

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/>

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, 2025). 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 16 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 FY2024), 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.

Discussions at the Board of Directors

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. Outside Directors and other officers proactively ask

questions, raise issues, and hold discussions from a variety of perspectives. During FY2024, particularly vigorous discussions took place regarding the Company's direction from a medium- to long-term perspective, formulation of the Medium-term Management Plan VISION 2030 stage2, and how the Board of Directors should operate. Additionally, proposals and reports regarding individual matters were made and deliberated on, including the construction of a new building (factory building) in the engineering plastics field, the introduction of surgical support robots in the medical business, structural reforms in the electronic components field, business transfers in the mechatronics field, and structural reforms in the apparel business.

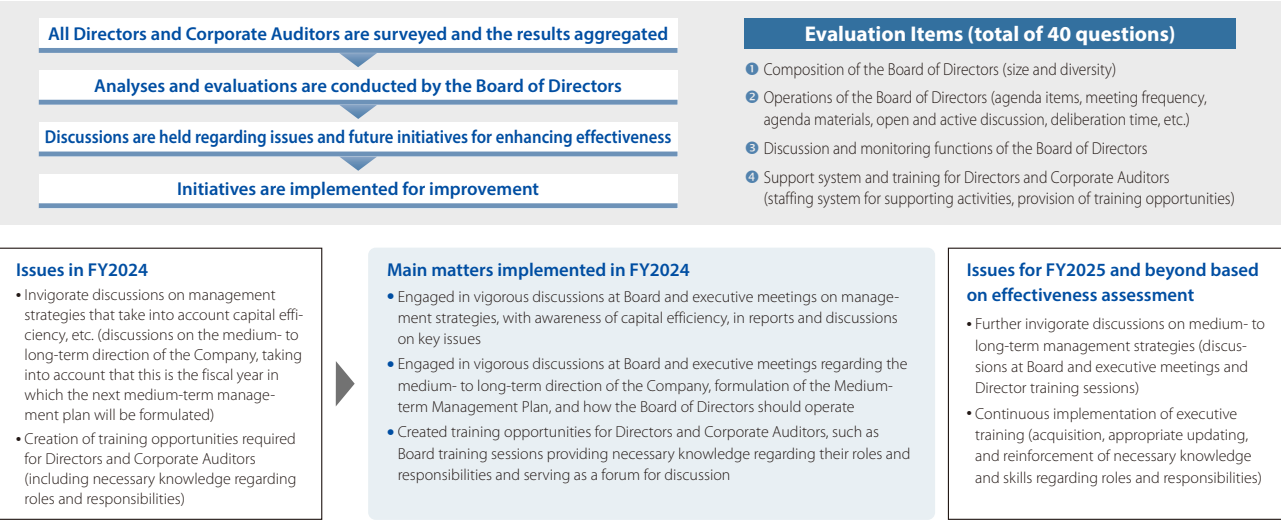
FY2024 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Directors	13	32	53	100%	100%
Main agenda items and reports					Number
Management strategies (including Medium-term Management Plan)					10
Financial results / financial affairs					16
Organization and personnel					15
Governance					11
Individual matters					22
Other					11

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 each year. Since FY2019, the Board of Directors has been conducting self-evaluations and analyses with advice from an external organization. In March 2025, all Directors and Corporate Auditors who comprise the Board of Directors responded to a survey conducted by the Company. As they responded directly to an external organization, they were assured anonymity in their responses. Based on a report and advice from the external organization on the aggregate results, a report was made to the Board of Directors, and the results were evaluated and discussed. Generally positive evaluations were obtained from the survey 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 is ensured with stability. Going forward, we will implement measures to address the identified issues and continue our efforts to further enhance the effectiveness of the Board of Directors.

Analysis and evaluation process



Board of Corporate Auditors

In principle, the Board of Corporate Auditors meets regularly prior to meetings of the Board of Directors and also convenes as necessary for extraordinary meetings. It receives reports, deliberates, and makes resolutions on important matters pertaining to audits, in accordance with laws and regulations, the Company's Articles of Incorporation, and the Board of Corporate Auditors Regulations.

FY2024 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Corporate Auditors	15	20	26	100%	100%

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)	18 times	●	○	○
Individual interviews with corporate officers and senior employees, hearings on business execution status, and exchanges of opinions	99 times	●	○	○
Visits to and surveys of major offices and affiliated companies	28 entities	●	○	○
Attending inventory inspections at major business sites and affiliated companies	3 entities	●		
Investigation, monitoring, and verification of the development and operational status of the internal control system through the above activities, and collection of voluntary inspection forms from departments and offices	Voluntary inspection 44 entities	●	○	○
Cooperation with subsidiary auditors (Group auditors' liaison meetings, individual communications)	Liaison meetings 2 times	●	○	●
Cooperation with internal audit divisions (meetings to confirm audit plans, receive regular reports, etc.)	10 times	●	○	●
Cooperation with independent accounting auditors (meetings relating to audits and reviews, etc.)	12 times	●	○	○

Director and Corporate Auditor Appointments

Regarding the nomination of Director and Corporate Auditor candidates and the appointment of senior management, 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 appointing Directors, given that the Gunze Group operates its functional solutions, medical, apparel, and lifestyle creations businesses in a diversified and global manner, the Board of Directors as a whole must ensure appropriate and prompt decision-making and oversight of execution for these business activities. To achieve this, our fundamental policy is to form a well-balanced Board of Directors consisting of a balanced mix of Directors, considering diversity including gender and internationality. This includes Directors appointed from within the Company with knowledge, experience, and skills in each business field, as well as in finance and accounting, technology development and research, sales and

marketing, legal affairs, and human resources; and multiple outside Directors who can provide active advice and proposals from a fair and objective standpoint, leveraging their management experience at other companies and their specialized knowledge and experiences from outside the Company. Appointments are decided by the Board of Directors, following deliberation by the Nomination/Remuneration Committee. When appointing Corporate Auditors, our basic policy is to form the Board of Corporate Auditors with individuals capable of expressing fair opinions from a professional perspective and independent standpoint, including at least one person possessing appropriate expertise in finance and accounting. Appointments are decided by the Board of Directors, following deliberation by the Nomination/Remuneration Committee and with the consent of the Board of Corporate Auditors. With regard to executive directors, such as Representative

Directors, and Corporate Officers who are members of senior management, if the Nomination/Remuneration Committee finds, as a result of its annual review, that their performance meets the criteria for dismissal established by the Board of Directors, the Committee may recommend dismissal to the Board of Directors. If

the Board of Directors, after verifying the review results, concludes that the criteria for dismissal are met, the relevant individuals shall not be nominated as Director candidates, and shall be dismissed from their respective positions as Representative Director or Executive Corporate Officer.

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.

Nomination/Remuneration Committee

The Company established the Nomination/Remuneration Committee as an advisory body to the Board of Directors. Comprising two Representative Directors and three outside Directors, and chaired by an outside Director, this Committee serves to ensure independence, transparency, and objectivity in decision-making procedures in the nomination of candidates for Director and Corporate Auditor, appointing senior management, and determining remuneration for Directors. In FY2024, the Committee deliberated on the appointment and dismissal of Directors, Corporate Auditors, and Corporate Officers, as well as remuneration for Directors and Corporate Auditors. It also confirmed and exchanged opinions on the state of training/development of senior management candidates, including candidates for Chief Executive Officer (CEO). In FY2022, we revised the executive remuneration system to increase the percentage of performance-linked compensation. After conducting a multifaceted examination, including consideration of the consistency between

the content of individual compensation based on the revised system and the decision-making policy, the Committee reported its findings to the Board of Directors.

Nomination/Remuneration Committee Deliberations and decisions

- Appointment and dismissal of Directors and Corporate Auditors (matters to be resolved by the General Meeting of Shareholders), and appointment and dismissal of Corporate Officers
- Appointment and dismissal of Representative Directors and Directors with titles
- Succession planning (including training/development)
- Limits of Director compensation (matters to be resolved by the General Meeting of Shareholders)
- Director compensation, etc. (including individual amounts)
- Other important matters of business management relating to nomination and remuneration

FY2024 Nomination/Remuneration Committee deliberations

- Appointment and dismissal of Directors
- Appointment and dismissal of Representative Directors and Directors with titles
- Appointment and dismissal of Corporate Officers
- Revisions to Director compensation (including reduction measures)
- Director bonuses and stock compensation
- Training/development of senior management candidates

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				
						Finance/accounting	Production technology/R&D	Sales/marketing	Legal	Internationality
Directors	<div>Male</div> Toshiyasu Saguchi	Representative Director & President	11 years [63]	○	○			○		
	<div>Male</div> Takahiro Oka	Representative Director	1 year [62]	○	○			○		○
	<div>Independent</div> <div>Female</div> Hiroe Nakai	Outside Director	7 years [64]	○(Chair)					○	
	<div>Independent</div> <div>Male</div> Osamu Kujiiraoka	Outside Director	6 years [69]	○				○		
	<div>Independent</div> <div>Female</div> Rie Kida	Outside Director	5 years [56]	○				○		
	<div>Male</div> Ryoji Kawanishi	Director	4 years [62]		○	○				○
	<div>Male</div> Hirokazu Sawada	Director	2 years [60]			○				
	<div>Male</div> Tomohisa Okuda	Director	1 year [60]				○			○
	<div>Male</div> Shojiro Matsuda	Director	— [56]		○		○			○
Corporate Auditors	<div>Male</div> Tomio Suzuki	Standing Corporate Auditor	4 years [61]			○				○
	<div>Independent</div> <div>Male</div> Koji Funatomi	Outside Corporate Auditor	2 years [64]			○				
	<div>Independent</div> <div>Male</div> Norihito Naka	Outside Corporate Auditor	2 years [63]						○	
	<div>Female</div> Hiroko Yoshioka	Corporate Auditor	— [60]						○	○

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

(As of June 25, 2025)

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

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) 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

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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 0.9 billion yen (a deficit of 1.6 billion yen in the previous fiscal year).

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 (TSR) and TOPIX for each fiscal year, as well as an evaluation based on the degree of achievement of company-wide CO₂ emissions reduction target.

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)	138	72	27	38	8
Corporate Auditors (excluding outside Corporate Auditors)	24	24	—	—	2
Outside Directors	21	21	—	—	3
Outside Corporate Auditors	14	14	—	—	2

(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 2024.

Business Execution System

Corporate Officers' meeting

	Times held	Number of agenda items	Attendance
Corporate Officers' Meeting	16	54	99%

Main agenda items	Items submitted for discussion/reported
Business strategy	14
Budgeting and financial reporting	19
Finance	7
Organization and human resources	6
Governance and risk management	3
Medium-term Management Plan	2
Individual projects	3

The Executive Committee was established to deliberate and decide on important matters relating to management control and business execution across the entire Gunze Group, based on the fundamental management policies determined by the Board of Directors. It also serves to deliberate and decide on the comprehensive coordination of departmental activities and particularly important individual controls. Its members consist of the President and Directors or Corporate Officers who oversee and are responsible for each functional department and business segment. In FY2024, the Committee met 16 times and discussed and decided upon 54 proposals (FY2023: 17 times, 56 proposals).

The reason for selecting this performance indicator is that it was judged 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 TSR growth rate (compared to the end of FY2021) used for payment in the fiscal year under review was 155.41% (TOPIX growth rate: 149.56%), and the company-wide CO₂ emissions reduction rate (compared to FY2013) was 33.0% (target: 27.0%).

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 CO ₂ reduction goals as ESG evaluation indices

Compensation ratio (%)

	Fixed compensation	Performance-linked bonuses	Performance-linked stock compensation	Total
Representative Director & President	50.0	30.0	20.0	100.0
Directors (excluding outside Directors)	62.0	24.0	14.0	100.0
Corporate Auditors (excluding outside Corporate Auditors)	100.0	—	—	100.0
Outside Directors	100.0	—	—	100.0
Outside Corporate Auditors	100.0	—	—	100.0

(Note) For Directors, the ratio includes remuneration based on the execution of duties.

Business group head meetings

	Number of reports	Attendance (Internal Officers)
Business group head meetings	12	100%

Business group head meetings aim to ensure efficient execution of business within the Gunze Group and achieve business management objectives. Discussions focus on three key areas: (1) thorough dissemination of management policies and important matters, (2) strengthening the operational framework for management participation and internal controls, and (3) efficient execution of business through coordination and control of business group operations. In addition to submitting monthly reports in the prescribed format, in-person meetings are held at least quarterly with the President, Directors and/or Corporate Officers who oversee and are responsible for each functional department and business segment, as well as the functional department heads and business group heads. In January of each year, the responsible departments explain their annual business policy and budget formulation guidelines to ensure thorough understanding. In other months, each business division reports on the latest status of its business management, future outlook, and important operational matters, enabling progress management toward achieving business goals.

Executive meetings

	Times held	Number of agenda items	Attendance
Executive meetings	8	10	90%

Cases	Number of themes
Management policy and Medium-term Management Plan	4
Reports on current status and key initiatives of each business unit	2
Reports on current status and key initiatives of each functional department	2
Status of efforts to address individual issues	2

Risk Management / Information Security

Strengthening the risk management system

The Gunze Group has established a Risk Management Committee to prevent risks in general and respond appropriately to unforeseen situations and contingencies. With the goal of eliminating industrial accidents, misconduct, and all forms of harassment, we are identifying specific risks and working on measures to minimize them. The Risk Management Committee met six times in FY2024, 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. These initiatives are reported to the Board of Directors, which issues instructions as necessary to ensure the effectiveness of internal controls. Since FY2022, relevant functional departments have collaborated to conduct on-site audits at factories and business sites to prevent misconduct. The Risk Management Committee also regularly shares audit results to drive further improvements. We are also working to strengthen our support system, taking into account the risks faced by employees posted overseas. In light of the succession of large-scale disasters and conflicts occurring both domestically and internationally in recent years, we are strengthening our response framework by developing and reviewing internal regulations to enable swift and appropriate action during emergencies.

Sustainability promotion structure

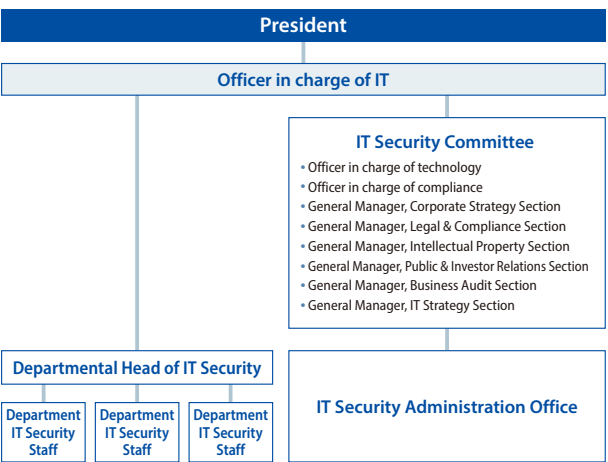


Executive meetings provide an opportunity for outside Directors and Corporate Auditors to actively exchange opinions on issues they face at any time, thereby deepening their understanding of the business. Meetings cover topics such as the Medium-term Management Plan, the current status and key initiatives of each business and functional department, and the state of company-wide efforts to address social issues. In FY2024, eight meetings were held, with Q&A sessions and discussions on ten themes.

Cybersecurity

In FY2006 the Gunze Group established an IT Security Policy, and has since engaged in systematic efforts to understand the risk status of the entire Group based on its organizational structure, formulate basic policies, conduct regular diagnostics and monitoring, respond to incidents, and improve security awareness. The use of the latest digital technologies such as AI, which is necessary to strengthen competitiveness, requires IT security measures to respond to increasingly sophisticated cyberattacks. In addition to taking measures to prevent unauthorized intrusion into systems, information leakage, falsification, loss or theft, destruction, and obstruction of use, and to ensure appropriate management and operation of information systems and networks, we engage in efforts to maintain and improve our information management system through continuous education and enlightenment activities for employees. We have also established an IT Security Committee as part of our system to promote cybersecurity, keep track of security-related situations, formulate countermeasure standards, maintain a management system, and deliberate and decide on necessary measures. In addition, we have established an IT Security Administration Office to implement and supervise the measures decided by the Committee, and instruct and follow up with security officers and personnel in charge of each department on the status of security measures.

IT security operations organizational chart



Outside Executive Roundtable Discussion

For the Gunze Group to Survive in a Rapidly Changing Environment



Osamu Kujiraoka Outside Director

Leveraging his career as an executive officer of a publishing company, Mr. Kujiraoka has been applying his objective viewpoint in the management of the Gunze Group for six years. He provides advice based on his extensive experience and broad knowledge, especially in the medical field, one of the Company's high-growth businesses.

Hiroe Nakai Outside Director

Ms. Nakai has been applying her objective viewpoint in the management of the Gunze Group for seven years based on her ample experience and insight in a wide range of fields as an attorney. Additionally, she enhances Gunze's corporate governance as the chair of the Nomination/Remuneration Committee.

Rie Kida Outside Director

Ms. Kida has been applying her objective viewpoint in the management of the Gunze Group for five years. She offers advice based on her ample experience and broad knowledge, especially in the areas of B2C business and women's empowerment, leveraging her career of being involved in marketing research and support for various activities from her unique perspective.

► Career details P64 → Management Team

The evolution of our corporate culture

Kida: In stage1, we did not meet our engagement score target in terms of affection for the Company, trust in it, and willingness to contribute to it. The main challenge is that many young employees in their 20s and 30s feel that they have limited opportunities to engage in meaningful work, experience sense of accomplishment or grow personally. Regarding the empowerment of women, we met the FY2024 targets for the ratio of women in managerial roles, ratio of women employees, and ratio of women hired on a main career track. Gunze's goal is to increase the ratio of women in

managerial roles from the current 6% to 20% or more by 2030. A key focus for us all is the development of an organizational culture that encourages diverse talent to maintain their desire for personal growth. To cultivate this corporate culture, it is crucial that we review our personnel system. We need to ensure that employees realize that they have opportunities to thrive and that their growth and results are recognized regardless of their age, gender, or years of service.

The creation of new value

Kujiraoka: The separation of the medical business from the functional solutions business, the establishment of GUNZE MEDICAL LIMITED, and the expansion of factories and laboratories have clearly highlighted the medical business's role as a driving force for growth. We greatly appreciate this development as a strong declaration of our intent. Sales and profits in the medical business are growing steadily. To achieve even greater growth, I hope that we will quickly implement collaboration, co-creation, M&A, capital investment and other initiatives.

All of the executives naturally agree that it is essential for every business division to create new value through their own initiatives, thereby strengthening the corporate structure of Gunze as a whole. Gunze's history spans nearly 130 years. It began as a silk manufacturing company and has consistently explored new markets to enhance its corporate value. I believe that Gunze possesses the inherent ability to create new value.

The period of the new Medium-term Management Plan VISION 2030 stage2 ("stage2") is defined as a three-year period for transforming the Company. What was discussed during the development of this theme?

What are the key factors that will enable the Company to achieve the objectives of the plan?

Kida: In stage1, we increased sales and profits, but we did not meet our targets. There continue to be significant issues regarding

profitability. To meet the expectations of our shareholders and enhance corporate value, it is crucial that we improve ROE and

What is your evaluation of the pivotal strategies of the previous Medium-term Management Plan, VISION 2030 stage1 ("stage1"). What are your views on future challenges?

Management focused on the cost of capital

Nakai: Gunze has been emphasizing the importance of the cost of capital in its management practices. The Board of Directors discusses issues to achieve management that is focused on the cost of capital. We discussed ways to turn around the electronic components business and took steps with the goal of making it viable for survival. However, we concluded that it would be challenging to improve profits and meet our targets. As a result, we transferred the film and touch panel businesses to other companies and withdrew from the electronic components business by the end of

FY2024. Results in the apparel business diverged from the operating goals in the Medium-term Management Plan primarily due to the declining domestic market. To revitalize the apparel business and sustainably generate profit, we have decided to undertake a structural reform starting this fiscal year. The Board of Directors makes decisions to proactively invest in growth businesses while taking steps to withdraw from low-profit businesses and implement structural reforms. We continue to discuss reforms to ensure the Company becomes sustainable and robust.

The top priority is the development of an organizational culture that encourages diverse talent to maintain their desire to grow personally.



Outside Executive Roundtable Discussion

ROIC (return on invested capital). These metrics are key indicators of the efficient utilization of capital and the quality of management and are essential for Gunze to grow sustainably. To enhance these metrics, we must review our business portfolio from a company-wide perspective and implement structural reforms to transform the businesses where there are problems, particularly issues related to profitability and future potential, so that these operations are sustainable.

In the apparel business, our sales floors are continuing to shrink due to the decreasing size of the domestic market and the rise of major retailers' private brands. In this environment, profitability declined due to rising costs linked to the weaker yen and

production cutbacks, and increasing personnel expenses. We anticipated these changes, but we did not implement essential reforms to create a sustainable business. I believe this was the biggest issue. In stage2, we need to focus on our strengths and significantly promote structural reforms to transform businesses into profit-generating entities, rather than concentrating on maintaining and expanding our current scale as we have done in the past. Planning is underway. The key to successful execution is the awareness and actions of everyone working in the business division. It is not easy, but I hope the staff approach their work of creating the future with hope and pride.

What is being discussed and evaluated during meetings of the Board of Directors regarding the medical business and functional solutions business, which are Gunze's growth drivers? What are your thoughts about global expansion in particular?

Kujiraoka: The company-wide ROIC target in stage 2 is set 6.6% or higher. The functional solutions business and the medical business are growth drivers, so their ROIC targets are 11.6% and 25.0%, respectively. These targets are ambitious, and I commend this approach. A key approach to achieving these ambitious goals is to more actively promote global expansion than we have ever done before utilizing Gunze's technological and product development capabilities. I have high hopes for this. There are still many issues that we need to address going forward, and we must take a meticulous approach to them, accurately analyzing the characteristics and market conditions of each target country or region. We must

respond calmly to climate change and the changes in the international situation, which have impacted us recently. In the medical business, it is crucial that we address matters such as drug approval and compliance with laws and regulations. Our global expansion is primarily driven by Japan's declining population and shrinking market. However, I would like Gunze to emphasize that it provides products and services that contribute to the improvement of people's quality of life. The desire to live a comfortable life is universal. I believe that Gunze should play a role in helping fulfill this need.

Gunze should play a role in helping fulfill the universal need to live a comfortable life.



In stage2, the Company aims to achieve an ROE of 8% or higher and to quickly surpass a PBR of 1. It has also reviewed its financial strategies, including revising its dividend policy. What was discussed during meetings of the Board of Directors? What recommendations were made?

Nakai: In the new Medium-term Management Plan, Gunze has set a target ROE of 10% for the final fiscal year of VISION 2030 (FY2030). The Board of Directors are discussing issues based on the assumption that we will achieve a PBR of 1 or higher, a requirement of the Tokyo Stock Exchange. To achieve these targets, we have decided to revise our financial strategy. This includes improving shareholder return. We have also decided that we should set high profit targets for our business operations. During its discussions on changing the financial strategy, the Board of Directors discussed whether the Company could maintain its financial soundness with the new strategy and whether a potential dividend reduction

would disappoint shareholders. With an equity ratio of 74.6%, Gunze is currently in a strong financial position. This means that a potential increase of dividends would not compromise its financial soundness. Gunze aims to maintain a DOE (dividend on equity ratio) of 4% or higher and it is also committed to flexibly distributing additional returns (special dividends, share buybacks). This approach is designed to ensure that the total return ratio exceeds 100% until the consolidated ROE reaches 8% or higher. By doing this, Gunze hopes to encourage individual and institutional investors to trade its stock. I believe these strategies will be effective and will increase the stock market's confidence in Gunze.

We discussed whether we would be able to maintain our financial soundness and whether we would disappoint shareholders.



What role should the Board of Directors play in the development of personnel and an organizational culture that supports the effective implementation of management strategies? What are the key points regarding human capital (particularly regarding the empowerment of women, self-motivated employees, and psychological safety)?

Kida: During stage2, Gunze will accelerate its initiatives to achieve human capital management. This includes the reform of its personnel system with the goal of developing self-directed and self-motivated personnel and establishing an organization composed of people like this. It also includes the establishment of an administrative office to promote the empowerment of women. However, implementing systems alone will not transform the organization or its culture overnight. To establish an organization that enables diverse human resources to showcase their strengths in

suitable roles and implement management strategies, the Board of Directors must closely monitor the functioning of Gunze's systems and the changes in the work environment. They should also provide constructive advice as needed. We are committed to providing more opportunities for everyone in our workplaces to share their thoughts with us. We aim to foster continuous improvements by ensuring that all of our team members feel fulfilled and grow and maintaining an environment that is psychologically safe, allowing employees to take on challenges with peace of mind.

Management Team (As of June 25, 2025)

Directors and Corporate Auditors

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



Toshiyasu Saguchi

Representative Director, President and President Corporate Officer

● 17,861

● 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)



Osamu Kujiraoka

Outside Director

● 1,600

● 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)



Hirokazu Sawada

Director and Corporate Officer
General Manager, Finance & Accounting Department

● 5,374

● 13/13 (100%)

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)



Takahiro Oka

Representative Director, and Senior Managing Director

● 5,867

● 9/9 (100%)*2

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
Jun. 2024 Director, Managing Corporate Officer and General Manager of Management & Strategy Department, GUNZE
Jun. 2025 Representative Director, Senior Managing Officer and General Manager of Management & Strategy Department, GUNZE (to present)




Rie Kida

Outside Director

● 900

● 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)



Tomohisa Okuda

Director and Corporate Officer
General Manager, Technology & Development Department

● 3,556

● 9/9 (100%)*2

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)



Hiroe Nakai

Outside Director

● 1,900

● 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.
Jun. 2024 Member, Audit & Supervisory Committee, Kansai Paint Co., Ltd. (to present)
Apr. 2025 Executive Governor, Japan Federation of Bar Associations (to present)




Ryoji Kawanishi

Director and Corporate Officer
President, Apparel Company

● 4,352

● 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)



Shojiro Matsuda

Director and Corporate Officer
Representative Director and President of GUNZE MEDICAL LIMITED and General Manager of Medical Division

● 2,027

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Date of Birth Jan. 14, 1969
Apr. 1993 Joined "GUNZE"
Jun. 2021 General Manager of Medical Division, GUNZE
Apr. 2022 Corporate Officer and General Manager of Medical Division, GUNZE
Oct. 2022 Corporate Officer, Representative Director and President, GUNZE MEDICAL LIMITED and General Manager of Medical Division, GUNZE
Jun. 2025 Director, Corporate Officer and Representative Director and President of GUNZE MEDICAL LIMITED and General Manager of Medical Division, GUNZE (to present)



Tomio Suzuki


Standing Corporate Auditor

● 2,418

● 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)



Hiroko Yoshika

Corporate Auditor

● 3,759

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Date of Birth Jul. 20, 1964
Dec. 2009 Registered as an attorney (at Osaka Bar Association)
Aug. 2014 Joined "GUNZE"
Jun. 2019 Deputy General Manager, Management & Strategy Department and Manager of Legal & Compliance Section, GUNZE
Apr. 2020 Corporate Officer and Deputy General Manager, Management & Strategy Department and Manager of Legal & Compliance Section, GUNZE
Aug. 2022 Corporate Officer and General Manager, IP & Legal Department, GUNZE
Jun. 2025 Corporate Auditor, GUNZE (to present)

Senior Managing Corporate Officer

Katsuhiko Kimura
General Manager, Engineering Plastics Division



Koji Funatomi

Outside Corporate Auditor

● 300

● 13/13 (100%)

● 15/15 (100%)

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

● 700

● 13/13 (100%)

● 15/15 (100%)

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)

*1 Attendance at meetings of the Board of Directors and Board of Corporate Auditors during the fiscal year ended March 31, 2025.

*2 As for Mr. Takahiro Oka and Tomohisa Okuda, their statuses after they have assumed office of Director on June 25, 2024 is indicated.

Managing Corporate Officer

Makoto Kumada
Representative Director and President, Gunze Development Co., Ltd

Corporate Officers

Kazunari Saho
General Manager, Mechatronics Division

Yuji Hanaoka
President, Plastic Film Company

Makoto Ogura
General Manager, Personnel & General Affairs Dep.

Junko Nakashima
General Manager, Corporate Communication Dep.

Kenzo Ishikawa
General Manager, Threads & Accessories Division

Masafumi Yamagami
General Manager, Innovation Dep.

Kizuku Kawato
Deputy General Manager, Corporate Strategy Dep.

Naoki Nishiura
Deputy General Manager, Engineering Plastics Division