

Outside Executive Roundtable Discussion

Sustainable Increase of Gunze Group's Corporate Value



Koji Funatomi
Outside Corporate
Auditor

Osamu Kujiraoka
Outside Director

Hiroe Nakai
Outside Director

Rie Kida
Outside Director

Norihito Naka
Outside Corporate
Auditor

The stock is gradually improving toward a P/B ratio of above 1x amid calls for the Company to redouble its efforts to engage in management focused on the cost of capital and the share price. Despite these calls, the share price remains at an inadequate level. Please provide your recommendations on what should be addressed in the future and issues that need to be tackled.

Nakai: Gunze has remained in operation for many years thanks to its solid management, and current sound financial standing. Solid financials are extremely important because they ensure that the Company can weather unexpected events such as COVID-19. However, concerns have been raised regarding the issue of Gunze's profitability. Management is working to improve profitability and eliminate loss-making divisions, but there are still some areas that continue to confront issues. At Board of Directors meetings, outside Directors consistently make recommendations on the future outlook and on how to deal with divisions that are facing profitability issues. I do not expect significant improvements in capital efficiency by simply following an expansion strategy that is an extension of current operations. Accordingly, we are engaging in discussions to explore business expansion through M&A, both in Japan and overseas, in each business field. For business expansion, we need to discuss not only where current operations are weak but also further globalization.

Kida: I believe that we should continue to make bold investments in the medical business, which is driving growth, and in the engineering plastics field, which contributes significantly to profits. At the same time, improving apparel and lifestyle creations-related profitability is an urgent issue, and given how fast the market changes, there is no time to spare. Without being bound by the past, we should once again clarify the future vision for the business in the context of Gunze's overall growth strategy, while strongly pursuing streamlining, transformation, and restructuring to achieve this vision. In order to ensure a high level of profit for Gunze going forward, beyond introducing unique products with high barriers to entry and strengthening brand power, the Company must keep abreast of the rapidly changing business conditions and continuously focus on optimizing its business portfolio. In addition to divisions that create new technology and value not currently found in the world, I believe that the role of divisions tasked with formulating strategies based on Gunze's overall outlook should be strengthened even more than before.

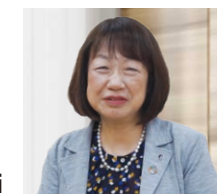
Currently, we are engaging in restructuring and growth investments. What are your views on the remaining challenges?

Kida: It looks like Gunze is finally taking the axe to businesses for which drastic overhauls to improve profitability have been unsuccessful, namely selling off electronic components operations and closing some sports clubs. Going forward, I hope that the knowledge and expertise gained through these reform efforts will be used to accelerate restructuring. In addition, the apparel business underwent major structural reforms, including closing a factory in China to consolidate production facilities and realigning the organization to a cross-industry sales system. As a result, the Company got off to a good start by making a positive turnaround from a loss to a profit at the operating line in FY2023. Going forward, however, there are several issues that must be addressed to further improve profitability and point the Gunze Value Added (GVA) indicator toward profitability, which include strengthening the shift to D2C, solving logistics issues, addressing the yen's depreciation, and coping with the population decline in Japan. I realize that changing the status quo for long-standing business operations is no easy task, but I hope that the Company will continue to pursue drastic reforms with strong determination.

Kujiraoka: In 1983, Nikkei Business advocated a theory about 30-year corporate lifespans, and even today, it goes without saying that constant management effort and ingenuity are necessary for a company to sustainably grow and survive. Over its 128-year history, Gunze has been involved in many reforms and the creation of new businesses, developing from its beginnings in the yarn manufacturing industry to its current operations. In other words, Gunze has inherited this DNA of taking on the challenge of pursuing various reforms and business creation. In the past year or two, beyond restructuring problem businesses, Gunze has been strengthening investment in growth areas like the medical business. In addition, the Company has actively engaged in discussions on financial indicators such as the P/B ratio and ROE, as well as business-specific GVA management. I would like to see the Company place priority on initiatives

aimed at improved profitability and profit growth by increasing added value through more aggressive and decisive investment in growth businesses, while focusing on rapid action going forward. In addition, it is important to communicate corporate activities, including investor relations, and conduct public relations activities to increase name recognition. Gunze made the Medical Division a business segment starting in 2023, and I think this is an excellent decision since it clearly positions it as a growth driver. Gunze's key medical devices are based on product development that leverages its experience and knowledge of thread and plastic technologies, and are fully in line with its basic policy of providing "people-focused products and services" and "products and services that help improve people's quality of life." I would like to see Gunze further solidify its competitive advantage mainly in bioabsorbable products and aim to capture an overwhelming market share. I recently visited the construction site of a new medical plant in Ayabe City, which is fairly close to central Kyoto, taking just one hour by express train from Kyoto Station. I am looking forward to seeing the products and production system come to life in this new facility. Conditions at this facility look conducive for work and for fostering relations with universities, research institutes, and medical institutions.

Nakai: In the attention-grabbing field of engineering plastics, Gunze has been providing various products that meet the needs of companies in various fields through its advanced technological capabilities. Recently, the Company has redoubled its efforts by developing various applications with new companies. Last year, Gunze constructed an office building at the main plant, Konan Plant (Konan City, Aichi Prefecture) and plans to expand this facility going forward. In addition to a stable supply of products, I expect Gunze to expand the engineering plastics field by establishing new core products through technological improvements that cannot be duplicated by rivals.



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.



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.



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 B2C business and in women's empowerment.

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The Medium-term Management Plan VISION 2030 stage1 will end in FY2024. How do you evaluate the efforts of each business division?

Nakai: One of the Company's pivotal strategies, the "creation of new value," and the Circular Factory™ (Moriyama Plant in Shiga Prefecture) in the plastics field is worth mentioning. Many people have visited this facility so far, and I hear that orders from clients are gradually increasing. Amid growing criticism of plastic products, the Company is increasing sales through this eco-friendly, resource-recycling facility. In the apparel business, Gunze is strengthening its e-commerce channel and launching new products and brands, while also working to restructure the production division. In the medical business, Gunze has launched products poised to boost sales later on like adhesion barrier materials and is working to expand sales channels, especially overseas. All of the activities of the medical business are a work in progress, but the Company is moving in the right direction, and these efforts

are meaningful for new value creation.

Kujiraoka: Under VISION 2030 stage1, Gunze has been tremendously successful in transforming its business portfolio and reforming its business structure by strategically allocating management resources. In fact, I visited the construction site of the new medical plant and laboratory in Ayabe, the Circular Factory™ in Moriyama, and the new engineering plastic plant in Konan, all of which look promising for Gunze's future development.

Business restructuring is evaluated based on the results of Gunze's bold efforts. I believe that reforms should continue with the aim of achieving a robust corporate structure in the future. Unfortunately, Gunze has not achieved its targeted Companywide GVA indicator for profitability, but its planning and activities to realize this numerical target are worth noting.

Gunze is promoting human capital initiatives and eco-friendly management as part of "sustainable management" to realize both social and economic benefits. How do you view the current situation?

Kida: Gunze's human resources management guidelines are based on the three pillars: diversity, independence, and performance. Although it is difficult to visualize its progress and achievement, one prominent indicator is the promotion of women's activities. Gunze has a high ratio of female employees (34%) among Japanese manufacturers, and women have accounted for about half of all new graduates hired in recent years. On the other hand, it has a low percentage of female executives at 13.6% and female managers at 7.0%, with both below the domestic manufacturing industry average. It is clear from these figures that the Company faces challenges regarding how to train and promote the success of diverse human resources once they are hired. Gunze cannot move forward if it just adheres to conventional organizational practices, values, and methods that used to be efficient and correct. Beyond measures such as childcare support systems, unconscious bias training, and the Gunze Leadership School for Ladies (GLSL), a framework for training and support, uninterrupted from the recruitment phase to the appointment as

managers or officers, is necessary. The Company is expected to go one step further and identify issues for each hierarchical level and business division and push for strategic measures based on specific goal-setting and roadmaps. I also think that the process reforms currently promoted through changes in work styles and active use of digital technology are essential to realizing these goals.

Nakai: As far as eco-friendliness is concerned, the FY2023 targets for both the CO₂ emissions reduction rate and the energy intensity reduction rate have been achieved, and I expect the Company to continue its efforts to achieve the FY2030 CO₂ emissions reduction rate target of 35% or more. I am very impressed by resource recycling through the aforementioned Circular Factory™ in terms of eco-friendliness. In the spirit of its founding, Gunze's motto is to coexist in harmony with the local community, so I believe it must continue to engage in advanced environmental initiatives.

Kujiraoka: Gunze's core business is in the plastics field, so eco-friendly management is an important theme that should be addressed with the idea of creating value rather than out of obligation. The tours of each factory gave me a sense of the Company's latest environmental initiatives, but the Circular

Factory™ in particular as a symbolic facility for Gunze, provides an opportunity for not only business partners but also local residents and others to broadly experience Gunze and become fans of the Company. These initiatives will likely increase Gunze's corporate value.

What are some of the issues that you have found in auditing the Gunze Group? Moreover, what are your impressions of the content of discussions at the Board of Directors meetings?

Funatomi: While inheriting the spirit of its founding, Gunze has evolved by developing various businesses that reflect changing times. The Company currently has four business segments, and while this wide-ranging business expansion is a great strength, I believe it can also be a weakness. In light of severe socioeconomic conditions in recent years, maintaining brisk operations in each business is difficult, and developing each business requires a high level of expertise from employees. It is important to further promote streamlining and continue to aim to be a company that is needed by society. The Board of Directors discusses business restructuring in a timely manner and listens to the opinions of outside Directors with a flexible attitude, which conveys management's sincere desire to improve Gunze.

Naka: I have been auditing Gunze for a year and believe that the systems and mechanisms for governance and compliance are functioning well.

After receiving explanations on each business, visiting the sites, and participating in Board of Director meetings, I confirmed that all executives and employees are working strategically and diligently to achieve VISION 2030 stage1. At the Board of Directors meetings, there is no significant divergence in views on management approach between internal and outside Directors, and many of the points raised and opinions expressed by outside Directors are reflected in management. I think Gunze is currently managed in a very stable manner but believe that the challenge lies in improving profitability.

What measures are most necessary for the Gunze Group to grow going forward?

Naka: Advanced efforts have already been made in the functional solutions and medical businesses, and they are beginning to contribute to the further increase of profitability. However, breaking through the profitability barrier will require improving the earning power of the apparel business, which accounts for 45% of sales and encompasses half of the Company's human resources. Although Gunze has made progress in streamlining production by consolidating factories, I think it needs to strengthen sales in order to further increase revenue.

Especially in innerwear, Gunze products feature high quality that is unparalleled. It will likely take some time to see results from strengthening sales capabilities, including product development capabilities, but I would like to see Gunze continue to focus its efforts on this area. However, I personally feel that there are too many brands and products. It is necessary to revamp brands and products, separate the brands handled by traditional sales channels such as mass retailers and direct sales channels like e-commerce sites, and increase investment to strengthen e-commerce sites.

Funatomi: After all, it is human resources that support corporate growth, so I believe that every effort should be made to hire and train human resources. In VISION 2030 stage1, Gunze's human capital strategy is "Evolution of Our Corporate Constitution," aiming to become a healthy and visionary company chosen by customers. Of course, it is also necessary to respond to the needs of employees by providing better work conditions and proactive support for career development. As employment becomes increasingly fluid, however, I believe that in order for Gunze to be a visionary company for its employees, employees and the Company must mutually understand each other, as well as for employees to feel satisfied working at Gunze. If employees feel that they are contributing to society through their work, it will help increase their motivation. It is important for the Company to more actively communicate the purpose and significance of its work to its employees. When I visit business sites for audits, I listen to employees' opinions and try to convey the excellence of Gunze as seen from the eyes of an outside Director.

Koji Funatomi
Outside Corporate Auditor

Serving as an outside Corporate Auditor since 2023, Mr. Funatomi has abundant experience as a certified tax accountant and expertise in finance and accounting, and appropriately audits the management of the Gunze Group from an objective perspective regarding the soundness of financial accounting.



Norihito Naka
Outside Corporate Auditor

Serving as an outside Corporate Auditor since 2023, Mr. Naka has professional knowledge and abundant practical experience as a lawyer, and appropriately conducts audits of the Gunze Group's management from an objective perspective based on compliance.



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Corporate Governance

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 each stakeholder and strengthen and upgrade our internal control functions as a way to enhance our corporate governance.

Initiatives to Enhance Corporate Governance

To accelerate business decisions and to strengthen the management supervision function, the Gunze Group introduced a corporate officer system and reduced the number of Directors in FY2005. Having clarified the management responsibilities of Directors, we 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 FY2019 as an advisory committee to the Board of Directors, comprises 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 2021.

[Gunze Corporate Governance Guidelines](https://www.gunze.co.jp/english/ir/policy/governance/)

<https://www.gunze.co.jp/english/ir/policy/governance/>

History of Governance Enhancements

Initiative Details	
FY2005	Introduced a corporate officer system and reduced the number of Directors
FY2006	Reduced the term of office for Directors from two years to one year
	Began appointing outside Directors and female Directors
FY2015	Formulated the Gunze Corporate Governance Guidelines
FY2018	Moved to a structure with two female Directors
FY2019	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
FY2021	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 comprises four Corporate Auditors, two of whom are outside Corporate Auditors (as of June 25, 2024). 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 comprises 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 13 corporate officers, including six who also serve as Directors. To clarify management responsibilities and to establish a management framework that can respond more quickly to changes in the business environment, the term of office for Directors and corporate officers is set at one year.

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 FY2023), 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 17 times in FY2023). 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 body to the Board of Directors. Comprising one Representative Director and three outside Directors, and chaired by an outside Director, this

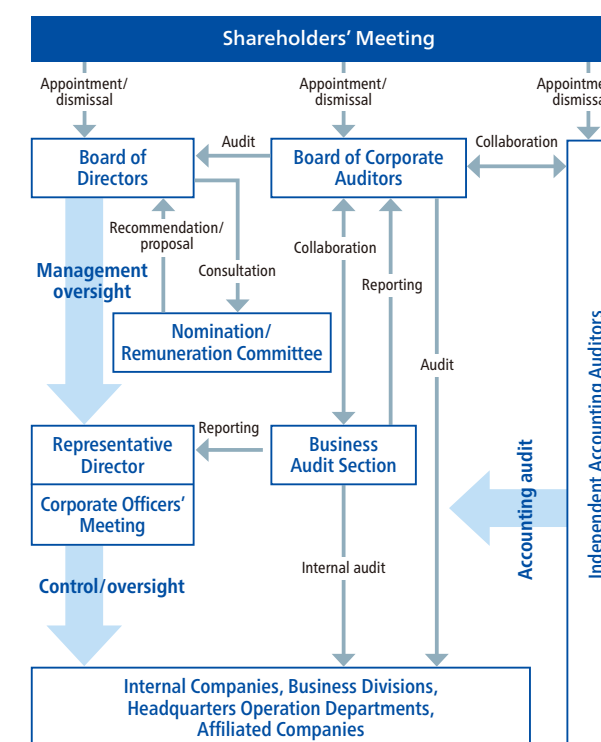
Committee serves to strengthen fairness and objectivity in the nomination of candidates for Director and Corporate Auditor, appointing senior management, and determining compensation for Directors. In addition to deliberating remuneration content, amounts, and composition ratio by type as well as related regulations and proposing them to the Board of Directors, the Nomination/Remuneration Committee discusses the detailed handling of payments.

Internal Systems Concerning Timely Disclosure of Corporate Information

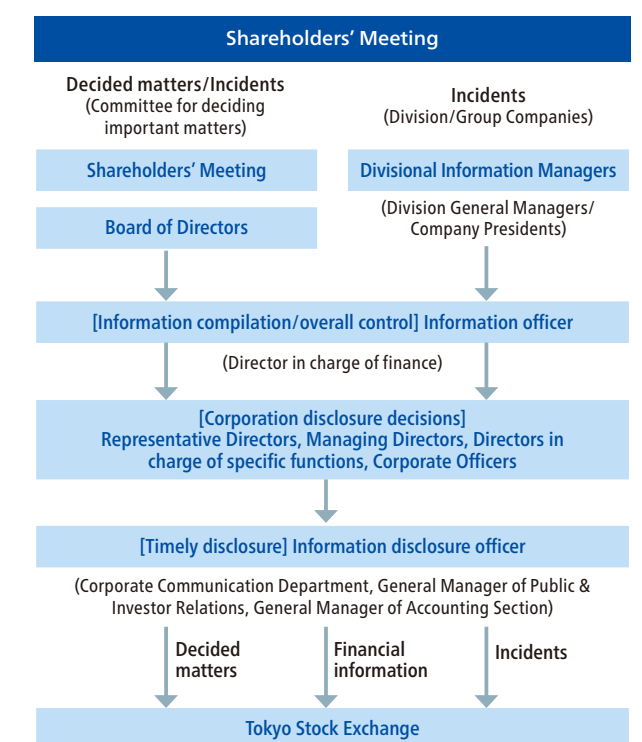
Important facts decided or occurring in each division are centrally collected by the Information Officer without delay. With regard to "decided matters" and "financial information," the Information Officer discusses the need for disclosure with the relevant parties and then discloses them at the time a resolution is made by the body that actually decides on the execution of the Company's operations, such as a General Meeting of Shareholders or by resolution of the Board of Directors. With regard to "incidents," the Information Officer promptly discusses them with management, including the top management, as soon as he or she becomes aware of their occurrence and puts in place a system for their timely and appropriate disclosure.

In the case of important company information, the disclosure of which has been decided, the information officer will immediately issue instructions to the information disclosure officer, who will process disclosures in a timely and appropriate manner in accordance with the Timely Disclosure Rules and the Guidebook for the Timely Disclosure of Corporate Information.

Corporate Governance Structure



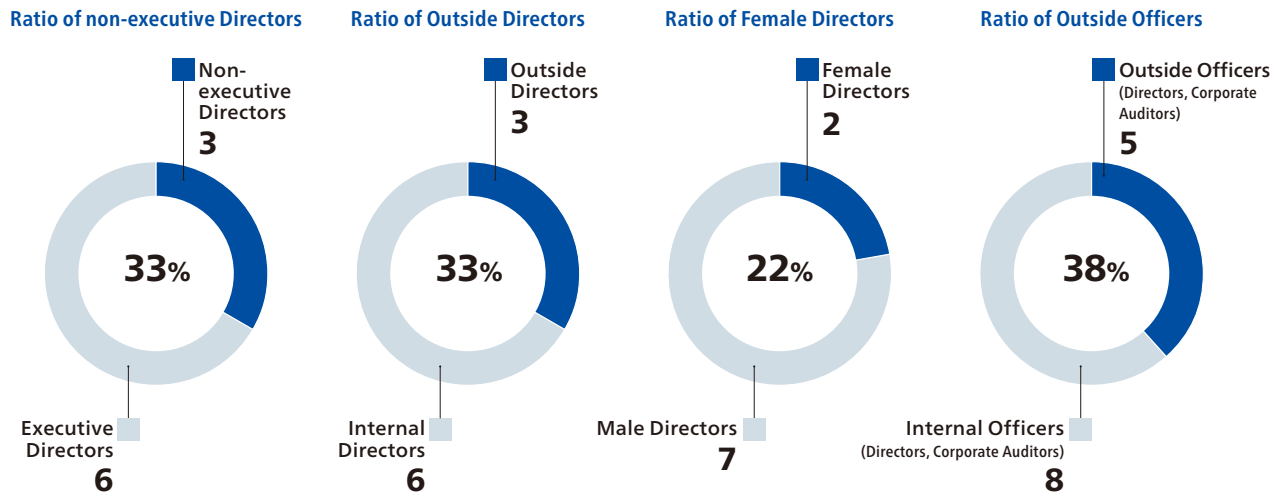
Timely Disclosure Structure



FY2023 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	29	56	100%	98%
Board of Corporate Auditors	15	22	25	100%	97%
Corporate Officers’ Meeting	17	66	(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 executive	Outside executive	Main specialty areas				
					Management in each area of business	Management experience at other companies	Finance/accounting	Production technology/R&D	Sales/marketing	Legal	Internationality
Director	Male	Toshiyasu Saguchi Representative Director & President	10 years [62]	○	○				○		
	Independent Female	Hiroe Nakai Outside Director	6 years [63]	○ (Chair)						○	
	Independent Male	Osamu Kujiraoka Outside Director	5 years [68]	○		○			○		
	Independent Female	Rie Kida Outside Director	4 years [55]	○		○			○		
	Male	Makoto Kumada Director	7 years [62]		○		○				
	Male	Ryoji Kawanishi Director	3 years [61]		○		○				○
	Male	Hirokazu Sawada Director	1 year [59]				○				
	Male	Takahiro Oka Director	— [61]		○				○		○
	Male	Tomohisa Okuda Director	— [59]					○			○
Corporate Auditor	Male	Tomio Suzuki Standing Corporate Auditor	3 years [60]				○				○
	Independent Male	Koji Funatomi Outside Corporate Auditor	1 year [63]				○				
	Independent Male	Norihito Naka Outside Corporate Auditor	1 year [62]							○	
	Male	Shinichiro Morita Corporate Auditor	3 years [67]		○			○			

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

(As of June 25, 2024)

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. When deciding on candidates for Directors, we will take into consideration diversity, including gender and internationality, so that they will be able to make appropriate and prompt decisions regarding Gunze Group business activities in light of our management strategies. At the same time, our basic policy is to 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,

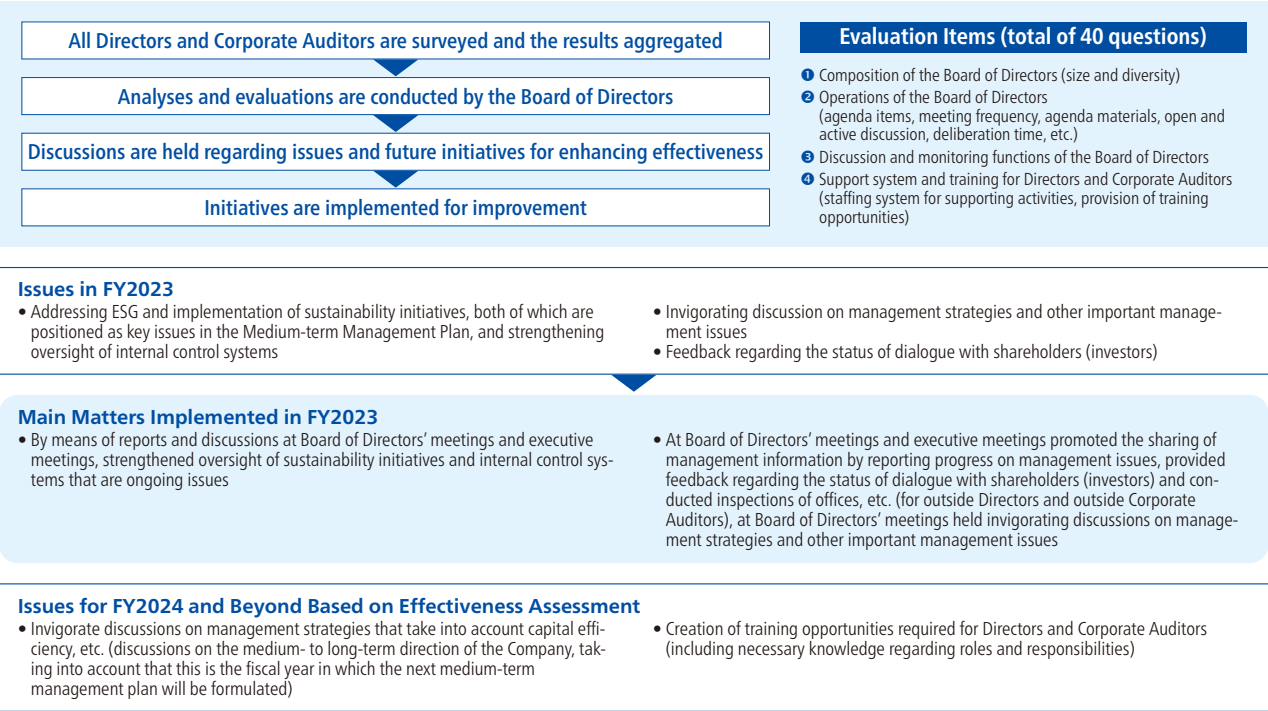
sales and marketing, legal affairs, and human resources. We also appoint multiple outside Directors who have management experience at other companies or specialized knowledge and experience outside the Company and can provide proactive advice and suggestions from a fair and objective standpoint, thereby constituting a well-balanced Board of Directors. In addition, the basic policy for Audit & Supervisory Board candidates is to be individuals of excellent character with insight, ability, and abundant experience, as well as high ethical standards, and at least one Audit & Supervisory Board member must possess appropriate knowledge regarding finance and accounting. The Audit & Supervisory Board must be composed of individuals who can present fair opinions from expert perspectives and independent standpoints.

Assessment of Board of Directors’ Effectiveness

At the Gunze Group, all Directors and Corporate Auditors conduct an annual assessment on the effectiveness of the Board of Directors as well as their own performance as Company officers and submit their results to the Board of Directors. Based on the aggregate results, the Board of Directors analyzes and evaluates its overall effectiveness. Since FY2019, the Board of Directors has been conducting self-evaluations and analyses with advice from an 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. In March 2024, 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 report and advice from the external organization on the aggregate results, an evaluation and discussion were conducted at the annual meeting of the Board of Directors held in May 2024. As a result, generally positive evaluations were obtained in terms of composition, operations, agenda items, execution of individual roles, and mutual supervision, among others. Taking into consideration the changes in the evaluation results following the 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.

Analysis and Evaluation Process



Board of Directors’ Deliberations

In addition to matters stipulated by laws, regulations, and the Articles of Incorporation, quarterly settlements, the next fiscal year’s policies, operating budgets, and other individual matters are discussed as important business matters, and reports and information from each executive division are shared in a timely and appropriate manner. For each proposal and report, outside Directors and others proactively ask questions, raise issues, and hold discussions from a variety of perspectives, including checking the progress toward realizing the Medium-term Management Plan

VISION 2030 stage1. In FY2023, discussions were held and proposals, reports, and decisions made on a number of items, including the creation of an independent segment for the medical business as a growth business, the construction of a new (third) factory, the expansion of R&D facilities, the expansion of the main factory in the engineering plastics field, the establishment of new companies in the apparel business (Ballelite Co., Ltd. and SEESAY Co., Ltd.), and structural reforms in the electronic components field, mechatronics field, apparel business, and sports club field.

Main Activities of Corporate Auditors

The main activities of the Audit & Supervisory Board members are as follows. The main activities carried out by the full-time and part-time Audit & Supervisory Board members are marked with a ● or ○.

Activities	Number of times, etc.	Job assignments		
		Full-time	External part-time	Part-time
Attendance, expressing of opinions at Board of Directors’ meetings	13 times	●	●	●
Attendance, exchanging of opinions at meetings of outside Directors (reporting sessions on initiatives from head office and business divisions)	9 times	●	●	●
Attendance, expressing of opinions at other important meetings (Executive Committee meetings, budget meetings, business group head meetings, risk management and other committee meetings)	39 times	●		○
Viewing, verification of important documents (approval documents, such as requests for approval, important contracts)	As needed	●		○
Individual meetings and exchanging of opinions with Directors (including one exchange of opinions with outside Directors)	17 times	●	○	○
Individual interviews with corporate officers and senior employees, hearings on business execution status, and exchanges of opinions	73 times	●	○	○
Visits to and surveys of major offices and affiliated companies	26 entities	●	○	○
Attending inventory inspections at major business sites and affiliated companies	3 entities	●		●
Surveys, monitoring and verification of internal control system and its operational status (based on above activities)	Checklist collection	●	○	○
Cooperation with subsidiary auditors (Group auditors’ liaison meetings, individual communications)	Liaison meetings two times	●	○	●
Cooperation with internal audit divisions (meetings to confirm audit plans, receive regular reports, etc.)	9 times	●	○	●
Cooperation with independent accounting auditors (meetings relating to audits and reviews, etc.)	12 times	●	○	○

●: Responsibility
○: Partial responsibility

Director and Corporate Auditor Training

Immediately after taking up 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 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. To fulfill their respective roles, the Directors and Corporate Auditors are required to proactively collect information regarding 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 the Company as claimed.

Succession Plan

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. The Board of Directors shares this

president succession plan among all members of the Board, periodically confirms 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

1. Performance-linked bonuses

Bonuses are paid to Directors as performance-linked bonuses at a fixed time each year. The performance indicator selected as the basis for calculating the performance-linked bonuses is the Gunze Value Added (GVA) value for each fiscal year. The reason for selecting this performance indicator is that it is linked to the Gunze Group’s business performance and shareholder interests, and we determined that it is the most appropriate indicator for raising awareness of improving business performance each fiscal year. The amount of the performance-linked bonus is calculated by multiplying each individual executive’s monthly remuneration by the executive bonus coefficient established for each position and the performance-linked coefficient corresponding to the increase/decrease in GVA relative to performance forecasts. The actual GVA for the fiscal year under review was a deficit of 1.6 billion yen (a deficit of 2.3 billion yen in the previous fiscal year).

2. Performance-linked stock compensation

To raise awareness of the need to improve corporate value over the medium to long term, Directors (excluding outside

Directors) are paid restricted stock at a fixed time each year as performance-linked stock compensation. The performance indicators selected as the basis for calculating the amount of performance-linked stock remuneration are a relative evaluation of Total Shareholders Return and TOPIX for each fiscal year, as well as an evaluation based on the degree of achievement of the Companywide CO2 emissions reduction target. The reason for selecting this performance indicator is that it was adjudged to be the most appropriate indicator for further promoting the sharing of shareholder value with shareholders, raising awareness of contributions to improving the corporate value of the Gunze Group, and for promoting business activities that reduce the environmental burden. The amount of performance-linked stock compensation is calculated by multiplying the monthly compensation amount of each executive officer by a coefficient (fixed portion and variable portion) determined for each position. The variable portion is calculated by multiplying the performance-linked coefficient according to the relative evaluation of TSR and TOPIX and the degree of achievement of the Companywide CO2 emissions reduction target.

KPI of the Executive Remuneration System

Remuneration type	KPI (performance indicators)
Bonus	● Reflect the GVA for each fiscal year
Stock compensation	● 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

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 bonuses	Performance-linked stock compensation	
Directors (excluding outside Directors)	185	100	42	43	6
Corporate Auditors (excluding outside Corporate Auditors)	24	24	—	—	2
Outside Directors	21	21	—	—	3
Outside Corporate Auditors	14	14	—	—	4

(Note) The number of eligible officers includes two outside Corporate Auditors who retired at the conclusion of the Ordinary General Meeting of Shareholders held in June 2023.

Message from Chairperson of Nomination/Remuneration Committee

Toward “Creating an Organizational Culture in which Diverse Human Resources Can Thrive”

Gunze has set the “evolution of a corporate culture” as one of the strategies for its 2030 vision and cited “creating an organizational culture in which diverse human resources can thrive” as a specific strategy. The Nomination and Remuneration Committee likewise intends to work to evolve the corporate culture with the ultimate goal of “creating an organizational culture in which diverse human resources can thrive.” With regard to compensation, firstly, we aim to provide strong motivation to achieve Gunze’s goals, primarily through a performance-linked system, and secondly, to strengthen our competitiveness by examining and verifying that the compensation system is clear and fair. In preparation for the 2024 Ordinary General Meeting of Shareholders, we deliberated on issues such as “the number and structure of Directors, and human resource requirements based on a skills matrix” and selected Director candidates (including new appointees) with the necessary experience and skills from among those on nominator lists. Following the passing of a resolution at the Ordinary General Meeting of Shareholders, the Board of Directors has been restructured, and with this new lineup I am expecting us to be able to solidify our structure for the next medium-term management plan and to increase the effectiveness of our management, allowing us to move on to the next step. With this new structure in place, the Chairman and Representative Director has stepped down from his position, but he has been appointed as an Advisor to continue his external affairs, including as the representative of external organizations. I am also expecting our advisors to use their experience and knowledge to provide advice with regard to Company management-related decisions.



Hiroe Nakai
Outside Director
Chairperson of Nomination/Remuneration Committee
▶ Career details P.66-67 → Management Team

Management Team

(As of June 25, 2024)

Directors and Corporate Auditors

● Number of Shares of the Company Owned ● Attendance at meetings of the Board of Directors*2
● Attendance at meetings of the Board of Corporate Auditors*1



Toshiyasu Saguchi

Representative Director,
President and President
Corporate Officer

● 14,736
● 13/13 (100%)

Date of Birth November 14, 1961
Mar. 1984 Joined "GUNZE"
Jun. 2014 Director, Corporate Officer, and Company President of Plastic Film Company, GUNZE
Apr. 2017 Managing Director, Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE
Jun. 2018 Representative Director, Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE
Feb. 2019 Member, Nomination/Remuneration Committee, GUNZE (to present)
Jun. 2020 Representative Director, Senior Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE
Jun. 2021 Representative Director, President, and President Corporate Officer, GUNZE (to present)



Hiroe Nakai

Outside Director

● 1,500
● 13/13 (100%)

Date of Birth May 20, 1961
Apr. 1988 Registered as an attorney (at Osaka Bar Association)
Apr. 1995 Established "Inoue and Nakai Law Office"
Sep. 2011 Established "Hinata Law Office"
Jun. 2013 Outside Auditor, Endo Lighting Corp.
Aug. 2016 Outside Auditor, Kansai Paint Co., Ltd.
Jun. 2018 Director, GUNZE (to present)
Feb. 2019 Member (Chair), Nomination/Remuneration Committee, GUNZE (to present)
Jun. 2023 Outside Auditor, Kansai Paint Co., Ltd. (to present)



Osamu Kujiraoka

Outside Director

● 1,300
● 13/13 (100%)

Date of Birth September 25, 1955
Apr. 1978 Joined Nikkei Inc.
Mar. 1988 Seconded to Nikkei McGraw-Hill, Inc. (presently, Nikkei Business Publications, Inc.)
Mar. 2003 Executive Officer and Chief of Operations, Nikkei McGraw-Hill, Inc.
Jan. 2006 Officer and Chief of Medical Affairs, Nikkei McGraw-Hill, Inc. and President and CEO, Nikkei Medical Publishing, Inc.
Mar. 2009 Executive Officer, Nikkei McGraw-Hill Inc., President and CEO, Nikkei Business Publications America, Inc. and Nikkei Business Publications Europe, Ltd.
Feb. 2015 President and CEO, Nikkei Medical Publishing, Inc.
Jun. 2019 Director and Member, Nomination/Remuneration Committee, GUNZE (to present)
Oct. 2019 President, Dakuon Co., Ltd. (to present)



Tomio Suzuki

Standing Corporate Auditor

● 2,218
● 13/13 (100%)
● 15/15 (100%)

Date of Birth March 20, 1964
Apr. 1986 Joined "GUNZE"
Apr. 2016 Manager of Human Resources Development Section, Personnel & General Affairs Department, GUNZE
Apr. 2019 General Manager of Personnel & General Affairs Department and Manager of Human Resources Development Section, GUNZE
Jun. 2019 General Manager of Personnel & General Affairs Department, GUNZE
Apr. 2020 Corporate Officer and General Manager of Personnel & General Affairs Department, GUNZE (to present)
Jun. 2021 Corporate Auditor, Gunze (to present)



Koji Funatomi

Outside Corporate Auditor

● 100
● 9/9 (100%) *2
● 10/10 (100%) *2

Date of Birth March 29, 1961
Apr. 1983 Joined National Tax Agency
Jul. 2012 District Director, Tanabe Tax Office
Jul. 2020 Manager of Second Taxation Department, Osaka Regional Taxation Bureau
Aug. 2021 Registered as tax accountant and established Koji Funatomi Tax Accountant Office
Jan. 2022 Outside Corporate Auditor, J.S.B. Co., Ltd. (to present)
Oct. 2022 Chief Audit Commissioner, Izumi City (to present)
Jun. 2023 Corporate Auditor, Gunze (to present)



Norihito Naka

Outside Corporate Auditor

● 300
● 9/9 (100%) *2
● 10/10 (100%) *2

Date of Birth September 11, 1961
Apr. 1991 Registered as an attorney (at Osaka Bar Association)
Apr. 1998 Established "Kaneko & Naka Law Office"
Sep. 2010 Outside Corporate Auditor, NOAH Company Limited
Jan. 2023 Representative Attorney, Kaneko, Naka & Morimoto Law Firm (to present)
Jun. 2023 Corporate Auditor, Gunze (to present)



Rie Kida

Outside Director

● 600
● 13/13 (100%)

Date of Birth May 27, 1969
Apr. 1989 Joined Luis Jitan Company
Apr. 1991 Joined RESCO FORMATION Inc.
Oct. 2000 Joined IDEI CREATIVE AGENCY
Apr. 2003 Joined HERSTORY CO., LTD.
Nov. 2009 Managing Director, RESCO FORMATION Inc.
Aug. 2010 Organized Woman's Feelings Marketing Laboratory within RESCO FORMATION Inc. and appointed Chief
Apr. 2013 Established Woman's Feelings Marketing Laboratory Inc. Representative Director, Woman's Feelings Marketing Laboratory Inc. (to present)
Jun. 2020 Director and Member, Nomination/Remuneration Committee, GUNZE (to present)
May 2024 Outside Director, OKUWA Co., Ltd. (to present)



Makoto Kumada

Director and Managing
Corporate Officer
Representative Director
and President, Gunze
Development Co., Ltd

● 7,075
● 13/13 (100%)

Date of Birth July 24, 1961
Mar. 1984 Joined "GUNZE"
Apr. 2017 Corporate Officer and General Manager of Finance & Accounting Department, GUNZE
Jun. 2017 Director, Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE
Apr. 2022 Director, Managing Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE
Apr. 2023 Director, Managing Corporate Officer, and President and Representative Director, Gunze Development Co., Ltd. (to present)



Takahiro Oka

Director and Managing
Corporate Officer
General Manager,
Corporate Strategy
Department

● 4,118
● —

Date of Birth April 14, 1963
Apr. 1987 Joined "GUNZE"
May 2012 General Manager of Sales Administrative Department, Plastic Film Company, GUNZE
Apr. 2017 Corporate Officer and Company President of Plastic Film Company, GUNZE
Apr. 2022 Managing Corporate Officer and General Manager of Management & Strategy Department, GUNZE (to present)



Shinichiro Morita

Corporate Auditor

● 3,996
● 13/13 (100%)
● 15/15 (100%)

Date of Birth June 13, 1957
Sep. 1988 Joined "GUNZE"
Apr. 2013 Corporate Officer and General Manager of Medical Division, GUNZE
Apr. 2018 Corporate Officer, General Manager of Medical Division and General Manager of QOL Research Center, GUNZE (to present)
Jun. 2023 Corporate Auditor, Gunze (to present)
Mar. 2023 Outside Auditor, NITOSEIKO CO., LTD. (to present)

*1 Attendance at meetings of the Board of Directors and Board of Corporate Auditors during the fiscal year ended March 31, 2024.

*2 Attendance at meetings of the Board of Directors and Board of Corporate Auditors by Hirokazu Sawada, Koji Funatomi, and Norihito Naka are after assuming office on June 23, 2023.

Managing Corporate Officer

Katsuhiko Kimura

General Manager, Engineering Plastics Division

Corporate Officers

Kazunari Saho

General Manager, Mechatronics Division

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.

Junko Nakashima

Corporate Communications



Ryoji Kawanishi

Director and Corporate
Officer
President, Apparel
Company

● 3,609
● 13/13 (100%)

Date of Birth December 7, 1962
Apr. 1986 Joined "GUNZE"
Apr. 2020 Corporate Officer and General Manager of Management Administrative Department, Apparel Company, GUNZE
Apr. 2021 Corporate Officer, Company President of Apparel Company, and General Manager of Management Administrative Department, Apparel Company, GUNZE
Jun. 2021 Director, Corporate Officer, and Company President of Apparel Company, GUNZE (to present)



Hirokazu Sawada

Director and Corporate
Officer
General Manager,
Finance & Accounting
Department

● 4,628
● 9/9 (100%) *2

Date of Birth March 11, 1965
Apr. 1988 Joined "GUNZE"
Jul. 2018 General Manager of Management Administrative Department, Plastic Film Company, GUNZE
Apr. 2022 Corporate Officer, Deputy Company President of Plastic Film Company, and General Manager of Management Administrative Department, Plastic Film Company, GUNZE
Apr. 2023 Corporate Officer and General Manager of Finance & Accounting Department, GUNZE
Jun. 2023 Director, Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE (to present)



Tomohisa Okuda

Director and Corporate
Officer
General Manager,
Technology &
Development Department

● 2,827
● —

Date of Birth April 26, 1965
Apr. 1989 Joined "GUNZE"
Oct. 2015 General Manager of Technical Department, Plastic Film Company, GUNZE
Apr. 2019 General Manager of Technology & Development Department, GUNZE
Apr. 2020 Corporate Officer and General Manager of Technology & Development Department, GUNZE (to present)