Strengthening of the Company's ability to respond to changes in consumer behavior and lifestyles by integrating the sales and merchandise planning department in the apparel business as a whole Accelerate the shift to a D to C business system in the apparel business (EC, directly managed stores) Launch of sweat-removing technology brand Asedoron 	<ul style="list-style-type: none"> Acquisition of new customers by rebuilding the MD strategy and proposing products that maximize customer lifetime value
	<ul style="list-style-type: none"> Transforming business processes through proactive use of digital technology (covering all business processes, including production, sales, development, logistics, back-office, etc.) 	 Medium term	D&I promotion (Promotion of women's empowerment, etc.) <ul style="list-style-type: none"> Ratio of women in managerial roles: 6% or higher Ratio of female employees in the workforce: 35% Paternity leave utilization rate: 50% 	<ul style="list-style-type: none"> Ratio of women in managerial roles: 7% Ratio of female employees in the workforce: 34% Paternity leave utilization rate: 42% 	<ul style="list-style-type: none"> Maintenance of a 50% ratio of women hired Increase in the ratio of career hires Enhancement of leader skills training program and expansion of childcare support systems Increase in the paternity leave utilization rate
			Initiatives for respecting human rights <ul style="list-style-type: none"> Conduct human rights due diligence on the Company and its major business partners 	<ul style="list-style-type: none"> Conduct of in-house assessments (identification of the actual status of foreign technical interns) (Domestic plants: three companies) Conduct of supplier assessments: Engineering plastics field nine companies; textile materials field 12 companies Implementation of improvement measures based on assessment analysis results Conduct of follow-up investigations and discussions of future actions 	<ul style="list-style-type: none"> Promotion of training and other programs for suppliers (Expansion of coverage to overseas suppliers)
Environmentally Responsible Management	<ul style="list-style-type: none"> Reducing environmental impact from business activities 	  Long term	Strengthening of risk response capabilities <ul style="list-style-type: none"> Holding of Risk Management Committee meetings: Four times per year 	<ul style="list-style-type: none"> Holding of Risk Management Committee meetings: Four times per year 	<ul style="list-style-type: none"> Strengthening of the operations of whistleblower systems
			Building of personnel systems, improvement of work environments <ul style="list-style-type: none"> Improvement of engagement score: 70 points (estimate) Annual leave utilization rate: 75% Productivity improvement through mindset, duty, and office transformations Promotion of DX through various means, including the use of online meetings 	<ul style="list-style-type: none"> Engagement score: 62 points Annual leave utilization rate: 74.8% Launch of personnel compensation system reform 	<ul style="list-style-type: none"> Continue implementation of 1-on-1 meetings Increase in the annual leave utilization rate through improvements in operational efficiency such as DX and work style reform Thorough management of working hours and reduction of long working hours Establishment and expansion of various systems (telework, flexible work hours, etc.) to enable employees with diverse backgrounds to choose the work style that suits them best
Capital Cost-focused Management	<ul style="list-style-type: none"> Strategic allocation of management resources 	 Medium term	Improvement of productivity in all areas, including production, by utilization of AI, IoT, sensing technologies, etc. <ul style="list-style-type: none"> Productivity improvement rate (P value)*: 103% * Gunze's own productivity metric over the previous year 	<ul style="list-style-type: none"> Productivity improvement rate (P value): Domestic 99.5%, Overseas 99.2% 	<ul style="list-style-type: none"> Production automation toward a new apparel business era
	<ul style="list-style-type: none"> Achieving a positive GVA value by improving capital efficiency 	 Medium term	CO₂ emissions reduction rate <ul style="list-style-type: none"> Reduction vs. FY2013 Scope 1 + Scope 2* <ul style="list-style-type: none"> (Domestic + overseas): 28% or higher * Gunze Group total Starting Scope 3 calculation, setting targets by FY2024 Per-unit energy consumption reduction rate (vs. previous year) 1% per year or higher Construction of Circular Factory: Plastic film, Moriama Plant (Shiga Prefecture) Promotion of the Net Zero Carbon Factory Project: Apparel, Yanase Plant (Hyogo Prefecture) 	<ul style="list-style-type: none"> Scope 1 + Scope 2: 115,517t <ul style="list-style-type: none"> Reduction of 33% or more (vs. FY2013) Scope 3: 390,856t FY2023 per-unit energy consumption reduction rate: 1.8% increase vs. the previous year (domestic) Promoting smart factories (automated lines) (Yanase Plant) 	<ul style="list-style-type: none"> Scope 1 + Scope 2: Reduction of 28% or higher (FY2024) Sustained energy conservation activities and expansion of the renewable energy ratio Scope 3 target setting (FY2024) Continued FY2022 per-unit energy consumption reduction rate: 1% per year or higher Establishment of a recycling center at the plastic film Moriama Plant Expansion of smart plants (automated lines)
			Focused investment of management resources in growth businesses and growth areas <ul style="list-style-type: none"> Environment-related investment: ¥8.6 billion Acquisition of new targets by expanding channels EC+SPA sales ratio: 24% Business expansion through business alliances and M&A 	<ul style="list-style-type: none"> Environment-related investment: ¥2.8 billion (¥2.7 billion relating to Circular Factory, ¥100 million for Ayabe Engineering Plastics Factory) EC+SPA sales ratio: 25% Establishment of Balleite joint venture with MASH Group (September 2023) 	<ul style="list-style-type: none"> Promotion of construction plans for a recycling center Increase in the EC+SPA sales ratio Acquisition of loyal customers through a proprietary CRM program New store openings in commercial facilities with considerable ability to attract customers
			Restructuring low-growth businesses and fields <ul style="list-style-type: none"> ROE 6.3% or higher Positive Company-wide GVA Improvement of profitability 	<ul style="list-style-type: none"> ROE 4.4% GVA -¥1.6 billion (improvement of ¥0.7 billion vs. the previous year) Announced details of the planned transfer of shares in electronic components field (touch panel business) In legwear field, Indonesian socks factory ceased production Started to examine transfer of mechatronics business ▶ For details: P.28 → Financial Capital Strategy 	<ul style="list-style-type: none"> ROE: 6.3% or higher (FY2024) Positive Company-wide GVA (FY2024) Continuous structural reform initiatives