

Basic Policy for Corporate Governance

The Gunze Group recognizes that legal and regulatory compliance is essential for meeting our basic management policy of sustainably boosting corporate value. Accordingly, we strive for swift decision-making and timely and appropriate disclosure of corporate information so that we can respond appropriately to the social and economic environment. We therefore consider

improving shareholder value, by enhancing the transparency of our management, to be one of our most important management objectives. To achieve this, the Gunze Group seeks to build sound relationships with our multiple stakeholders and strengthen and upgrade our internal control functions as a way to enhance our corporate governance.

Initiatives to Enhance Corporate Governance

In fiscal 2005, the Gunze Group introduced a corporate officer system in order to accelerate business decisions and to strengthen the management supervision function. Along with reducing the number of Directors in 2005, we clarified the management responsibilities of Directors and revised their term of office in 2006 from two years to one year with the goal of establishing a management framework that can respond more quickly to changes in the business environment. At the same time, we began appointing outside Directors in an effort to ensure the transparency of management.

In addition, we have striven to enhance our corporate governance by having the Board of Directors make a final

decision on nominating candidates for Director positions following deliberations by the Nomination/Remuneration Committee. The Nomination/Remuneration Committee was established in fiscal 2019 as an advisory committee to the Board of Directors, is comprised of the Representative Directors and outside Directors, and is chaired by an outside Director. Moreover, in 2015 we formulated the Gunze Corporate Governance Guidelines as the basic policy for corporate governance by the Gunze Group. We revised these Guidelines in June 2021.

 **Gunze Corporate Governance Guidelines**
<https://www.gunze.co.jp/english/ir/policy/governance/>

History of Governance Enhancements

Initiative Details	
Fiscal 2005	Introduced a corporate officer system and reduced the number of Directors
Fiscal 2006	Reduced the term of office for Directors from two years to one year Began appointing outside Directors and female Directors
Fiscal 2015	Formulated the Gunze Corporate Governance Guidelines
Fiscal 2019	Established the Nomination/Remuneration Committee (chaired by an outside Director as an advisory committee to the Board of Directors) Ratio of outside Directors exceeds one-third of the Board
Fiscal 2021	Published the skill matrix for Directors and Corporate Auditors

Corporate Governance Structure

The Gunze Group is a company with a Board of Corporate Auditors, where the Board of Corporate Auditors is comprised of four Corporate Auditors, two of whom are outside Corporate Auditors (as of June 23, 2023). The Corporate Auditors attend the Board of Directors and other important meetings, conduct onsite audits of business and management divisions, and inspect domestic and overseas subsidiaries, while performing other duties,

in order to fulfill their management supervisory function. The current management structure is comprised of nine Directors (of whom two are women), including three outside Directors. Moreover, the Company has introduced a corporate officer system to facilitate accelerated business decisions and to strengthen the business execution system, and has appointed 14 corporate officers, including five who also serve as Directors.

Board of Directors

As entrusted by the Company's shareholders, the Board of Directors assumes the responsibility for realizing efficient and effective corporate governance for the sake of all shareholders, achieving sustained Growth for the Gunze Group as a result of realizing this level of corporate governance, and striving to maximize corporate value in the long term. To fulfill its responsibilities, the Board of Directors executes oversight functions over overall management practices in order to ensure fairness and transparency. The Board also nominates, evaluates, and determines remuneration for the President and other executives, while assessing important risks facing the Gunze Group and drawing up counteractions. The Board also makes important operational decisions to ensure the best possible decision-making for the Company. As a general rule, the Board of Directors meets once per month (held 13 times in fiscal 2022), during which it makes decisions on important matters related to business execution and matters stipulated by laws, regulations, and the Articles of Incorporation. It also supervises the status of the execution of duties by Directors.

Executive Committee

Along with the Board of Directors, the Company also convenes the Executive Committee, which comprises the Representative Directors, the Managing Directors, Directors in charge of specific functions, and Corporate Officers (held 20 times in fiscal 2022). This committee deliberates on important matters related to business execution, and seeks to accelerate decision making.

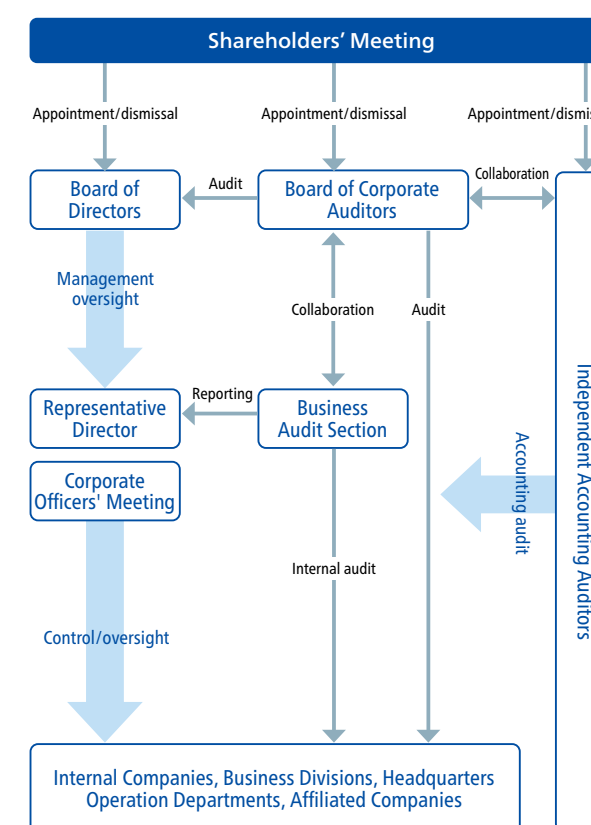
Nomination/Remuneration Committee

The Company established the Nomination/Remuneration Committee as an advisory committee to the Board of Directors. Comprised of two Representative Directors and three outside Directors, and chaired by an outside Director, this Committee serves to ensure independence, transparency, and objectivity in the procedures for nominating candidates for Director and Corporate Auditor, appointing senior management, and determining compensation for Directors.

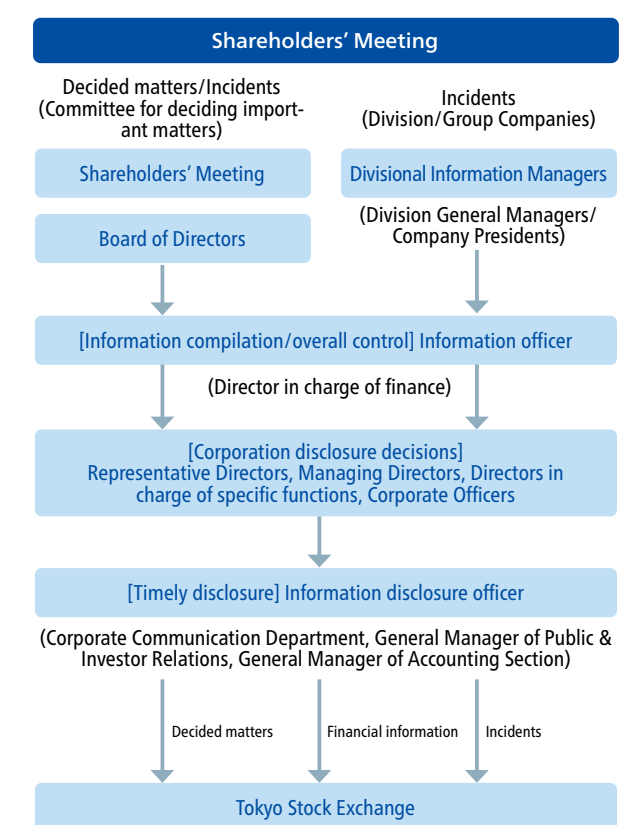
Internal Systems Concerning Timely Disclosure of Corporate Information

The Gunze Group recognizes that legal and regulatory compliance is essential for meeting our basic management policy of sustainably enhancing corporate value. Accordingly, we strive to improve the health and transparency of management through swift decision-making and the timely and appropriate disclosure of information in a way that corresponds to the social and economic environment.

Corporate Governance Structure



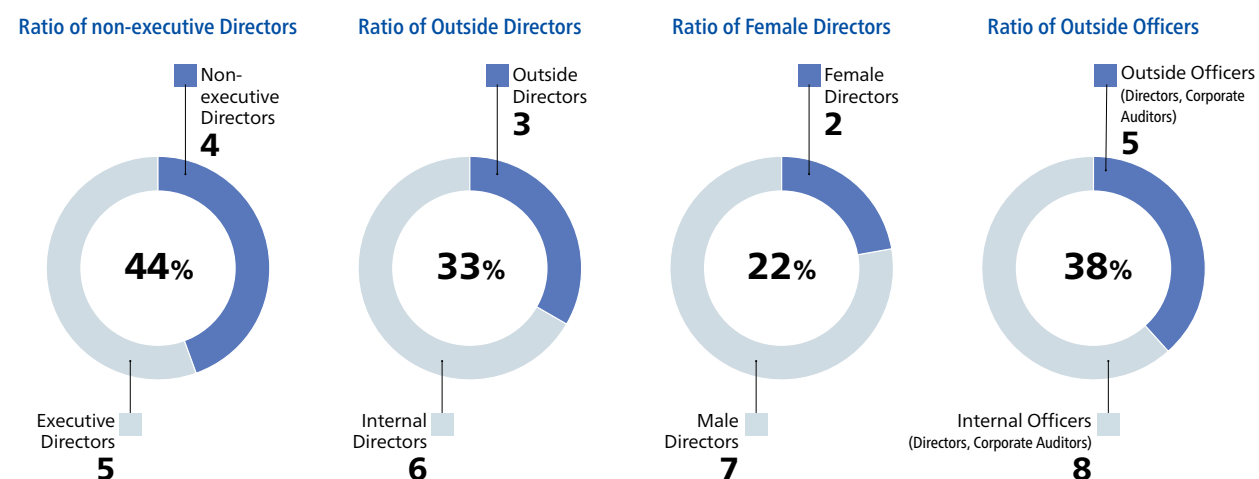
Timely Disclosure Structure



Fiscal 2022 Board of Directors' meetings, advisory committees, etc.

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Directors	13	40	51	98%	98%
Board of Corporate Auditors	15	22	18	97%	97%
Corporate Officers' Meeting	20	73	(included in the number of agenda items)	100%	-

Composition of the Board of Directors



Directors and Corporate Auditors' Skill Matrix

Attributes	Name, Posts, etc.	Years of service [Age]	Nomination/Remuneration Committee member	Internal executives		Outside executives		Main specialty areas				
				Management in each area of business	Management experience at other companies	Finance/accounting	Production technology/R&D	Sales/marketing	Legal	Internationality		
Directors	Male Atsushi Hirochi	Chairman & Representative Director	11 years [63]	○	○					○		
	Male Toshiyasu Saguchi	Representative Director & President	9 years [61]	○	○					○		
	Independent Female Hiroe Nakai	Outside Director	5 years [62]	○ (Chair)							○	
	Independent Male Osamu Kujiraoka	Outside Director	4 years [67]	○		○				○		
	Independent Female Rie Kida	Outside Director	3 years [54]	○		○				○		
	Male Makoto Kumada	Director	6 years [61]		○		○					
	Male Katsuhiko Oikawa	Director	7 years [60]					○				
	Male Ryoji Kawanishi	Director	2 years [60]		○		○					○
Male Hirokazu Sawada	Director	- [58]				○						
Corporate Auditors	Male Tomio Suzuki	Standing Corporate Auditor	2 years [59]					○				○
	Independent Male Koji Funatomi	Outside Corporate Auditor	- [62]					○				
	Independent Male Norihito Naka	Outside Corporate Auditor	- [61]								○	
	Male Shinichiro Morita	Corporate Auditor	2 years [66]		○			○				

• A circle indicates the main skills possessed by each person.

(As of June 23, 2023)

Director and Corporate Auditor Appointments

As far as the nomination of Director and Corporate Auditor candidates and the appointment of senior management are concerned, the Nomination/Remuneration Committee deliberates on each matter based on the selection criteria stipulated by the Board of Directors, after which the Board of Directors makes a final decision. Given that the Gunze Group engages in the functional solutions, medical, apparel, and lifestyle creations businesses from a multifaceted perspective on a global basis, the Company seeks to ensure that the Directors possess the ability to make appropriate and prompt decisions regarding these business activities, and that they can supervise the execution of those decisions. In order to do so, we have established a basic policy of constituting the Board of Directors with a balanced arrangement of members, whereby the Board of Directors makes a final decision on nominations following deliberations by the Nomination/Remuneration Committee. In line with this policy, we appoint internal Directors who possess knowledge, experience, and abilities

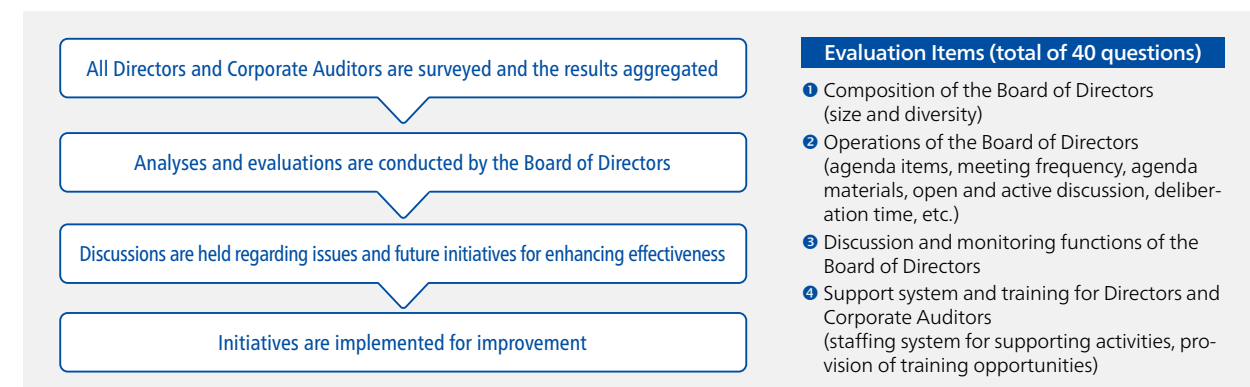
in each of the business fields, as well as in finance and accounting, technology development and research, sales and marketing, legal affairs, and human resources, while taking into consideration diversity, including gender and internationality. We also appoint multiple outside Directors who can actively provide advice and proposals from a fair and objective standpoint, and who possess management experience at other companies and specialized knowledge and experience not otherwise found within the Company. Turning to Corporate Auditors, we have established a basic policy of constituting the Board of Corporate Auditors with an arrangement of members who can present fair opinions from an expert perspective and an independent standpoint, including at least one member who possesses appropriate knowledge regarding finance and accounting. In line with this policy, the Board of Directors makes a final decision on nominations following deliberations by the Nomination/Remuneration Committee and after receiving the approval of the Board of Corporate Auditors.

Assessment of Board of Directors' Effectiveness

Every year, all Gunze Directors and Corporate Auditors conduct an assessment on the effectiveness of the Board of Directors as well as their own performance as Company officers. They submit their results to the Board of Directors, which in turn analyzes and evaluates the overall effectiveness of the Board based on the aggregate results. In March 2023, all Directors and Corporate Auditors who comprise

the Board of Directors were the subject of a survey conducted by the Company, and as they responded directly to an external organization, they were assured anonymity in their responses. Based on the analysis and advice from the external organization on the aggregate results, the results were reported, discussed, and evaluated at the annual meeting of the Board of Directors held in May 2023.

Analysis and Evaluation Process



Evaluation Results for Fiscal 2022

- Based on the survey responses, the Board of Directors received a generally positive evaluation in terms of composition, operations, agenda items, execution of individual roles, and mutual supervision, among others. Furthermore, taking into consideration changes in the evaluation results following employment of the external organization and comparisons with the previous year's evaluation and external data, we believe that the effectiveness of the Board of Directors as a whole has been ensured in a continuous manner.
- In addition to addressing ESG and implementing sustainability initiatives, both of which are positioned as key issues in the Medium-term Management Plan, strengthening oversight of risk management and internal control systems; invigorating discussion on management strategies and other important management issues; and feedback regarding the status of dialogue with shareholders (investors) were recognized as important in that they are ongoing issues for improving the effectiveness of the Board of Directors. In response, we will consider more effective actions and continue to engage in solutions.

Director and Corporate Auditor Training

Immediately after taking on their posts, newly appointed directors of the Company, including independent outside directors, are required to participate in training programs offered by the director in charge of legal affairs and compliance or external attorneys at law. They are also to be informed about the Gunze Group's management strategies, financial positions, and other important matters by the President or director(s) in charge of executing business operations or other executives named by the

President. Moreover, to fulfill their respective roles, the Directors and Corporate Auditors of the Gunze Group are required to proactively collect information regarding the Gunze Group's financial positions, legal and regulatory compliance, corporate governance, and other matters. They must also continuously strive to improve their knowledge and skills. Expenses required for participating in external training and seminars are borne by Gunze as claimed.

Succession Plan

Formulating the President's Succession Plan

1. Under the recognition that the development of a successor for the President is an important matter for management, following deliberations by the Nomination/Remuneration Committee, the Board of Directors formulates a succession plan that specifies qualifications for the post of president and a candidate development policy, and provides final approval for the plan.

2. The Board of Directors shares this president succession plan among all members of the Board, periodically confirms the results of examinations and deliberations regarding the development status of senior management with the potential to succeed the President made by the Nomination/Remuneration Committee, and determines a candidate for succeeding the President in accordance with the succession plan when the current President steps down from this post.

Executive Remuneration System

Under the current Executive Remuneration System, we have increased the ratio of performance-linked compensation as an incentive to maximize corporate value. Moreover, the key performance indicator (KPI) used to calculate the amounts for bonuses reflects Gunze Value Added (GVA: operating profit before income taxes + dividends - year-end investment capital x WACC), which

prioritizes performance evaluations. Meanwhile, the KPI used to calculate stock-based compensation reflects the relative evaluation between Total Shareholders' Return (TSR) and TOPIX, as well as an evaluation that examines to what extent Companywide CO₂ emission reduction targets have been achieved as an ESG evaluation index.

KPI of the Executive Remuneration System

Remuneration type	KPI (performance indicators)
Bonus	<ul style="list-style-type: none"> Reflect the GVA for each fiscal year
Stock compensation	<ul style="list-style-type: none"> Reflect relative evaluation of TSR (Total Shareholders' Return) and TOPIX for each fiscal year Reflect degree of achievement of Companywide CO₂ reduction goals as ESG evaluation indices

Officer Remuneration, etc.

Remuneration type	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of eligible officers
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding outside Directors)	177	103	38	35	6
Corporate Auditors (excluding outside Corporate Auditors)	24	24	-	-	2
Outside Directors	21	21	-	-	3
Outside Corporate Auditors	14	14	-	-	2

Promoting Compliance

The Gunze Group recognizes the importance of compliance in order to realize its basic management policy of "sustainably boosting corporate value." Legal & Compliance regularly conducts necessary education and training and streams training videos on the Company's intranet for members, for example, in an effort to convey an appropriate understanding of compliance. In fiscal 2022, we began holding hybrid training programs for new employees consisting of e-learning purchased from an external company and in-person training conducted by lecturers from Legal & Compliance. In addition, we now hold follow-up training to share Gunze's sense of ethics, to deepen the understanding of insider trading regulations and of cautionary points regarding social media use, and to enhance the awareness of compliance. In addition, consultation regarding compliance and other issues is available through the "Advice Hotline," and is handled discreetly and with consideration for the privacy of involved parties. We have also established an external whistleblower hotline staffed by outside attorneys, and have secured a route for attorneys to report directly to

corporate auditors in the event of a report of a fact that falls under the category of whistleblowing. In fiscal 2022, there were no consultations or reports subject to public interest reporting at the external reporting desk.

Breakdown of Reporting and Consultation

Cases	Fiscal 2021		Fiscal 2022	
	Hotline	External reporting desk	Hotline	External reporting desk
Workplace relationships	7	0	6	0
Sexual harassment	0	0	1	0
Power harassment	3	1	7	1
Facts subject to whistleblowing	0	0	0	0
Others	4	0	4	0
Total	14	1	18	1

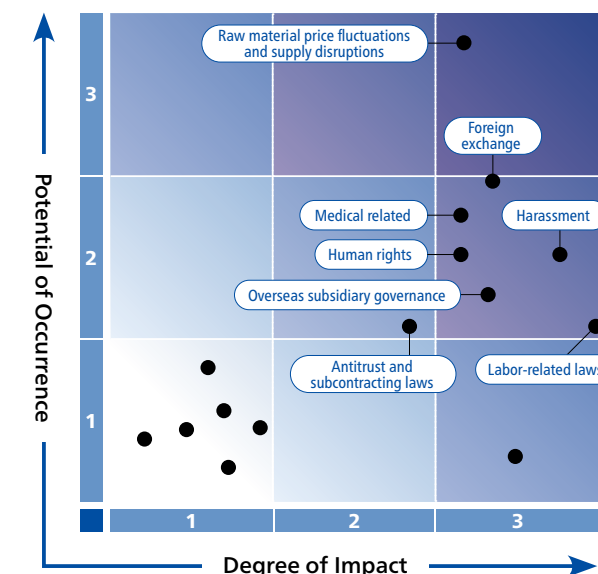
Strengthening the Risk Management System

The Gunze Group has established a Risk Management Committee based on the "Risk Management Regulations" used to prevent risks in general and respond appropriately to unforeseen situations and contingencies. The most serious risks are governance of overseas subsidiaries, compliance with labor-related laws, prevention of harassment, compliance with antitrust and subcontracting laws, and compliance with the Pharmaceutical and Medical Device Act and clinical research laws in the medical business, as well as securement of transparency. In response, we have been taking action to minimize each of these risks. The Risk Management Committee met four times in fiscal 2022, during which it received monitoring result reports from the main departments designated to take charge of each of these risks, verified the execution status of countermeasures, and discussed and determined future action. In regard to the risks of raw material price fluctuations and supply disruptions due to changes in international relations, the Risk Management Committee collects information on and ascertains the risks faced by each business division, after which the head office and business divisions work in unison on risk management efforts.

Moreover, a risk has emerged regarding social credibility loss due to the increasing numbers of violations of the Act against Unjustifiable Premiums and Misleading Representations and of the Pharmaceutical and Medical Device Act, as well as to the increasing frequency of

inappropriate expressions, resulting from the apparel business's efforts to promote greater sales through e-commerce channels. In regard to this risk, the Risk Management Committee will engage in activities that mitigate such risks across business divisions and that increase corporate value on an ongoing basis, namely through training organized by Legal & Compliance and through internal database inspections conducted by representatives from multiple divisions, for example.

Risk Map



Enhancing the Gunze Group's Corporate Value as a Part of Efforts to Realize VISION 2030



Hiroe Nakai
Outside Director

Osamu Kujiraoka
Outside Director

Rie Kida
Outside Director

The Gunze Group has received a growing number of requests to improve the speed of its management decisions during discussions with investors. What are your thoughts on these frontline deliberations from an outside perspective?

Nakai: Gunze is sometimes said to lack a sense of speed when it comes to implementing new initiatives. To the contrary, I believe that the Company frequently identifies issues at an early stage, often looks for a response, and acts swiftly once an appropriate solution is found. Regrettably, this process is not visible from the outside, and as such may appear to lack sufficient speed. Disclosure and dialogue with investors regarding the decision-making process can be difficult, but is an issue that must be improved.

Kida: While steps are taken to put forward and steadily implement business strategy plans by business division to secure positive GVA, undertaking the management of targets within each business division runs the risk of slowing the decision-making process as divisions that are forced to drive overall growth become overly cautious. Taking into consideration such factors as the level contribution to the Company as a whole and the potential of the market, I am also concerned that delays may arise when determining whether or not to withdraw. I believe that the speed at which decisions are made can be improved if management resources are allocated in line with a clearly defined business portfolio and management routinely discusses the criteria for

key issues, including whether to invest aggressively or consider withdrawing from a business.

Kujiraoka: I have participated in discussions on such issues as plans and prospects for business initiatives, and can attest to the fact that management has frequently expressed an awareness toward the need for speed and expectations for timely reporting. I often feel that such themes as the launch of a new business or business expansion are naturally carried out with a sense of speed because of their forward-looking nature, and that even themes that entail the restructuring and review of existing businesses prioritize speed commensurate with plans. Having said this, hasty decision must of course be avoided at all cost.

If Gunze's image as a prudent, earnest, and staid company is creating concerns surrounding a lack of speed, steps should be taken to showcase the Company's ability to engage promptly in business activities on a daily basis.



Hiroe Nakai
Outside Director

Outside Director since 2018. Ms. Nakai applies her objective viewpoint to the management of the Gunze Group based on her ample experience and insight in a wide range of fields, including corporate legal and general civil affairs as an attorney.

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Gunze is engaging in management that emphasizes the cost of capital. As far as management activities are concerned, what do you think is necessary to further increase corporate value?

Nakai: Gunze's PBR ratio has fallen below 1x, indicating a low evaluation of the Company's value and its potential for improvement. In addition to our current earnings, we must demonstrate to the market the potential for sustained growth in Gunze's corporate value going forward. Gunze is engaged in a wide range of circular factory, net zero factory, and other pioneering initiatives. It is vital that the Company quantifies and highlights the value of these initiatives in a definitive and easy-to-understand manner while showcasing its future.

Kujiraoka: Gunze has developed a variety of businesses since its foundation and continues to focus on creating new businesses. This kind of consistent effort is essential for the survival of a company. I am acutely aware of Gunze's fervent efforts to improve the profitability of its business, effectively utilize its assets, and otherwise enhance its corporate value. Nevertheless, I believe that the Company must also communicate details of its accomplishments since its foundation to the present day and garner the market's understanding and acceptance to enhance its corporate value.

Kida: To further increase its corporate value, it is imperative that the Company invest in R&D and human capital to accelerate the pace of high value-added business creation, increase quantity, and improve quality. It is equally important to prioritize investments in both growth and high profitability fields as a Group-wide strategy that looks beyond the income and expenditures of individual business divisions. Profit margins in the apparel business, a mainstay of the Group's sales, have struggled in recent years. Improving profit margins is therefore a pressing issue. Looking beyond the conventional confines of a manufacturer to make a quality product, I believe the Company must not only improve the efficiency of its organization and facilities, but also further accelerate its D-to-C activities (its sales strengths) and implement a brand strategy that once again clarifies the value of the Gunze brand to become the preferred choice of customers.

What is needed to increase new growth areas following the medical business, which is responsible for driving growth?

Kujiraoka: I look forward to Gunze's vibrant and dynamic efforts to create growth fields. Creating new markets and

high value-added products requires both a market-in and product-out approach. In addition to a market-in approach that addresses market needs, I believe that a product-out approach that utilizes the Company's potential is also essential in creating new markets with amazing products.

Providing comfort is an area in which Gunze maintains a competitive edge. With this in mind, I believe there are areas of growth where diverse businesses are connected.

Kida: To reiterate, Gunze must actively invest in R&D and human resources. It is important that the Company foster a corporate culture that encourages its employees to develop new businesses and take on new challenges, and to provide training while establishing related challenge and evaluations. In this so-called era of volatility, uncertainty, complexity, and ambiguity (VUCA), rapid social change, and difficulties in predicting the future, I believe it is important for the Company to adopt a give-it-a-go approach.

Regardless of past successful practices, customs, and organizational decision-making procedures, I am convinced that Gunze will be better served by responding to change in a flexible and timely manner. In adopting this give-it-a-go approach, the Company can then identify and nurture seeds of future growth. Every effort should be made to foster an organizational culture that has the courage to take on new challenges and to learn from and make the most of any subsequent failures going forward.

Nakai: As Japan becomes an increasingly super-aged society, the medical field will inevitably expand. Extending Gunze's gentle to the skin concept and technologies to people's well-being as a whole will help further distinguish the Company from its competitors. Inspired by the goal of helping others through quality products, Gunze is more likely to uncover new needs by closely aligning itself to those who are ill or who have become less active through age. With this in mind, I believe that the challenge facing Gunze is to make the world widely aware of its ongoing efforts to provide quality products in the medical field by utilizing its technological capabilities. Medical care is an issue that continues to be questioned irrespective of national boundaries, and global expansion will be the key to Gunze's next leap forward.

Gunze has outlined a strategy to actively engage in D&I in its VISION 2030. What are your thoughts on current conditions and what challenges do you see for the future?

Nakai: Various organizations in Japan have made little progress and continue to lag behind other countries with respect



Osamu Kujiraoka
Outside Director

Outside Director since 2019. Leveraging his career as an executive officer of a publishing company, Mr. Kujiraoka applies his objective viewpoint to the management of the Gunze Group based on his broad knowledge, especially in the medical field, one of the Company's high-growth businesses.

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Rie Kida
Outside Director

Outside Director since 2020. Ms. Kida applies her objective viewpoint to the management of the Gunze Group based on her ample experience and broad knowledge especially in the field of B-to-C transactions and women's empowerment.

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to gender equality. Gunze is one of the companies that has struggled with this issue, and we are currently seeing serious efforts implement appropriate measures. Despite these endeavors, the Company still has a long way to go to achieve its target ratio of 20% or higher women in managerial roles by 2030. In similar fashion to its male employees, Gunze must put in place a workplace environment in which its female employees can feel equally fulfilled and maintain balance with their personal lives if it is to achieve this target. In addition, it is important to have a corporate culture that encourages employees to return to the Company after taking maternity or childcare leave, or for some other reason. Meanwhile, amid this corporate culture, it is also important to actively recruit mid-career workers in a bid to instill a breath of fresh air. This initiative is directly related to Gunze's development and expansion as well as the promotion of D&I.

Kujiraoka: New ideas and flexible approaches are a byproduct of diversity. Each in turn helps to foster a new corporate culture and enhance corporate value. While discussions regarding the empowerment of women have been active during Board of Directors' meetings, dialogue on D&I is very much in the infancy stage. Gunze must promote in-depth discussions on diversity, including foreign national employees. I also see the need to avoid developing the Group's overseas business as something special. The Group's overseas business should be positioned as just another part of Gunze's overall business and on an equal footing with the Group's domestic operations. I sometimes hear people say that "others are also addressing the issue" or "we must..." in response to concerns surrounding D&I, including the SDGs. I would argue that adopting a positive approach is important efforts and will lead to real benefits.

Kida: When asking whether the organization is fully utilizing the individual capabilities of its diverse human resources in terms of such aspects as gender, age, and nationality, a look at various indicators would suggest the Company has a way to go. One key indicator, the ratio of women in managerial roles, for example, remains low at 5.1%. A look at the Group's endeavors to date and current circumstances clearly indicate that a solution is unlikely to be found overnight. Here, I believe the Company should prepare and thoroughly communicate both internally and externally a roadmap for the next eight years, employing a backcasting method, in order to achieve its VISION 2030 target of a 20% or higher ratio of women in managerial roles. I also believe that women must take the initiative in proposing and

implementing career plans. On a personal note, I would like you to take on the role of generating and disseminating ideas for the success of diverse human resources, not limited to those of one gender or the other.

What qualities do you think are necessary for management executives, and what skills and experience should be refined to achieve these qualities?

Kida: GUNZE has its own distinctive pillars of business, and management executives are made up of people who are well-versed in each of these fields. Looking beyond the confines of an individual business division, I believe it is important for management executives to have the perspective, knowledge, and conceptual ability to create synergies as well as formulate and execute growth strategies for the Group as a whole. With a view toward broadening the pool of management executive candidates, Gunze must provide opportunities to actively participate in internal and external training, workshops, and networking while putting in place an environment in which candidates can gain experience from an early stage, including rotation among business divisions.

Nakai: In order for Gunze to grow dramatically in the future, it is vital that it break free from the status quo and expand its business. To achieve this, management executives must possess the ability to anticipate, nurture, and deliver the next businesses to society. Moreover, while a diverse range of human resources is necessary for the development of an organization, coaching skills are also required to organize and nurture human resources. The ability to grow resides not in the leader, but is an inherent subordinate quality. The key here is to properly uncover this ability, build relationships of trust, and provide a source of encouragement. While these attributes are innate, I believe they can be created through multifaceted learning and experience.

Kujiraoka: The significance of the SDGs lies in the concept of involvement and cooperation. I believe that considerable coordination is required to achieve sustainable growth. Over and above this collaboration, cooperating with unexpected partners from different industries through various means, including business expansion through M&As in certain instances and entering new businesses, as well as interaction with local residents are also of importance. Looking ahead, it is important for future management executive candidates to gain experience by going out and meeting a variety of people and exchanging opinions.



Two outside corporate auditors were newly appointed in fiscal 2023.

Each outside corporate auditor expressed his expectations and aspirations for the Gunze Group.

I am committed to the sustainable development of the Gunze Group.

What do you think are the attributes of a good company?

There are a number of attributes that I believe constitute a good company. These include sound results, outstanding product and service quality, high salary levels, generous returns to shareholders. First and foremost, however, a good company is one in which employees can enjoy and take pride in their work.

There are four states that make people happy: to be loved, praised, useful, and needed. I have heard that at least three of these states can be obtained through work. Playing an active and positive role in a workplace environment where an employee's attributes are valued and employed in a manner that contributes to society as a whole will inevitably fulfill the states of praise, use, and need. In this day and age, prerequisites for a company to engender feelings of joy and pride are robust corporate governance and the trust of society. Chapter 2 of the Corporate Governance Code calls for appropriate collaboration with stakeholders other than shareholders as well as the formulation of a management philosophy to underpin the enhancement of corporate value over the medium to long term together with the implementation of a corporate code of conduct. In this regard, Gunze's corporate principles that underscore a people-oriented approach, a commitment to quality, and harmonious coexistence have remained deeply rooted throughout the Company since its foundation. With this in mind, I am confident that Gunze adheres strictly to the principles of governance. Looking to the future, it is important that the Company tackle the need to pass on this history and its traditions to the next generation.

Immediately after my appointment as an outside corporate auditor, I received a booklet titled Gunze's Motto, which outlines action guidelines for putting the spirit of the Company's founding into practice. With the founding philosophy engraved in my heart, I will do my utmost to contribute to the sustainable development of the Gunze Group.



Koji Funatomi
Outside Corporate Auditor

Mr. Funatomi has ample experience as a tax accountant and professional knowledge regarding finance and accounting, and is expected to appropriately perform his duties independently and from an objective perspective with regard to the Company's financial and accounting position.

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Leveraging my knowledge of the law, I will work to support the Gunze Group.

After reading the Company's Annual Securities Report and Integrated Report 2022, I was impressed by the way GUNZE earnestly confronts difficult management issues while adhering to its management philosophy and traditions since its founding. I am equally impressed by the Company's stance toward corporate governance and compliance, its efforts to address environmental issues, and willingness to change what needs to be changed while preserving those features that continue to serve it so well. Amid the uncertain economic environment, I believe that management will continue to confront difficult conditions for some time to come. In order to achieve VISION 2030, I am convinced that the Company must adapt to changes in the market and environment, while at the same time, maintaining sustainable management.

As an attorney, I have been privileged to work with a wide variety of companies. My role is to provide the Board of Directors with advice on such matters as risk management systems and compliance from a legal perspective. Through these means, I hope to support the Group achieve the sustainable growth set forth in VISION 2030.



Norihito Naka
Outside Corporate Auditor

Mr. Naka has professional knowledge and ample practical experience as an attorney, and is expected to appropriately perform his duties independently and from an objective perspective with regard to the Company's compliance.

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Management Team

(As of June 23, 2023)



Directors and Corporate Auditors

<p>1 Atsushi Hirochi Representative Director, Chairman Date of Birth January 11, 1960 Joined Gunze in 1983. Engaged in all aspects of business at the Apparel Company. After serving as Director, Corporate Officer, and Company President of the Apparel Company as well as General Manager of the Management & Strategy Department, served as President, Representative Director from April 2017 to June 2021. Appointed Chairman and Representative Director, Gunze in June 2021. Shares held: 17,989</p>	<p>2 Toshiyasu Saguchi Representative Director, President and President Corporate Officer Date of Birth November 14, 1961 Joined Gunze in 1984. Engaged in all aspects of business at the Plastic Film Company. After serving as Director, Corporate Officer, and Company President of the Plastic Film Company as well as General Manager of the Management & Strategy Department, appointed Representative Director, President, and President Corporate Officer, GUNZE in June 2021. Shares held: 10,956</p>	<p>3 Hiroe Nakai Outside Director Date of Birth May 20, 1961 Registered as an attorney at the Osaka Bar Association in 1988. Established Hinata Law Office and appointed Representative Attorney in 2011. Appointed an outside auditor at Kansai Paint Co., Ltd. in 2016. Appointed a Director at GUNZE in June 2018. Shares held: 1,300</p>	<p>4 Osamu Kujiraoka Outside Director Date of Birth September 25, 1955 Joined Nikkei Inc. in 1978. After serving as President and CEO, Nikkei Meical Publishing Inc. from 2015, appointed a Director at GUNZE in June 2019. Appointed President, Dakuon Co., Ltd. in 2019. Shares held: 1,000</p>	<p>5 Rie Kida Outside Director Date of Birth May 27, 1969 After serving as Managing Director, RESCO FORMATION Inc. from 2009, appointed Representative Director, Women's Feelings Marketing Laboratory Inc. in 2013. Appointed a Director at GUNZE in June 2020. Shares held: 400</p>	<p>6 Makoto Kumada Director and Managing Corporate Officer Representative Director and President, Gunze Development Co., Ltd Date of Birth July 24, 1961 Joined Gunze in 1984. Involved in all aspects of accounting and administration. Appointed Director, Corporate Officer and General Manager of the Finance & Accounting Department in June 2017. Appointed Director, Managing Corporate Officer, and President and Representative Director, Gunze Development Co., Ltd. in April 2023. Shares held: 5,465</p>	<p>7 Katsuhiko Oikawa Director and Corporate Officer General Manager, Research & Development Department Date of Birth April 12, 1963 Joined Gunze in 1986. Involved in all aspects of business segment, headquarters, and R&D operations. Appointed Director, Corporate Officer, General Manager of the Research & Development Department in June 2016. Shares held: 4,948</p>	<p>8 Ryoji Kawanishi Director and Corporate Officer President, Apparel Company Date of Birth December 7, 1962 Joined Gunze in 1986. Involved in all aspects of accounting and administration. Appointed Director, Corporate Officer, and Company President of the Apparel Company in June 2021. Shares held: 2,539</p>
<p>9 Hirokazu Sawada Director and Corporate Officer General Manager, Finance & Accounting Department Date of Birth March 11, 1965 Joined Gunze in 1988. Involved in all aspects of administration. After serving as Corporate Officer, Deputy President of the Plastic Film Company, appointed Director, Corporate Officer, and General Manager of the Finance & Accounting Department in June 2023. Shares held: 1,379</p>	<p>10 Tomio Suzuki Standing Corporate Auditor Date of Birth March 20, 1964 Joined Gunze in 1986. Involved in all aspects of accounting and administration. After serving as Corporate Officer, General Manager Personnel & General Affairs Department, appointed Corporate Auditor, GUNZE in June 2021. Shares held: 1,918</p>	<p>11 Koji Funatomi Outside Corporate Auditor Date of Birth March 29, 1961 Joined Japan's National Tax Agency in 1983. Appointed Outside Corporate Auditor, J.S.B. Co., Ltd. in 2022. Appointed Chief Audit Commissioner, Izumi City in 2022. Appointed Corporate Auditor, GUNZE in June 2023. Shares held: --</p>	<p>12 Norihito Naka Outside Corporate Auditor Date of Birth September 11, 1961 Registered as an attorney at the Osaka Bar Association in 1991. Appointed Outside Corporate Auditor, NOAH Company Limited in 2010. Joined Kaneko, Naka & Morimoto Law Firm in 2023, appointed Representative Attorney. Appointed Corporate Auditor, GUNZE in June 2023. Shares held: --</p>	<p>13 Shinichiro Morita Corporate Auditor Date of Birth June 13, 1957 Joined Gunze in 1988. Appointed Corporate Officer, General Manager Medical Division in April 2013. Appointed Corporate Auditor in June 2021. Appointed Outside Auditor, NITOSEIKO CO., LTD. in 2023. Shares held: 3,996</p>			

Managing Corporate Officers

Katsuhiko Kimura
General Manager, Engineering
Plastics Division

Takahiro Oka
General Manager, Corporate
Strategy Department

Corporate Officers

Nobuya Oka
General Manager, Threads
& Accessories Division

Kazunari Saho
General Manager,
Mechatronics Division

Tomohisa Okuda
General Manager, Technology &
Development Department

Hiroko Yoshika
General Manager, Intellectual Property
• Legal Department

Yuji Hanaoka
President, Plastic Film Company

Shojiro Matsuda
General Manager, Medical Division

Makoto Ogura
General Manager, Personnel &
General Affairs Dept.