

SUSTAINABILITY

[Home](#)

[Sustainability](#)



Message from the President

Message from the President



Sustainability Management

GUNZE'S Human Rights Policy Statement

Basic Sustainability Policy

Sustainability Disclosure Policy

Gunze Group Sustainable Procurement Guidelines



Sustainability Action

Environment

Wellness

Social Contribution Activities

D & I



Environment

Social

Governance

List of ESG Data



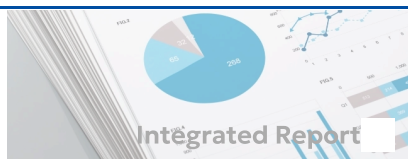
Gunze Group's Materiality



Value Creation Model

Management Philosophy Preserved across the Gunze Group

GUNZE's History of 128 Years



Integrated Report

List of ESG Data

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

About GUNZE

[Message from the President](#)

[Management Philosophy](#)

[Company Profile](#)

[Management Team](#)

[Corporate Brand](#)

[GUNZE History](#)

[Business Locations](#)

[Global Network](#)

[SPECIAL CONTENTS](#)

[GUNZE is Everywhere!](#)

Business

[Apparel Business](#)

[Plastic Films Business](#)

[Medical Materials Business](#)

[Engineering Plastics Business](#)

[Mechatronics Business](#)

[Threads and Accessories Business](#)

[Real Estate Development Business](#)

[Commercial Facility Development Business](#)

[Sports Club Business](#)

[Landscaping and Greening Business](#)

[Engineering Business](#)

[Apparel Store Information](#)

Research & Development

[GUNZE's Technological Strengths](#)

[Research & Development System](#)

[Technology Strategy](#)

[Enhancement of QOL](#)

Sustainability

[Message from the President](#)

[Sustainability Management](#)

[Sustainable Action](#)

[ESG](#)

[Gunze Group's Materiality](#)

[GUNZE Value Creation Story](#)

[Integrated Report](#)

[Initiatives Involved / External Evaluations](#)

[ISO26000 Comparison Tables](#)

Investor Relations

[Message from the President](#)

[Management Policy](#)

[Financial Information](#)

[Shareholder and Stock Information](#)

[Consolidated Financial Statements](#)

[To our individual Investors](#)

[IR Support](#)

[Integrated Report](#)

Message from the President



Driving Forward VISION 2030 toward the Realization of a Sustainable Society

Having raised our founding philosophy of a people-oriented approach, a commitment to quality, and harmonious coexistence as our Management Philosophy, the Gunze Group engages in customer-centric business activities. In fact, this approach dates back to the origins of our founding in 1896.

The majority of the large companies in Japan at that time were owner-operator companies led by capitalists like Eiichi Shibusawa, whereas Gunze was primarily funded by small local shareholders and therefore got its start as an enterprise with strong overtones of a public entity. Today, 128 years after our founding, we engage in the four business segments of functional solutions, medical, lifestyle creations, and apparel—the segment for which we are most well-recognized—and have enhanced corporate value through our commitment to quality.

The Gunze Group will create new value toward the future along the “warp” threads of our founding principles, which must remain unchanged, and along the “weft” threads representing our adapting to the shifting needs of the times.

Surviving as a Company amid a Dramatically Changing Market Environment

We have all experienced the dramatically shifting external environment over the past few years, yet I personally feel that this has also become the new norm for the future.

Despite the emerging recovery in socio-economic activities following the end of COVID-19, the world continues to face geopolitical issues like the conflicts in Ukraine and Israel, and has, for example, exhibited increasing complexity with the radicalization of these conflicts. At the same time, I am also aware that taking action on environmental problems is an issue of the utmost importance.

Amid the country's inherent challenges of limited national territory and paucity of resources, Japan is expected to see its population decline by nearly 8 million people from 2023 to 2030. This situation is already placing severe strains on corporate activities. Despite these conditions, companies are expected to generate a virtuous cycle for the domestic economy in the immediate future by engaging in activities intended to steadily increase wages and prices. Yet these companies will also need to continuously improve the earnings that serve as capital if they are to achieve sustainable growth. A declining population will also lead to smaller markets and a shrinking labor force. Workers will then hold the power to choose companies during recruitment activities. As a company, we therefore stand today at a turning point: Will

of comfort.” Although our core technologies also serve as a method of realizing this feeling of comfort, these technologies alone will not ensure our survival. Which is why I recognize the importance of continuously providing value.

Our Assessment of the Second Year of Medium-term Management Plan VISION 2030 stage1

As our aspiration for 2030, we aim to create new value and deliver a feeling of comfort. Under VISION 2030 stage1, we included four pivotal strategies for achieving this goal, namely new value creation, capital cost-focused management, evolution of our corporate constitution, and environmentally responsible management. Through these strategies we have sought to provide a balanced-degree of value to four groups of stakeholders, namely business partners and customers, shareholders and investors, employees, and society and the environment. Although individuals interpret feelings of comfort differently, our business partners and customers have continued to use the many unique products and services that we have offered over the years because they recognize them as providing a feeling of comfort. As the central management policy on returning profits to shareholders and investors, we have established a policy of continuously delivering a total return ratio of 100% until consolidated ROE exceeds the cost of shareholders' equity. In the fiscal year ended March 31, 2024, we issued a dividend of ¥153 per share, ¥6 higher than the previous year. As far as employees are concerned, we endeavor to improve the working environment by increasing wages and expanding employee benefits.

Turning to society and the environment, we have worked through our business activities to provide solutions to the challenges they face. This includes converting the Moriyama Plant (Moriyama City, Shiga Prefecture), one of our key facilities in the plastic films field, into a Circular FactoryTM (resource-recycling facility) and building plant buildings that are certified under the Comprehensive Assessment System for Building Environment Efficiency (CASBEE).

Under VISION 2030 stage1, we made steady progress in our efforts targeting these four groups of stakeholders. However, as we have yet to achieve our goals, I do not feel the outcomes have been sufficient. In FY2024, the final fiscal year of the Medium-term Management Plan, we will therefore conduct initiatives in each segment intended to increase productivity through automation and DX programs; to enhance cost competitiveness through a globally optimized production system; and to expand our raw material procurement network, as we continue to generate new value that captures changes in the market.

Providing a “Feeling of Comfort” to Society through Unique Businesses

The Gunze Group engages in an extensive range of businesses, from apparel to plastic films and medical devices.

Despite the difficulty in bringing these together under one definition, we manage to leverage the respective characteristics of each business to execute business portfolio strategies in a way that generates Group-wide synergy. I therefore believe that we can provide the value of a feeling of comfort to society by ensuring that each division flexibly responds to the business environment in a way that builds competitiveness. In one example, we split off the medical business, which had originally been part of the functional solutions segment in FY2023, and have clearly positioned it as a driver of growth as an independent segment. Ahead of this move, we merged Medical U&A Inc. and Gunze Medical Japan Ltd., which had operated as sales subsidiaries for the medical group, to establish Gunze Medical Limited in October 2022. Moreover, in April 2023, we merged the R&D, pharmaceutical affairs, and management sections of the medical devices business, thereby creating an organizational structure dedicated to medical devices with the ability to manage all stages from R&D to sales in an integrated manner. At present, we are working to establish a unique business structure tailored to the medical industry by actively recruiting mid-career professionals.

Although we do not plan to announce details of the next Medium-term Management Plan VISION 2030 stage2 until May 2025, in working toward our next set of milestones we intend for the medical business to create new corporate value and lead as a pillar of the Gunze Group growth strategy. In particular, the medical business will do so by providing innovative medical devices with a focus on bioabsorbable products. Specifically, this effort will entail the three growth strategies of achieving sustainable growth by expanding the ratio of high-profitability, proprietary products; promoting area-specific portfolio strategies, including strengthening sales of products for the wound care (WOUND) and thoracic/abdominal (Surgical) areas; and developing new products and challenging new areas that enhance our presence as a company.

In order to accelerate these three strategies, we will construct a new plant (the third plant) on the site of the Ayabe Plant in Kyoto, which is the site of our founding. Scheduled for completion in February 2025, this plant will include expanded R&D facilities to enhance our development capabilities. The new plant will also be equipped to increase production of the absorbable

currently taking the most aggressive action on environmental problems. This move will include putting our Circular Factory™ into full-scale operation and establishing recycling centers as the foundation of our transformation into a circular manufacturer.

Gunze Group Sustainability as a Generator of New Value

Originally launched as a silk manufacturing company, today the Gunze Group shares the same DNA of differentiating products and services across its diverse range of businesses, underpinned by a commitment to quality. So, I would like to introduce an example that shows just how far this awareness has spread among our employees.

Many of you probably remember how masks flew off the shelves in Japan and could not be found in stores for months on end following the rampant spread of COVID-19 at the start of 2020. At the time, given our technologies in the apparel business, we could have moved immediately to manufacture and sell masks made using cloth fabrics to drive up profits. But because the frontlines of the apparel business were thoroughly committed to how the masks felt against the skin, if they fit easily, if they were gentle around the ears, and other aspects of mask quality when worn, it was only in May that we were able to launch sales of a gentle cloth mask that was uniquely made by an underwear manufacturer. As we continued to enhance the quality and provide a feeling of comfort by developing masks for the summer, we received praise from customers and ended up creating one of the top selling products on our e-commerce site. I believe this stance of the apparel business itself embodies our spirit, and our sense of ethics. Introducing this effort Group-wide has given rise to a synergistic effect within the Company.

The direction for which I feel the Gunze Group must continue to aim in looking to 2030 is sustainability-related initiatives, including those focused on environmental issues, primarily climate change, and those for strengthening human capital. Our founding spirit lives on within the human resources strategies that are essential for sustainable management. With the beliefs that “good people make good silk yarn” and “a good conscience produces a yarn of high luster,” our founder, Tsurukichi Hatano, worked hard to strengthen education for female mill workers in order to improve the quality of our yarn. People at that time spoke of the factory as “a factory on the outside but a school on the inside.” This reputation was built by Hatano, who steadfastly followed the policy of respect for people. This policy, as well as the commitment to cultivating and empowering people, has been preserved throughout Gunze’s history.

Today, as job-based employment and mid-career recruitment become more common, and the concept of lifetime employment is starting to change, we must take an approach that suits the needs of the times. Besides the obvious themes of promoting women’s empowerment and engaging in work style reforms, we will also work to enhance the awareness that all employees are involved in management, to reform the employee benefit system, and to support self-led career development.

In addition to training specialists like myself, after all, my career proceeded almost entirely within the plastic films field, we will work to train human resources in a way that helps develop future generations of management executives, including through personnel exchanges between business divisions.

Passing on the Gunze Group’s DNA

When asked about our policy for developing management personnel, I answer that candidates must have acquired a certain degree of management sensibility, knowledge, experience, and skill, as described in textbooks. Yet these can also be acquired later on through effort. In contrast, the two things I think are absolutely essential for engaging in management are health and a personality that connects to management qualities. Health and personality are attributes with which we are born, and are greatly affected by where we come from. You cannot change these by suddenly making an effort. Yet both are extremely important for engaging in the work of management. Although direct competition among candidates only begins after we screen for these two aspects, candidates must make every effort at this point to acquire the skills they are lacking. Given the increase in job-based employment and the shift away from the concept of working for one company for an entire lifetime, however, we will flexibly address these changes as we develop human resources.

My motto is do my best to choose the right people and to leave the rest to chance. Although this might make some people mistake my stance as leaving things up to others, I believe these words convey the importance of first and foremost putting every effort into the duties with which we have been tasked. When performing our duties, the most important goal is for us to perfect competitiveness, no matter how small the task. And I ask that all employees continue to enhance their competitiveness within the Company as they identify the competitiveness of Gunze from the stance of its customers. Simply putting our best foot forward does not mean that we will proceed smoothly with our work. Yet I still think it is important to always stay at least one



Co-creation Woven Together with Stakeholders

We will continue to engage in the effort to “Transform and Challenge,” and we will tirelessly work to enhance customer satisfaction and corporate value with the intense desire to contribute to society by providing new products and services that create the future. Through sustainable management that aims to balance social and economic benefits, we intend to remain a company that will survive for the coming 50 and 100 years.

I therefore humbly ask for your further support and understanding. Thank you.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group’s Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Message from the President
Management Philosophy

Business

Apparel Business
Plastic Films Business
Medical Materials Business

Research & Development

GUNZE’s Technological Strengths

Sustainability

Message from the President
Sustainability Management
Sustainable Action

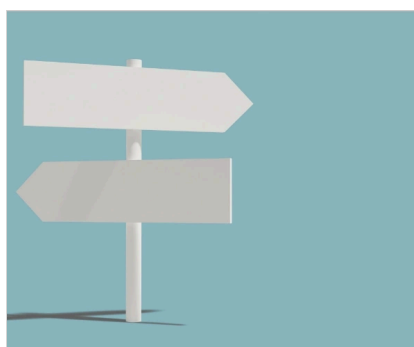
Investor Relations

Message from the President
Management Policy
Financial Information

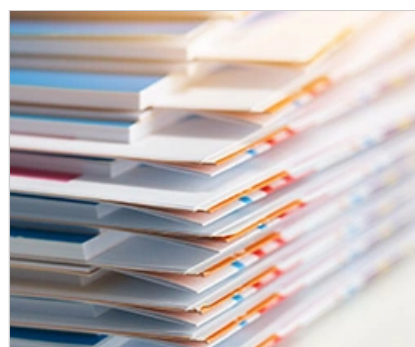
Sustainability Management



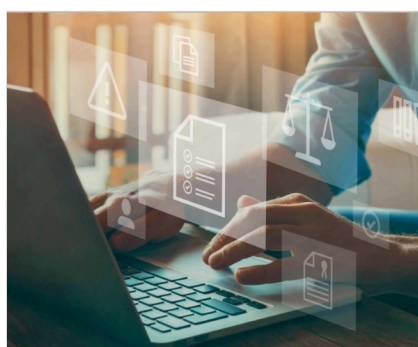
**GUNZE'S Human Rights
Policy Statement**



Basic Sustainability Policy



**Sustainability Disclosure
Policy**



**Gunze Group Sustainable
Procurement Guidelines**

Sustainability

Message from the
President

ESG

Integrated Report

Sustainability
Management

Gunze Group's Materiality

Initiatives Involved /
External Evaluations

[Sustainability TOP](#)

Sustainable Action

GUNZE Value Creation
Story

ISO26000 Comparison
Tables

GUNZE'S HUMAN RIGHTS POLICY STATEMENT

We have inherited our founder's mindset and shared it as our corporate philosophy for over the 120 years: People-oriented approach, commitment to quality, and harmonious coexistence.

The following "GUNZE'S HUMAN RIGHTS POLICY" is established in order to clearly express our commitment to ensuring the corporate philosophy to respect for human rights.

1. We endorse the UN Global Compact, the UN Guiding Principles on Business and Human Rights and other international principles relating to human rights.
2. In our business activities, we respect the human rights, individuality, and diversity, and do not discriminate against people because of their race, nationality, gender, or other factors.
We strictly prohibit any child labor, forced labor and inhuman treatment including cruel disciplinary punishments.
3. We implement the initiatives as stipulated in our in-house "Sustainability Promotion Rules" to respect the human rights of all employees, identify the negative impacts on human rights and endeavor to remediate them, through appropriate processes such as whistleblower system.
4. We require our supplier to comply with "Gunze Group Supplier Code of Conduct" in accordance with the "Gunze Group Sustainable Procurement Guidelines", gather information on any risks that could cause negative impacts on human rights, and work to prevent and mitigate the identified negative impacts.
5. We continue to provide necessary training for all employees to respect for human rights and deepen the understanding of employees on human rights issues.

Human Rights

Gunze Group's Human Rights Policy

With a corporate name that expresses our intent of protecting local communities as our basic policy, Gunze Founding philosophy takes a people-oriented approach. Over our 127 years of history, we have therefore valued the rights of employees and all other related parties. In order to clarify our stance on this respect for human rights while taking into account international norms, we formulated and announced the GUNZE's HUMAN RIGHTS POLICY in June 2022.

Conducting Human Rights Due Diligence

We are promoting human rights due diligence efforts to identify, analyze, and evaluate adverse impacts and risks on human rights both within our own Company and our suppliers as well as to formulate and implement appropriate measures.

In-house Assessments

in a separate volume of the Guidelines for Responsible Corporate Conduct in the Textile Industry^{*1} issued by the Japan Textile Federation (JTF), for the purpose of the survey interviews were conducted with regard to appropriate working hours, wages, living environment, and occupational health and safety at work sites. Although no major human rights risks were identified in the apparel business, as a result of the survey we discovered issues that needed to be improved, such as ensuring that non-Japanese technical interns have access to consultation services.

FY2023

We have put in place a system for regular assessment by including a survey of the actual situation of non-Japanese technical interns in our internal audits. For the FY2023 audit, we conducted on-site inspections, including interviews with non-Japanese technical interns, at three domestic factories to confirm the hygiene conditions in their working environments. Based on the results of the FY2022 survey, we began preparations for a Vietnamese-language consultation service for Vietnamese technical trainees, who account for the majority in the Gunze Group, so that we can rapidly respond to any issues that violate the laws governing technical training. Raising awareness of the consultation service's existence among all employees, including our Vietnamese technical interns, we will strengthen deterrence so that human rights violations do not arise.

Supplier Assessments

FY2022

The Gunze Group asks that suppliers understand the Gunze Group Sustainable Procurement Guidelines, which include the perspective of the Group's respect for human rights. In FY2022, we had key suppliers of all business divisions—75 companies in the apparel business, five companies in the medical business, and 14 companies in the plastic films business—conduct self-assessments. To confirm the status of suppliers' efforts with regard to respect for human rights, environmental conservation, and quality and safety, for the assessment we asked suppliers to self-assess using the Global Compact Network Japan's CSR Procurement Self-Assessment Questionnaire^{*2} and evaluated their responses. For those suppliers with low scores for potentially serious risk items in particular, we had the person in charge meet with them individually and encouraged them with their efforts to make improvements.

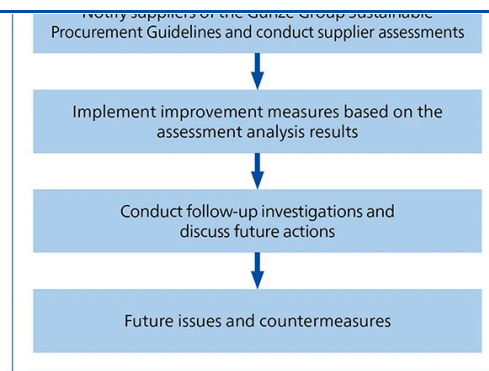
FY2023

Self-assessments were conducted on nine suppliers in the engineering plastics field and 12 suppliers in the thread and accessories field. The evaluation results showed that while large companies with capital of more than ¥300 million recorded high scores, small and medium-sized enterprises with capital of less than ¥300 million scored low, revealing a tendency for insufficient efforts to be made. Those suppliers that had recorded low scores were sent feedback reports on the evaluation results and the issues identified together in conjunction with individual interviews and other means. We will continue to conduct appropriate supply chain management through regular monitoring. In the years to come, we will continue these efforts and promote collaboration with our suppliers in accordance with the Ten Principles in the four areas of human rights, labor, the environment, and anti-corruption set out in the UN Global Compact.

^{*1} Guidelines for Responsible Corporate Conduct in Textile Industry: Guidelines for promoting corporate activities that respect international human rights, formulated by the Japan Textile Federation in cooperation with the International Labor Organization (ILO) Office in Japan.

^{*2} Self-Assessment Questionnaire for CSR procurement: Questionnaire developed by the Global Compact Network Japan to assess degree of understanding of CSR requirements.

Human Rights Due Diligence^{*3} Implementation Flow



*3 A process for identifying negative impacts on and risks for human rights, analyzing and evaluating risks, and formulating and implementing appropriate measures

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE	Business	Research & Development	Sustainability	Investor Relations
Message from the President	Apparel Business		Message from the President	Message from the President
Management Philosophy	Plastic Films Business	GUNZE's Technological Strengths	Sustainability Management	Management Policy
Company Profile	Medical Materials Business	Research & Development System	Sustainable Action	Financial Information
Management Team	Engineering Plastics Business	Technology Strategy	ESG	Shareholder and Stock Information
Corporate Brand	Mechatronics Business	Enhancement of QOL	Gunze Group's Materiality	Consolidated Financial Statements
GUNZE History	Threads and Accessories Business		GUNZE Value Creation Story	To our individual Investors
Business Locations	Real Estate Development Business		Integrated Report	IR Support
Global Network	Commercial Facility Development Business		Initiatives Involved / External Evaluations	Integrated Report
SPECIAL CONTENTS	Sports Club Business		ISO26000 Comparison Tables	
GUNZE is Everywhere!	Landscaping and Greening Business			
	Engineering Business			
	Apparel Store Information			

Basic Sustainability Policy

Basic Sustainability Policy

The GUNZE Group will create economic and social value and contribute to the realization of a sustainable earth and society through highly transparent management and compliance with globally accepted fairness rules, while keeping the founding spirit of "coexistence and co-prosperity with all stakeholders based on respect for people and production of quality products" as the warp, and responding to the expectations of society in good faith and flexibility as the weft. We will contribute to the realization of a sustainable earth and society by creating economic and social value through highly transparent management and compliance with globally accepted fair rules.

For Our Customers

We will always think from the standpoint of our customers, understand the culture and customs of each country in the world where we do business, and strive to provide excellent products and services, practicing the motto "Happy to Sell, Happy to Buy". We will strive to realize a sustainable society by developing and providing environmentally and people-friendly products and services, while pursuing safety, security, comfort, and satisfaction, with quality as our first priority.

For our business partners

We aim to realize co-existence and co-prosperity. We will conduct fair and free transactions in compliance with the relevant laws and regulations of the respective countries in which we do business. We will not offer or accept gifts or entertainment that may raise questions of fairness. We will follow the Supplier Code of Conduct and seek to prohibit discrimination in employment, forced labor, and child labor.

For local communities

We will actively participate in social and community activities, build friendly relationships with society, and contribute to social sustainability.

In our relationships with our employees

We respect human rights, personality, and individuality, do not discriminate in employment or treatment based on race, nationality, gender, or other factors, and strive to provide equal opportunities. We will respect the human rights of all persons involved in our business activities and will not engage in inhumane labor practices such as forced labor, child labor, or harsh disciplinary punishments. We will comply with laws regarding working hours, wages, and benefits, and ensure a pleasant, harassment-free work environment in which employees can work safely and healthily.

We value diversity, promote skill development that enables employees to play an active role in the right place with the right resources, and nurture human resources who can contribute to society. GUNZE respects the freedom of association of employees to form labor unions of their own volition and the right to collective bargaining, to the extent not prohibited by law.

For the Global Environment

We will contribute to the realization of a sustainable earth and society by actively working to protect the global environment, including biodiversity, and reduce greenhouse gas emissions in all of our business activities, as well as by providing

Based on our corporate philosophy of co-existence and co-prosperity, we will practice sustainable management and enhance corporate credibility. We will place importance on dialogue with shareholders and investors, and will respond to their trust by actively and fairly disclosing corporate information.

Sustainability Promotion System

The GUNZE Group considers the building of a sustainable society as our social responsibility, and we are working on medium-to long-term themes and major promotion items with the aim of achieving sustainable management. We have also established a Sustainability Committee, which aims to realize a sustainable society and enhance our corporate value through our business activities. The medium- to long-term themes and major issues to be addressed may be changed or added after deliberation by the Sustainability Committee.

Medium- and Long-term Themes and Major Promotional Items

1. Response to Climate Change
2. Realization of a resource-recycling society
3. Sustainable procurement
4. Wellness and health
5. Consideration for people and society

GUNZE Group company presidents, division heads, heads of functional divisions, general managers of functional departments, and presidents of affiliated companies have the following responsibilities in the efforts to promote sustainability.

1. We raise awareness of sustainability among members of our own divisions and departments, and implement sustainability management.
2. We execute and promote the company-wide promotion items on sustainability determined by the Sustainability Committee at your own department or division.
3. When requested by the Sustainability Committee, we will investigate the status of sustainability promotion in our own divisions and departments, and respond to the Committee on the current status and issues, etc.
4. We provide educational and training opportunities to improve understanding of sustainability among members of their own departments and divisions.

Governance Structure for Sustainability Promotion



Board of Directors	Monitors the progress of measures to address sustainability issues, including issues pertaining to the environment, particularly climate change, as well as human capital and other topics as discussed and decided during business execution
Executive Committee	Discusses and makes decisions on important business administration and execution matters related to Group Wide sustainability, such as environmental issues centered on climate change, as well as human capital and other topics
Sustainability Committee (As a general rule convened once per quarter)	Discusses and makes decisions on basic and response policies as pertains to sustainability
Risk Management Committee (As a general rule convened once per quarter)	Discusses occurrence of risk events related to sustainability, measures taken or to be taken, and risk prevention
Main Departments in Charge	Promote initiatives to address sustainability issues and identify risks and opportunities (Environmental Impact Strategy Promotion Office: environmental issues with a focus on climate change; Personnel & General Affairs Department: human capital of the Gunze Group, etc.)

Sustainability Committee

The GUNZE Group has established a Sustainability Committee for the purpose of setting and promoting the direction of sustainable management in order to realize a sustainable society and enhance corporate value through its business activities based on its management philosophy and management policies.

The Sustainability Committee deliberates and decides on the basic policy and major matters to be promoted concerning sustainability, the development of organizations and systems, confirmation of the status of plans, compilation and management of information, disclosure of GUNZE Group activities to the outside world, and planning and implementation of company-wide education and training activities. The Sustainability Committee is chaired by the director or executive officer in charge of sustainability, and its members consist mainly of head office divisions and department heads. As a general rule, the Committee will meet once every quarter.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

Gunze Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

[Sustainability TOP](#)

Sustainability Disclosure Policy

Form of Disclosure

Sustainability Web Site

We utilize the characteristics of the web as an interactive communication tool to provide up-to-date information on our sustainability initiatives as needed. In addition, in order to emphasize consistency with international initiatives such as the GRI, we also include achievements and detailed data on our website that are omitted from the integrated report for a single fiscal year. We also post results and detailed data that were omitted from a single year's integrated report on our website.

Integrated Report (booklet)

GUNZE Integrated Report 2024 is published as a financial and non-financial information report of the GUNZE Group.

- 【Applicable period】

As a general rule, the period covered includes performance data for fiscal year 2023 (April 1, 2023 to March 31, 2024), but some activities include those after April 2024.

- 【Scope】

GUNZE LIMITED and Its Subsidiary Companies in Japan and abroad

- 【Publication Date】

September 2024



PDF Download (PDF:8.5MB)

Request Integrated Report (Limited to Japan)

Gunze Group Sustainable Procurement Guidelines

We promote sustainable practices not only at our own company but across our entire supply chain to embody our core principles throughout all corporate activities. Considering the rapid changes in our business environment, we have recognized the necessity to present this commitment to our suppliers and business partners in a more concrete manner. To support our suppliers and business partners' understanding of the Gunze Group's Sustainable procurement activities, and to ask cooperation in our policies, we established the Gunze Group Sustainable Procurement Guidelines in January 2019.

We at the Gunze Group are determined to continue working together with our suppliers and business partners to help build a sustainable society. Your continued cooperation would be greatly appreciated.

Contents of Gunze Group Sustainable Procurement Guidelines

1. Introduction: Gunze: Founded on the Spirit of Contribution to the Community
2. Gunze Group Environmental Charter
3. Gunze Group Activity Guidelines
4. Gunze Group Sustainability Policy
5. Gunze Group Sustainable Procurement Policy
6. Gunze Group Supplier Code of Conduct

[Gunze Group Sustainable Procurement Guidelines](#)

(PDF:328kb)

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

[Sustainability TOP](#)

Sustainable Action



Environment



Wellness



Social Contribution Activities



D&I

Sustainability

[Message from the President](#)

[ESG](#)

[Integrated Report](#)

[Sustainability Management](#)

[GunzeGroup's Materiality](#)

[Initiatives Involved / External Evaluations](#)

[Sustainability TOP](#)

[Sustainable Action](#)

[Gunze Value Creation Story](#)

[ISO26000 Comparison Tables](#)

Environment

The Gunze Group is advancing efforts to reduce environmental load through its business activities. In the plastics films field, we are aiming to strengthen activities for resource recycling—including the reduction of waste plastic, conversion to environmentally friendly and recyclable raw materials, and the development of recycled products that transcend the boundaries of our business divisions— as we transform into a circular manufacturer. During the period of the Medium-term Management Plan, we will focus on environment-related investment (planning 8.6 billion yen over the three years up to fiscal 2024) and promote activities linked to sustainable management.

Environmentally Responsible Management

Efforts to Achieve the SDGs

Environmentally Responsible Management

Activities to Reduce Environmental Load

Basic Approach

Gunze is working to balance both social and economic value by strengthening initiatives aimed at reducing environmental load with a focus on three major promotional items, namely, responding to climate change, realizing a resource-recycling society, and promoting sustainable procurement. In responding to climate change, we will endeavor to save energy, create energy, and use renewable energy with the goal of reducing total CO2 emissions in Scope 1 and Scope 2 by at least 35% (compared to the 2013 benchmark) by 2030. Moreover, we will promote environmentally responsible business operations by further considering the use of energy innovations. As a part of efforts to realize a resource-recycling society, we will reinforce efforts to recycle waste at all domestic business sites, spearheaded by the Moriyama Circular Factory™, in order to reduce waste throughout the Group. Finally, from a sustainable procurement perspective, we will promote the use of recycled, raw biomass, and other environmentally friendly materials, enhance relationships with suppliers, and work to reduce CO2 emissions from raw materials. Through these resource recycling and sustainable procurement initiatives, the Gunze Group will take positive steps toward upgrading and expanding its lineup of environmentally responsible products while reducing Scope 3 emissions.

The Gunze Group's Environmental Technologies and Initiatives

(1) Responding to climate change (saving energy, creating energy, and using renewable energy)

- Reducing energy loss through the introduction of energy management systems (EMS)
- Improving the efficiency of boilers, air conditioners, and other utility equipment
- Saving energy through new buildings with airtight and thermal insulation (acquire ZEB and CASBEE certification)
- Systematically installing solar power generation systems
- Shifting to low CO2 emission fuels (from heavy oil to LPG and electrification)

Introducing the Konan Plant's ZEB* Office Building (Konan City, Aichi Prefecture) (Engineering Plastics Business)

products handled. To expand the production area, we therefore decided to consolidate the conference rooms and offices in the plant building and reconstruct the office building. In addition to consolidation, our goal was to also create a facility that was stylish, comfortable, and environmentally friendly.

A fusion of the past and present with an exterior that showcases the features of Gunze's historical buildings, the architectural design also incorporates such accents as dimmable lighting and wood grain to create comfortable, pleasant spaces. In addition to improving convenience and comfort, there was a focus on renovating the dining hall. Ingenious efforts were made to make dining a relaxing and enjoyable experience, including offering a variety of seating styles and menus produced in collaboration with famous restaurants. Moreover, the layout was designed to enable its double use for casual meetings and other functions, which help improve communication among employees. In terms of environmental friendliness, we also incorporated a variety of energy-saving measures and were thus able to obtain ZEB certification.

By having a new office that incorporates various design features and measures, we devised a way to boost employee motivation. We hope that our customers will understand Gunze's corporate stance, and that the implementation of environmentally responsible management will lead to the sustainable growth of business.

*ZEB: Net Zero Energy Building

A building design that aims to reduce the balance of primary energy consumed by the building to zero. Having achieved a 102% reduction in standard primary energy consumption (energy saving 53%, energy creation 49%), the new office building at the Konan Plant was awarded the highest ZEB certification rating.



The Konan Plant's ZEB office building



Producing comfortable and pleasant spaces

Engineering Plastics Division

(2) Realizing a resource-recycling society

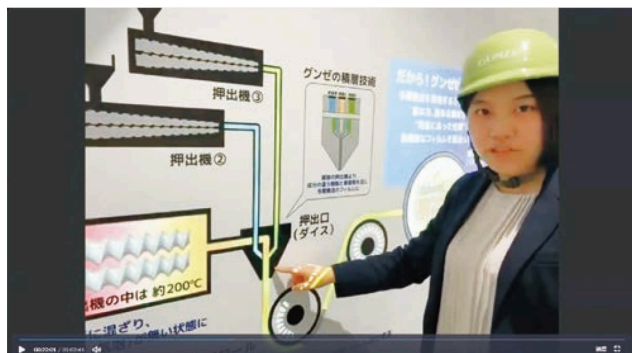
The Gunze Group has taken steps to convert its Moriyama Factory, a key plant in the plastic films field, into a resource-recycling plant (a plant that recycles resources without producing waste). In the future, we will transition from a manufacturer that sells plastic films to a recycling-based circular manufacturer.

Circular Factory™ Visitor Hosting Activities (Plastic Films Business))

In April 2023, work on the Circular Factory™ was completed at our Moriyama Plant after around four years of planning with the aim of utilizing solar and groundwater energy, achieving zero emissions and the elimination of plastic waste, and producing sustainable products. From the completion ceremony until the end of May 2024, we received just under 1,200 visitors from approximately 200 companies (organizations). Due to the COVID-19 pandemic, sales representatives visited customers infrequently. As a result, there were fewer opportunities to obtain feedback regarding issues and needs. Visits to the Circular Factory™ have contributed to concrete proposals for environmental responses, which in turn have led to a variety of collaborative projects. We are also holding online factory tours for overseas customers, and our real-time responses are being

opportunity to show people from outside the Company around the factory. The reason why the new plant even has walkways to welcome visitors is because resource recycling initiatives are difficult for a single company to achieve alone. For example, recycling requires cooperation from local governments and stakeholders, while the development of materials requires cooperation from customers with expertise in recycling technology and waste disposal. In terms of promoting resource circulation, it is necessary to involve the entire industry. For this reason, we have boldly shifted to a strategy of disclosing new initiatives.

The reactions from visitors have been positive, and we are beginning to see model cases of resource circulation. However, this activity will probably not immediately lead to an increase in sales. We will continue our activities in the belief that these initiatives serve as stepping stones for future strategies.



Online briefing for overseas customers



External view of the Circular Factory™

Plastic Film Company

(3) Promoting sustainable procurement

We will actively work to upgrade and expand environmentally responsible products, with the aim of increasing the use of such sustainable raw materials as recycled polyester, organic cotton, and biomass for packaging.

Threads and accessories

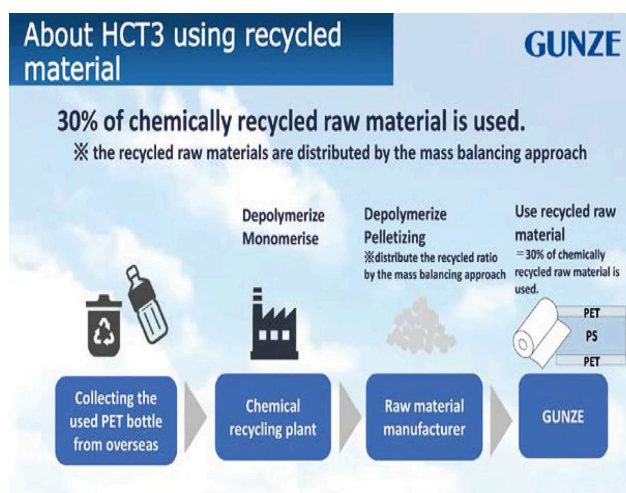
Sewing thread made of 100% recycled polyester



Threads and Accessories Division

Plastic Film Company

Hybrid shrinkable film with a recycled material ratio of 30%



Plastic Film Company

The Gunze Group put in place a green finance framework in fiscal 2022 with the support of Nomura Securities Co., Ltd., the Group's structuring agent. Based on the Green Bond Loan Principles/Guidelines, Gunze's green finance framework outlines the Group's policies toward funds earmarked specifically for projects designed to improve the environment. These policies encompass details of (1) the use of funds, (2) the project evaluation and selection process, (3) management of the funds procured, and (4) reporting. In recognition of the framework's compliance with the subject principles and guidelines, Gunze received the highest Green1 (F) rating from Japan Credit Rating Agency, Ltd. (JCR). Representing Japan's first overall resource-recycling initiatives at the time this rating was received, funds procured were allocated to the Circular Factory Project*1 that circulates plastic resources at the Plastic Film Company's Moriyama Plant.

Executing Green Loans

Utilizing the aforementioned framework, Gunze procured funds through a syndicated, term green loan from MUFG Bank, Ltd. in September 2022. The funds were allocated on a progressive basis up to April 2023 and used for the construction of the Group's circular factory CASBEE*2 A-ranked building, the installation of a new production line, and the construction of the Engineering Plastics Division's Konan Plant office, which received the BELS*3 5-star and ZEB*4 certifications.

As a procurement initiative (loan) that helps improve the environment while fulfilling the requirements of the carbon dioxide emission control subsidy (initiative to support the development of a system to promote green bonds, etc.), this project received a grant from the Green Finance Promotion Corporation, which was selected by Japan's Ministry of the Environment.

Future Policies

The framework developed in this instance, covers all of the Gunze Group's environment-related investments and enables the execution of green bonds and green loans under the framework to finance the subject investments. Moreover, we believe that the cost advantage of sustainable finance compared with conventional financing methods will improve in the future owing to growing social awareness toward sustainability and changes in the financing environment resulting from revisions to the Bank of Japan's policies.

The Gunze Group will proactively undertake the procurement of funds utilizing this framework to ensure both social and economic benefits.

*1 Circular Factory Project: A factory project designed to realize resources recycling without generating waste in the plastic films field by developing products suitable for recycling, establishing technologies for recycling, and reusing waste plastics.

*2 CASBEE: Comprehensive Assessment System for Building Environment Efficiency. A five-level rating system that comprehensively evaluates building quality, encompassing such environmental considerations as energy conservation, the use of materials and equipment with low environmental impact, as well as indoor comfort and landscaping.

*3 BELS: Building-Housing Energy-efficiency Labeling System. Established by Japan's Ministry of Land, Infrastructure, Transport and Tourism based on the Guidelines for Displaying Energy-Saving Performance of Buildings, this system objectively evaluates and ranks energy-saving performance by the number of stars from one to five.

*4 ZEB: Net Zero Energy Building. A building that aims to achieve a comfortable indoor environment while creating energy from renewable energy sources, and reducing the balance of primary energy consumed by the building to zero through energy conservation using a structure with improved heat insulation and sensors, etc.

Efforts to Achieve the SDGs

Carbon Negative Products Designed to Contribute to Both CO2 Reductions and Sales

Our joint industry-academia project with the Center for Urban Research, Kyushu University, has shown that the amount of CO2 absorbed and fixed in the landscaping and greening business exceeds the amount of CO2 emitted during the production of BODY WILD "3D-MADE Boxers" and "Cutoff™ Boxers" products sold as part of the apparel business. As a result, these products received CARE Certification* from the Japan Institute of Metrology and Sustainability, an independent organization, thereby allowing us to commercialize these as carbon negative products that help improve the environment.

human rights and environmental frameworks, where Gunze has acquired CARE Certification under the environmental framework.



Ongoing Implementation of Midosuji Avenue Ginkgo Tree Project

Based on the Agreement on the Supply of Ginkgo Trees on Midosuji Avenue signed with the City of Osaka, we provided an additional 19 ginkgo trees in FY2023. The future vision for Midosuji Avenue is to “become a people-centered street.” Although people are the main focus, the ginkgo tree promenade planted there provides a symbol of this vision. In the years to come, we would like to continue working on this project and contribute to creating a neighborhood full of greenery in Osaka.



Ginkgo trees on Midosuji Avenue

Planting for Forest of Silence at Expo 2025 Osaka Kansai Main Venue

In preparation for Expo 2025 Osaka, Kansai, Japan which will open in April 2025, we are delivering more than 500 trees of various sizes, ranging in height from three to 10 meters, to be planted in the Forest of Silence at the main venue. For the Cycle of Life project, by which nearly 1,000 trees will be transplanted from the former Osaka Expo site and other locations to the Forest of Silence, a new transplanting method that utilizes a special material developed in the textile materials field has been adopted.



Preparations for the transplant of trees from the site of Expo 70 in Osaka

Sustainability

[Message from the President](#)

[Sustainability Management](#)

[Sustainable Action](#)

[ESG](#)

[Gunze Group's Materiality](#)

[GUNZE Value Creation Story](#)

[Integrated Report](#)

[Initiatives Involved / External Evaluations](#)

[ISO26000 Comparison Tables](#)

[Sustainability TOP](#)

About GUNZE

[Message from the President](#)

[Management Philosophy](#)

[Company Profile](#)

[Management Team](#)

[Corporate Brand](#)

[GUNZE History](#)

[Business Locations](#)

[Global Network](#)

[SPECIAL CONTENTS](#)

[GUNZE is Everywhere!](#)

Business

[Apparel Business](#)

[Plastic Films Business](#)

[Medical Materials Business](#)

[Engineering Plastics Business](#)

[Mechatronics Business](#)

[Threads and Accessories Business](#)

[Real Estate Development Business](#)

[Commercial Facility Development Business](#)

[Sports Club Business](#)

[Landscaping and Greening Business](#)

[Engineering Business](#)

[Apparel Store Information](#)

Research & Development

[GUNZE's Technological Strengths](#)

[Research & Development System](#)

[Technology Strategy](#)

[Enhancement of QOL](#)

Sustainability

[Message from the President](#)

[Sustainability Management](#)

[Sustainable Action](#)

[ESG](#)

[Gunze Group's Materiality](#)

[GUNZE Value Creation Story](#)

[Integrated Report](#)

[Initiatives Involved / External Evaluations](#)

[ISO26000 Comparison Tables](#)

Investor Relations

[Message from the President](#)

[Management Policy](#)

[Financial Information](#)

[Shareholder and Stock Information](#)

[Consolidated Financial Statements](#)

[To our individual Investors](#)

[IR Support](#)

[Integrated Report](#)

Wellness

Activity Report Toward a Co-creative Society

The Gunze Group is promoting initiatives to create new value in partnership with a variety of stakeholders. We are contributing to resolving social issues by striving to provide products and services designed with enhanced sustainability in mind. We will also foster a fulfilling organizational culture and believe that by working to improve employee engagement this will give rise to enhancements in corporate value and improved competitiveness as well as lead to the evolution of our corporate constitution.

Apparel Business

New Challenges toward Becoming a Total Apparel Brand

New Asedoron Brand Eliminates the Discomfort of Perspiration

The findings of an independent survey have revealed that wearers are not fully satisfied with current underwear products designed to cope with summer heat that is becoming more intense with every passing year. To eliminate the causes of discomfort caused by perspiration, we worked on creating new ideas and product development. The fruits of these endeavors and the combined efforts of Gunze's apparel business was Asedoron. By means of a complete lineup of products, including innerwear, socks, and pajamas, we provide the solution to the stickiness caused by perspiration, the root cause of discomfort inside clothing. Featuring a structure that mimics diatomaceous earth, this newly developed material eliminates the unpleasant stickiness inside clothing and enables a smooth, comfortable feeling.



BODY WILD Rebrands from Boxer Shorts to Total Apparel

Having focused on innerwear under the concept of being “cool yet extremely comfortable,” BODY WILD has refreshed its brand image and redesigned its brand logo in the 27th year since its debut. In line with the trend toward seamless lifestyle as well as fashion and consumer purchasing psychology whereby they choose what they can identify with, we are taking the brand to a new level with an assortment that allows people to feel the brand's DNA, “the pursuit of comfort,” all over their bodies. Leveraging the manufacturing experience gained and technologies cultivated as boxer shorts evolved, we have developed products designed for entirely comfortable lifestyles. In addition to traditional boxer shorts and other innerwear, we are aiming for BODY WILD to evolve as a total apparel brand offering, for example, jackets and outer bottoms that are suitable for both casual and business settings, socks that are distinctly designed to be comfortable to wear, and comfortable clothing worn at home that aids indoor relaxation.



Tuché: A Women's Brand Strengthening Its Approach to the Younger Generation

We have revamped our product lineup to attract fans from younger generations, which has presented us with challenges. The planning team continued to discuss their ideal brand vision and the products that would realize that vision, and this led to the creation of 7DAYs LOOKs. Wearing these products, whether at work or at home, will boost the wearer's self-esteem and give them confidence. Enabling the coordination of entire outfits using only Tuché items, this is a product line that aims to create a wardrobe that will keep its wearers in a good mood for a week. The web promotion has tag-teamed with HARUTA, a long-established shoe manufacturer with many young fans, to provide total coordination from innerwear and outerwear to shoes. We are working to attract new Tuché fans.



Sustainable Product Development That Is Closely Connected to People and the Environment

In the apparel business people- and environmentally-friendly materials are used actively to develop sustainable products. The Fitte group of the KIREILABO women's innerwear brand is supported by customers for its a rich lineup that meets a variety of needs, such as the gentle comfort of organic cotton blend materials and natural earth colors. Even while making the bust firm, we have achieved gentle comfort with our COMFY MAKE BRA. Its washing tag is transfer printed, and we adopted an organic cotton blend material for all materials that come into contact with the skin (excluding the under tape, sewing thread, metallic parts and fittings, and the transfer print). In the legwear field, the WASHIITO (Japanese paper yarn) brand of ethically made socks, which provides pleasant comfort for the feet while being environmentally friendly, recently made its debut. The socks made from Japanese paper fiber—waste from managed coniferous forests—We have achieved a new soft texture that is different from ordinary Japanese paper fibers by utilizing a new technology to make extremely thin Japanese paper into yarn. This is a product that takes full advantage of the antibacterial, deodorizing, water-absorbing and quick-drying merits of Japanese paper. In the house casual wear field, Gunze launched KAIMIN NAVI, a pajama series that makes rolling over in bed easy. Made from organic cotton, which places less of a burden on the environment than common cotton, these pajamas are colored with dyes extracted from natural materials (cherry blossoms, carnations, blueberries, bamboo charcoal, etc.). While feeling the natural power of plants, people- and environmentally-friendly KAIMIN NAVI pajamas can be worn with peace of mind.



COMFY MAKE BRA women's innerwear



WASHIITO socks



KAIMIN NAVI pajamas

MediCure for Kids Children's Underwear That Aims to be Gentle on the Skin

Products that reduce skin irritation, MediCure underwear supports self-care after surgery, particularly for those with sensitive skin or after breast cancer treatment. In response to requests from dermatologists and customers, for underwear for children due to its gentle comfort, we launched MediCure for kids. Having undergone clinical research at a university, this material has a smooth texture and is comfortable to wear even when you perspire. In addition to being completely seamless, the washing instructions are printed to reduce irritation caused by seams and tags. Gunze is promoting the development of products that take underwear from mere clothing to clothing for medical treatment that takes care of the skin and spirit. From 2021, we started selling these products at dermatology clinics through Medical U&A, Inc.



“MediCure for Kids” children's underwear

For Products That Are Close to Women's Bodies and Hearts

Gunze has been working on developing products that are close to women's bodies and hearts for many years. In recent years, as Femtech has been attracting attention, the Company once again held an in-house seminar to deepen understanding of women's bodies and health. We invited Dr. Kaori Koga, from the Department of Obstetrics and Gynecology at The University of Tokyo Hospital, as a lecturer and about 100 people, mainly product planners and sales representatives, attended the seminar. They learned about the structure of women's bodies and the problems associated with age and life stage changes. Through the provision of products that capture needs that change with the times, Gunze will continue to support women so that they can lead their lives more comfortably and in their own way.



Views from in-house seminars

Lifestyle Creations Business

Schools for Juniors to Improve Interpersonal Skills at Sports Clubs

Evolution of Swimming Schools

To increase parental satisfaction, Gunze swimming schools are promoting ingenuity in terms of viewing spaces and enhancements to coaches' teaching skills.



Expansion of Dance Schools

With dance classes now mandatory in junior high schools and breaking being included in the Olympic Games, there is a burgeoning need for dance tuition. We have expanded our dance schools, which offer cheer and K-POP dancing as well as other dance styles, to 13 locations, and our membership numbers are steadily increasing.



Introduction Schools that Teach Programming Theory

Currently, programming education is compulsory in elementary schools, and as one of our efforts to improve children's logical thinking, we are promoting the introduction of schools that teach programming theory. Said to improve the ability to think about things in an orderly manner, draw conclusions, and execute them in a planned way to achieve a goal, programming education is also expected to improve creativity, imagination, and judgment.

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

[Sustainability TOP](#)

About GUNZE

Message from the
President

Management
Philosophy

Company Profile

Management Team

Corporate Brand

GUNZE History

Business Locations

Global Network

SPECIAL CONTENTS

GUNZE is
Everywhere!

Business

Apparel Business

Plastic Films Business

Medical Materials Business

Engineering Plastics Business

Mechatronics Business

Threads and Accessories
Business

Real Estate Development
Business

Commercial Facility
Development Business

Sports Club Business

Research & Development

GUNZE's Technological
Strengths

Research & Development
System

Technology Strategy

Enhancement of QOL

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External
Evaluations

ISO26000 Comparison Tables

Investor Relations

Message from the
President

Management Policy

Financial Information

Shareholder and Stock
Information

Consolidated Financial
Statements

To our individual Investors

IR Support

Integrated Report

Social Contribution Activities

Kyoto Model Forest Campaign

Kurunto Complex Development Project Utilizes Former Factory Site

“No waste” activities

Kyoto Model Forest Campaign

Gunze concluded the Agreement on Forest Use and Conservation with the Kyoto Model Forest Association and has been conducting volunteer activities for Satoyama conservation in the concluded area in Ayabe, the city where the Company was founded, as part of the Kyoto Model Forest Movement in Ayabe about four times a year since July 2010.

The model forest initiative encompasses the practice of sustainable community development proposed by Canada at the World Earth Summit in 1992. The goal is to develop and conserve forests that provide multifaceted functions, including the production of timber, prevention of global warming, prevention of sediment runoff and collapse, recharge of water sources, formation of good landscapes, improvement of health, and biodiversity.

The initiative resumed in fiscal 2022 after a hiatus owing to the COVID-19 pandemic. This model forest activity has been conducted a total of 42 times since its start in 2010 and attracted an aggregate total of 1,237 participants. Activities since 2018 include the construction of an observatory and the planting of mountain cherry trees as well as maple trees in the Obata district of Ayabe City as part of the Obata Castle Restoration Project. Most recently, we have been working with the Obata Castle Preservation Association, NPO Satoyama Net Ayabe, Kyoto Prefectural College of Forestry, Kyoto Prefectural Nakatan Regional Promotion Bureau, and the Ayabe City Department of Agriculture, Forestry, Commerce and Industry to establish a native azalea colony.

	Frequency	No. of participants
FY2023	4 times	125
FY2022	4 times	144
FY2021	2 times	73
FY2020	1 times	56
FY2019	4 times	162
FY2018	4 times	113



Kyoto Model Forest Campaign in Ayabe (Fiscal 2023)

Kurunto Complex Development Project Utilizes Former Factory Site

From 2021, the site of a former apparel factory that faced Nagai Station (Nagai City, Yamagata Prefecture) was jointly redeveloped by Nagai City and Gunze Development Co., Ltd. under a public-private partnership (PPP). Its construction completed in August 2023, the Kurunto complex opened the following month. Built on a 23,000m² site (about 1.5 times the size of Koshien Stadium), the 5,000m² steel-framed facility has one floor and a partial second floor above ground and is characterized by its polygonal shape reminiscent of a cocoon, representing the history of Nagai City, where silkworm farming was once a thriving industry. There is an amusement facility for children on the north side of the building, a library on the south side, and a café in the common space, making it a lively hub for people of all ages to gather and socialize. The name Kurunto was chosen to represent the image of a place where children can be gently watched over as they grow, like a cocoon that gently and lovingly envelopes a silkworm, and also to represent the image of energetic children playing around, doing somersaults for example. We hope that Kurunto will remain a place of relaxation for the people of Nagai City, and also become a facility that can be enjoyed by everyone in the surrounding area.



Exterior of the Kurunto facility



Amusements for children

“No waste” activities

Diversity & Inclusion (D&I)

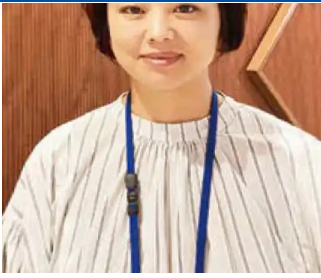
The Gunze Group regards diversity and inclusion as one of its most important human resources strategies. We aim to enable all employees, regardless of their attributes and values, to fully demonstrate their abilities while feeling motivated in their duties. Further promoting women's active participation is essential for realizing this aim, and we have defined the ideal state of women's active participation as: all employees, regardless of gender or lifestage, are able to fully demonstrate their abilities while enjoying a good work-life balance and feeling fulfilled in their work. In order to achieve a state in which a certain percentage of decision makers in each organization are women, we are actively working to enhance the number of women in career-track positions, which is a prerequisite for such a state. Specifically, we are promoting measures such as the continued implementation of a 50% female employment ratio (excluding those working rotating shifts), promotion of retention through career support that encourages autonomous growth, enhancement of training programs for promoting leadership positions, and expansion of childcare support systems. In terms of promoting women's active participation along with workstyle diversity, we will also work to increase men's paternity leave utilization rate.

Policy for Improving Internal Conditions

In improving our internal environment, we place the utmost importance on a people-oriented approach, one of our management philosophies. To create an environment in which employees can work safely, healthily, and to the best of their abilities, we continue to improve operations through DX, thoroughly manage working hours, reduce long working hours, and develop and expand various systems (telecommuting, flexible work hours, etc.) to enable employees from diverse backgrounds to choose the work style that suits them best. The activities of the Work Style Reform Committee include various initiatives based on the four pillars: raising employee awareness, developing business infrastructure, reforming operations, and engaging in office reform. There location of the Tokyo branch office in February 2022 was an opportunity to realize office reform by promoting the shift to a free address system. We are laterally deploying this know-how in the Osaka area, taking the same approach at the Dojima Office, which opened in August 2022. In addition, we are promoting the improvement of the annual paid leave utilization rate with the aim of allocating the work time saved by improving operational efficiency to time that employees can spend freely. Inconsideration of human rights, we are actively working to create a corporate culture of no harassment, no inducement, and no neglect by continuing to conduct surveys to ascertain the actual situation and provide training based on the results as part of our efforts to prevent harassment in the workplace.

Feedback from Training Participants and Men's Paternity Leave Users

Leadership Training: Corporate Contributions for Women's Active Participation



Apparel Company
Sales, Department Store

Masayo Suzuki

better idea of what I need to learn and what I have to do to become a sought-after leader. I have also become more mindful about looking for causes and more efficient ways to solve operational problems, enabling me to find clues to solutions more quickly and clearly than before. In past training sessions I have attended, the participants were mainly those who were hired at the same time and doing similar work as myself. This time, however, I think we received training from the same perspective and mindset owing to the participation of women from the generation who will be tasked with leading Gunze in the future. I am grateful that this training has expanded my network of women in the Company, and I have made connections with people who work under similar conditions (childcare, flexible work hours, nursing care) and people in other workplaces, as well as making friends who can empathize with each other on various issues. This training was an opportunity for me to update my own career and to try new challenges. Looking ahead, I hope to contribute to the Company in any way I can by utilizing the contents of this training program to help younger employees and colleagues change their working styles and develop their careers so that they will be motivated to keep working, whether they are men or women.

Life, Career Training Promotes Human Resources and Independent Career Development

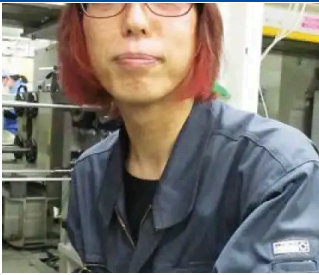


Human Resources
Development Office
Personnel & General Affairs
Department

Mitsunori Fujita

I took the life and career design training course (at age 50) at a time when I was wondering about my future in this so-called era of 100-year lifespans. During this training, participants looked back on their careers so far, reexamined their values, organized their roles in life, and learned the concept of clarifying their desired vision for the future. Through this, I designed an autonomous way of living and working, giving me the opportunity to prepare and take action to realize my personal goals in my own way and with a positive attitude. After the training, I got in touch with a senior certified career consultant to determine my future direction and to set milestones toward taking the next step. I want to help others grow by sharing my knowledge and skills with them, giving advice, and sharing opinions. With this in mind, I began studying to acquire qualifications, using senior employees who had helped me as role models. I also had a 1-on-1 meeting with my supervisor to discuss my future career aspirations and reskilling(relearning) situation. This preparation and actions coincidentally coincided with my transfer to the Human Development. Currently serving on the Education Team, I am working to support the independent career development of our employees through various training programs and career counseling. I intend to continue developing my own career by thinking independently about it and striving for self-improvement, while reexamining how I live and work from time to time.

Work Style Reforms: Men's Paternity Leave



Engineering Plastics Division
Konan Plant

Takeshi Shibata

to cope with my absence. I then took paternity leave for a little less than a month, starting three weeks after my wife's expected delivery date. After taking paternity leave, I became more aware than ever of completing my work more efficiently and on time. In addition, we are putting more effort into training our members so that the workplace can function without problems even when key personnel are absent. Taking paternity leave gave me enough time to learn about childcare. My wife said it was reassuring to have me with her during this difficult time caring for our first child and helping her throughout my paternal leave made her feel comfortable with taking care of the baby there after. I am still able to reduce my wife's workload and perform my duties with a greater awareness of the balance between work and childcare.

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

[Sustainability TOP](#)

About GUNZE

Message from the
President

Management
Philosophy

Company Profile

Management Team

Corporate Brand

GUNZE History

Business Locations

Global Network

SPECIAL CONTENTS

GUNZE is
Everywhere!

Business

Apparel Business

Plastic Films Business

Medical Materials Business

Engineering Plastics Business

Mechatronics Business

Threads and Accessories
Business

Real Estate Development
Business

Commercial Facility
Development Business

Sports Club Business

Landscaping and Greening
Business

Engineering Business

Apparel Store Information

Research & Development

GUNZE's Technological
Strengths

Research & Development
System

Technology Strategy

Enhancement of QOL

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External
Evaluations

ISO26000 Comparison Tables

Investor Relations

Message from the
President

Management Policy

Financial Information

Shareholder and Stock
Information

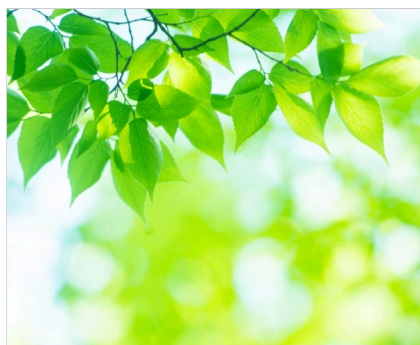
Consolidated Financial
Statements

To our individual Investors

IR Support

Integrated Report

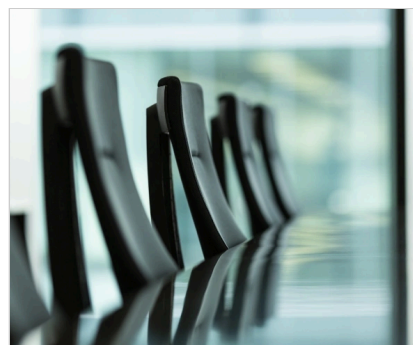
ESG



Environment



Social



Governance



List of ESG Data

Sustainability

[Message from the President](#)

[Sustainability Management](#)

[Sustainable Action](#)

[ESG](#)

[GunzeGroup's Materiality](#)

[Gunze Value Creation Story](#)

[Integrated Report](#)

[Initiatives Involved / External Evaluations](#)

[ISO26000 Comparison Tables](#)

[Sustainability TOP](#)

Environment

[Gunze Environmental Charter](#)[Basic Policy for Plastic Resource Circulation](#)[TCFD climate change related disclosures](#)[CO2 Reduction Results and Future Initiatives](#)[Chemical Substance Management](#)

Gunze Environmental Charter

As part of the global community, we at Gunze are fully aware of our responsibility to safeguard the earth and its resources for future generations. Gunze is a responsible corporate citizen committed to building a prosperous global society that enjoys sustainable development. To support our efforts, we will actively address environmental issues to minimize the environmental impact of our activities and implement necessary measures to improve and maintain the environment. In accepting our social responsibility to help solve environmental problems, we have established a basic environmental philosophy and determined action guidelines.

Basic Environmental Philosophy

By offering environmentally responsible products and services, we aim to contribute to the development of an affluent, sustainable global society. We fully understand our reliance on the gift of nature, so we strive to maintain harmony with the global environment and promote the preservation of biodiversity.

Environmentally Responsible Action Guidelines

- (1) We will direct our efforts toward minimizing the environmental impact of all our corporate activities, considering the impact on biodiversity inside and outside Japan, and the local communities related to our business.
- (2) We will comply with all related laws and regulations, but also will strive to upgrade the level of our environmental management by establishing internal voluntary standards.
- (3) We will promote effective use of resources, including raw materials and energy, aiming to reduce greenhouse gas emissions.
- (4) We will reduce waste, and promote recovery and recycling for recirculation of resources.
- (5) We will promote research and development of environmentally sound products as well as manufacturing and environmental technologies to lessen the environmental impact of our activities.
- (6) We will implement programs to increase the environmental awareness of our employees, and encourage them to cooperate with and contribute to the environmental preservation efforts of local communities.
- (7) We will advance environmentally conscious practices, and promote the transfer of environmental technologies to our overseas operations.
- (8) We will immediately take action to reduce the damage in the event of an environmental accident.

also required by the SDGs (Sustainable Development Goals) adopted by all United Nations Member States in 2015. Activities to combat the problem of marine plastic waste are accelerating on a global scale, and GUNZE recognizes its social responsibilities as a company engaged in the manufacture and sale of plastic film packaging materials.

**GUNZE proactively implements the “3Rs + Renewable[※]” initiative for plastics,
to reduce the amount of plastic waste and help build a society
that promotes plastic resource circulation.**

As such, we have established the following policies.

- (1) Reduce the volume of plastics and promote the reuse and recycling of plastic items.
- (2) Help implement effective and efficient plastic resource circulation through easy-to-classify and easy-to-recycle product design and by aggressively using renewable raw materials.
- (3) Help reduce the use of petrochemical raw materials by developing products using bio-based materials.
- (4) Conduct appropriate management of waste, and ensure that production activities have a smaller impact on the environment, so as to fulfill our responsibility as a manufacturer.

※3R + Renewable :

3Rs stands for Reduce (using fewer resources for production and reducing waste), Reuse (using products and parts repeatedly), and Recycle (effectively using waste as raw materials or energy sources). “3Rs + Renewable” means adding the use of renewable resources to the 3Rs initiative.

TCFD climate change related disclosures

In October 2021, the Gunze Group expressed support for the recommendations put forward by the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD). TCFD requires disclosure of the frameworks for examining climate change, indicators, and targets for evaluating the medium- and long-term impact of climate change on corporate value and for identifying risks and opportunities from climate change, and the way in which these examinations are reflected in corporate management.

① Governance

Governance on climate change is incorporated into the sustainability governance structure.

② Risk management

Major risks related to climate change are based on the Sustainability Governance Structure Chart. Important issues are reported from the Sustainability Committee and Risk Management Committee to the Corporate Officers' Meeting and then to the Board of Directors, thereby integrating and managing Group-wide risks.

③ Strategy

We selected the plastic films field and apparel business (innerwear) as the Gunze Group's main businesses for scenario analysis, and we identified short to long-term risks, studied countermeasures, and for these, extracted considerations

To systematically reduce CO2 emissions, we will strengthen our efforts to save energy, create energy, and use renewable energy in our business activities, and take measures to promote the 3Rs (reduce, reuse, and recycle) and implement other resource recycling and eco-friendly initiatives. Commencing in FY2023, new manufacturing machinery became operational at the Circular FactoryTM in the plastic films field, contributing to a reduction in energy consumption per unit of production. We are also actively developing and bringing to market products that address the risks and opportunities identified through scenario analyses. To give specific examples, in the plastic films field, we developed and launched Japan's lightest shrink film, GEOPLASTTM, an environmentally friendly shrink film for label packaging made using the mass balance method from more than 5% recycled materials that is compatible with automatic shrink sleeve label application machines. In the apparel business (innerwear field), in response to the summer heat that gets more severe with every passing year, we developed and launched the functional brand Asedoron, for which we used our own technology to eliminate the discomfort caused by perspiration. In the years to come, we will actively develop and bring to market environmentally friendly products, including those that support ethical consumption.

※NZE2050 (Net Zero by 2050) :

NZE2050 (Net Zero Emissions by 2050): One of the scenarios presented in the IEA's World Energy Outlook 2020. It is a 1.5°C scenario that surpasses the target of the Paris Agreement and aims for zero CO2 emissions by 2050.

※RCP8.5 Scenario :

A scenario in Figure SPM6 of the summary for government policymakers of Synthesis Report (SYR) of the IPCC Fifth Assessment Report (AR5), which forecasts a temperature increase of 2.6°C to 4.8°C by 2100.

Responding to Climate Change related Risks and Opportunities

Risk items		Risks	Period	Degree of financial impact	Plastic films field	Innerwear field	Responding to Risks and Opportunities
Transition risk (1.5°C)	Coal prices	Emissions trading and carbon taxes introduced in many countries, increasing operating costs	Medium to long term	Large	○	○	Risk response:Reduce the financial impact of carbon taxes by increasing investment in renewable energy and shifting to low-carbon energy sources
	Plastics regulations in various countries	Raw material prices increased due to stricter regulations prompting the introduction of bio-materials and recycled materials	Short to long term	Large	○	○	Risk response:Establish technologies that break down and reuse waste plastic and provide products that meet customer needs
	Changes in energy mix (electricity prices)	Higher ratio of renewable energy to electric power has driven up electricity prices	Medium to long term	Small	○	○	Risk response:Use of equipment with low power consumption; promote the installation of self-consumption solar power generation

	EV and renewable energy penetration rates	—	Medium to long term	Large	○		OpportunitiesStrengthen sales of lithium-ion batteries and semiconductor film with the spread of EVs
	Price shifts in key commodities	Manufacturing costs for crude oil-derived synthetic fibers has increased	Short to long term	Large		○	Risk response:Promote a shift from petroleum-derived to green materials.
	Changes in customer behavior	More consumers are making purchasing decisions in line with their environmental impact	Medium to long term	Medium		○	Risk response:Increase sales of environmentally responsible products for ethical consumption
Physical risks (4°C)	Abnormal weather	Lower sales due to business activity suspensions and supply chain disruptions caused by wind and flood damage	Short to medium term	Medium	○	○	Risk response:Enhance supply chain disaster prevention at manufacturing sites and in logistics to strengthen business continuity capabilities
	Rising temperatures (volume of cotton cultivation)	Cotton prices up due to rising temperatures	Medium to long term	Medium		○	Risk response:Develop biomaterials and recycled materials
	Rising temperatures	—	Medium to long term	Medium	○	○	OpportunitiesProducts that address rising temperatures. Strengthened sales (shrink films, innerwear)

※Time period : Short-term 1-2 years, medium-term 3-5 years, long-term 6-10 years

※Financial impact in 2050 : Small = less than 100 million yen, Medium = 100 million yen to 1 billion yen, Large = 1 billion yen or more

CO2 reduction results (Scope 1, 2 ,3)

		FY2023	Compared to FY2022		Compared to FY2013	
		Emission volume(t-CO ₂)	Reduction volume(t-CO ₂)	Reduction rate(%)	Reduction volume(t-CO ₂)	Reduction rate(%)
Achievements	Scope1+2	115,517	2,807	2.4%	56,991	33.0%
	Scope1	34,732	3,912	10.1%	17,581	33.6%

		2023	2022	Change (%)	2023	2022
	Scope2	80,785	-1,105	-1.4%	39,411	32.8%
	Scope3	390,856	33,005	7.8%	—	—

※Scope 1 and 2 are calculated for all Gunze Group business sites in Japan and overseas (Scope 2 calculation is based on market criteria)

※Scope 3 is calculated for all Gunze Group business sites in Japan.

CO2 Reduction Results and Future Initiatives

① Scope 1, 2 Results

The total reductions in Scope 1 and 2 CO2 emissions totaled 115,517t-CO2 (97.6% compared with the previous year), which amounts to 33% compared with the FY2023 target of “27% or more compared with FY2013,” and thus we were able to achieve our target. The Gunze Group is working to conserve energy and expand the use of renewable energy as a fundamental part of its efforts to reduce CO2 emissions. FY2023 results were affected by production adjustments in line with market trends and fluctuations in domestic and overseas electricity coefficients. Going forward, to minimize the impact of such external factors and to make our CO2 reduction activities sustainable, we will strive to increase the proportion of renewable energy by switching over to highly efficient equipment when it becomes obsolete, implementing sustainable energy-saving activities across all our business sites by visualizing energy losses centered on EMS,*3 and vigorously promoting the maximum use of conventional solar power generation panels across the Company. We will also actively promote efforts to introduce next-generation solar power equipment to achieve our 2030 CO2 emissions reduction target.

※3 EMS : Energy Management System

② Scope 3 Results

Scope 3 emissions for FY2023 amounted to 390,856t CO2, a year-on-year reduction of approximately 8%. This result was due to the Plastic Film Company's significant contribution in promoting resource circulation strategies, including its Circular FactoryTM. The Gunze Group's CO2 emissions are weighted more heavily in Scope 3 than in Scope 1 and 2, and we are focusing on resource circulation and sustainable procurement to reduce Category 1 (purchased products and services) and Category 12 (end of life treatment of sold products), mainly at the Plastic Film Company and Apparel Company, which account for a large proportion of the emissions volume. To further strengthen our Company-wide efforts toward Scope 3 reductions, we will consider setting and disclosing targets for resource circulation and sustainable procurement. We have begun our Scope 3 calculation and reduction efforts in Japan, but going forward we will also proceed to confirm the extent of the Scope 3 impact at our overseas business sites.

Chemical Substance Management

Chemical substances have many excellent functions and are beneficial to business activities. However, some chemical substances are harmful to people and the environment. By switching to safer substances or reducing the use of such chemical substances, it is possible to reduce the risk of harm to people and the environment.

In order to use chemical substances safely, we conduct scientific risk assessments based on the hazardous properties and

②Management Standards

All chemical substances used by the Gunze Group are managed in accordance with the standards for ranks A (Prohibited use), B (Strict management), C (Use reduction), and D (Emission reduction), taking into account applicable laws and regulations, carcinogenic potential, and environmental impact.

③Management System

The General Manager of the Technology and Development Department oversees the management of chemical substances within our Group, and the Technical Development Department works to improve the company-wide chemical substance management system. The management department of each business unit is responsible for managing individual chemical substances, investigating the hazardous properties of chemical substances, and studying countermeasures. Each business unit and the Technical Development Department work together to ensure that business operations are friendly to people and the environment.

④Training

The Technology and Development Department conducts regular training sessions for chemical substance managers at each business site to improve their skills in the following areas.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Message from the President

Management Philosophy

Company Profile

Management Team

Corporate Brand

GUNZE History

Business Locations

Global Network

SPECIAL CONTENTS

GUNZE is Everywhere!

Business

Apparel Business

Plastic Films Business

Medical Materials Business

Engineering Plastics Business

Mechatronics Business

Threads and Accessories Business

Real Estate Development Business

Commercial Facility Development Business

Sports Club Business

Landscaping and Greening Business

Engineering Business

Apparel Store Information

Research & Development

GUNZE's Technological Strengths

Research & Development System

Technology Strategy

Enhancement of QOL

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Investor Relations

Message from the President

Management Policy

Financial Information

Shareholder and Stock Information

Consolidated Financial Statements

To our individual Investors

IR Support

Integrated Report

Social



Human Resources Strategy



To Realize VISION 2030 -A
Discussion
about the Company's Human
Resources-



Stakeholder Engagement

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

Sustainability TOP

About GUNZE

Message from the
President
Management
Philosophy
Company Profile
Management Team
Corporate Brand
GUNZE History

Business

Apparel Business
Plastic Films Business
Medical Materials Business
Engineering Plastics Business
Mechatronics Business
Threads and Accessories
Business

Research & Development

GUNZE's Technological
Strengths
Research & Development
System
Technology Strategy
Enhancement of QOL

Sustainability

Message from the President
Sustainability Management
Sustainable Action
ESG
Gunze Group's Materiality
GUNZE Value Creation Story
Integrated Report

Investor Relations

Message from the
President
Management Policy
Financial Information
Shareholder and Stock
Information
Consolidated Financial
Statements

Human Resources Strategy



Makoto Ogura

Corporate Officer General Manager,
Personnel & General Affairs Department

Gunze's Efforts to Increase Engagement **Engagement Score**
Toward a Comfortable Workplace Environment

Gunze's Efforts to Increase Engagement

The Gunze Group's basic human resources strategy approach under the Medium-term Management Plan VISION 2030 stage1 is outlined as follows.

Human resources are our greatest management resource. We are fostering a corporate culture in which all employees can fully demonstrate their abilities with a sense of job satisfaction, which is the cornerstone of corporate competitiveness, to become a healthy and visionary company.

Based on this strategy, we define the type of human resources we seek as those who can accept different values, think and act on their own initiative, and provide value Materiality, KPIs (FY2024 – FY2030 Targets) in their areas of expertise. In tune with our human resources management policy, we are advancing initiatives that emphasize the three pillars of diversity, autonomy, and success. In pursuing these initiatives, we first conducted an engagement survey in 2022 to clarify the status and conditions surrounding employees and the organization. Over the ensuing two years, we have taken steps to verify the survey's effectiveness.

While yet to achieve our established goals, Gunze's strengths and challenges have become abundantly clear. The scope of the survey is extensive and covers the Company's structure. Elements extend from workplace relationships to the health of employees. Naturally, the challenges that we face cannot be resolved by a single one-to-one initiative. While currently promoting the following measures, we believe that the fruits of our endeavors will be felt in the future.

With a target date of FY2026, we plan to undertake a fundamental reform of our personnel system. At the same time, we will closely monitor conditions at each workplace and take steps to foster an open and comfortable environment. Our goal is to become a company of choice in society by enhancing employee motivation and engagement and maximizing the human capital of the GUNZE Group.

Materiality, KPIs (FY2024 – FY2030 Targets)

Evolution of Corporate Constitution	Ratio of women in managerial roles	Promoting women's active participation	5.0%	7.0%	Over 6%	Over 20%
		Ratio of women employees	34.0%	33.8%	35%	41%
		Ratio of women new graduates hired on a main career track (excluding those working rotating shifts)	50.0%	51.9%	50%	50%
	Child-rearing support	Men's paternity leave utilization rate	40.0%	42.0%	50%	70%
	Corporate culture reform	Engagement score	64 points (estimate)	62 points	70 points (estimate)	80 points (estimate)
	Work-style reform	Annual leave uptake	75% (15 days)	74.5% (14.9 days)	75%	100%

Engagement Score

Engagement is a measure of the relationships of trust between employees and companies and the willingness of employees to contribute by exercising their strengths.

Examples show that increased engagement has a direct impact on improving an organization's productivity as well as a company's performance. The Gunze Group conducts a monthly survey on 9 key drivers and 26 associated subsets, utilizing the quick-response Pulse Survey method, in order to quickly grasp the status of the organization in a rapidly changing business environment. Utilizing the average of other companies in the same industry and of the same size that employ this survey tool as a benchmark, we aim to improve our overall score to within 20% of the top companies in FY2024 and within 5% of the top companies in FY2030.

Gunze's Strengths and Challenges Based on Engagement Scores

Areas with challenges	Providing career opportunities	Satisfaction and motivation	Relationship with manager

Engagement Improvement Framework



Toward a Comfortable Workplace Environment

Gunze positions a people-oriented approach at the heart of its management philosophy. Based on this approach, we are promoting the following initiatives with the aim of fostering a corporate culture in which all members can fully demonstrate their abilities while having a genuine sense of satisfaction.

1. Personnel compensation system reform

The environment surrounding the corporate sector is changing rapidly of late owing to the diversification of work styles and promotion of human capital management.

Since the current personnel compensation system was established in 2001, Gunze has undertaken a succession of individual reviews in response changes in its operating environment. In order to further enhance our corporate value by securing and retaining outstanding human resources, and to become a healthy and visionary company, we are working toward the implementation of a fundamental reform of our personnel compensation system, which extends well beyond a mere extension of its current form, in FY2026. Recognizing that the new system will take effect in FY2026, we are undertaking a partial revision of the current system focusing mainly on the early realization of career autonomy from FY2024.

Human Resources Management Policy

Diversity

Possess strengths from diverse human capital

Gunze aims to be a healthy and visionary company that accepts diverse human resources in order to enable transformation and take on challenges using diversity as a competitive edge.

Autonomy

Develop human resources strengths

Gunze creates opportunities for employees to actively challenge themselves to grow independently.

Success

Utilize human resources strengths

Gunze will promote awareness-raising initiatives, career development support, and job rotations to imbue a sense of growth in various generations.

2.Work-style Reform

To create an environment in which employees can work safely, healthily, and to the best of their abilities, we continue to improve operations through DX, thoroughly manage working hours, reduce long working hours, and develop and expand various systems (telecommuting, flexible work hours, etc.) to enable employees from diverse backgrounds to choose the work style that suits them best.

In addition, we are looking to shorten scheduled working hours and improve the annual paid leave utilization rate to reduce the total number of actual working hours each year. From FY2024, we are increasing the number of annual holidays at production sites with varying numbers of days off, as well as making childcare leave partially paid.

3.D&I Promotion

The Gunze Group regards diversity and inclusion as one of its most important human resources strategies. In this regard, we recognize that women's active participation is especially important. In order to realize a state in which a certain percentage of decision makers in each organization are women, we are working to enhance the number of women in career-track positions as well as develop leaders.

(1) Develop and put in place a system to promote women to leadership positions (GLSL: Gunze leadership school for ladies)

The Gunze Leadership School Ladies (GLSL), a career development training program, was introduced in FY2022 with the aim of retaining and developing female leaders. The GLSL aspires to provide opportunities to better understand the Company's expectations toward women's success and to build an independent career while visualizing a career image. The goal is to encourage women to view "becoming a manager" as a positive option in the future.

Promotion of Women's Empowerment (Conceptual Diagram)

Women leaders playing
an even more active role (development)

Higher percentage of female employees
(hiring, retention)

System verification and review

Ideal state of women's active participation

All employees, regardless of gender or life stage, are able to fully demonstrate their abilities while enjoying a good work-life balance and feeling fulfilled in their work.



Participants in GLSL training

(2) Mentoring program

First introduced in FY2013, we continue to promote our mentoring program. In addition to creating opportunities for female main career and regional career track employees to meet senior employees of the same gender (mentors) and build networks, and preventing the turnover of young to mid-career female employees, this program is designed to support the career development of women while taking into consideration the need for work-life balance. Recognizing the importance of diverse perspectives, we have added senior male employees to the list of candidate mentors from FY2024.

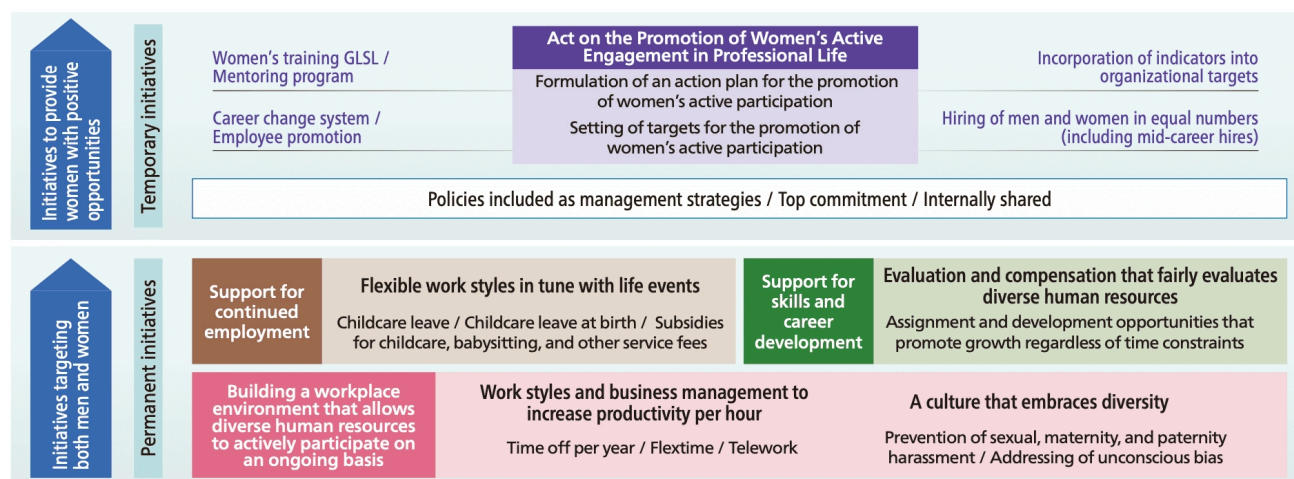
Number of Mentor Program Participants

	FY2019	FY2020	FY2021	FY2022	FY2023
Results	17	11	9	7	8

(3) Balancing work and childcare

Gunze also introduced three support measures to minimize the impact on employees' careers as a result of childcare responsibilities from 2022. These measures are: (1) childcare fee subsidies for employees who return to work early from childcare leave, (2) extended childcare fee subsidies, and (3) subsidies for the use of babysitters and other services.

Map of Initiatives for Women's Active Participation

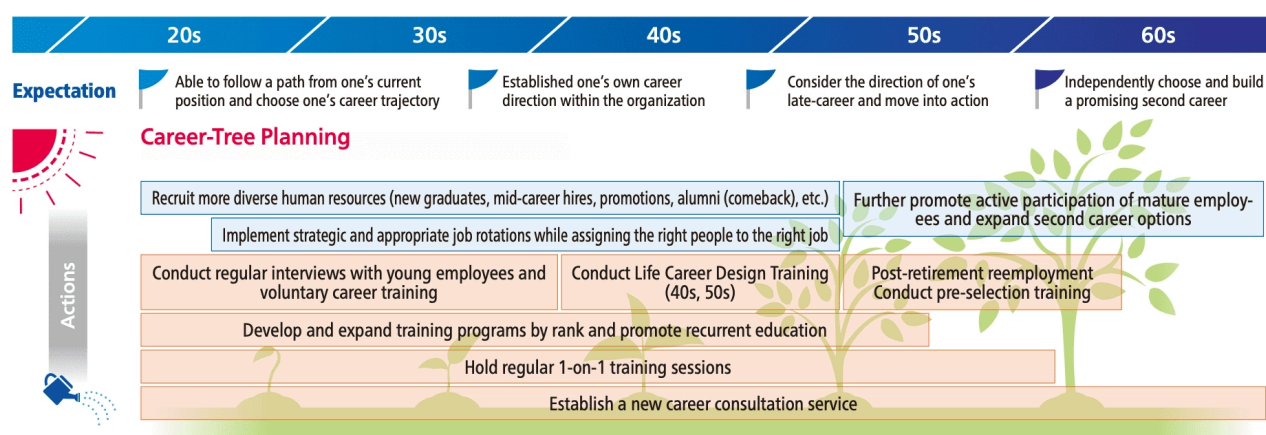


4. Career Autonomy Promotion

Against the backdrop of an uncertain current outlook, we recognize the need to engage in human capital management that regards human resources as "capital," and the urgency involved in developing human resources who are conscious of their own career and are prepared to act autonomously. Only in this way can we enhance our corporate value.

The Gunze Group encourages each and every employee to pursue diversity and to act on their own initiative in order to realize a career that makes the most of their strengths. In addition to supporting their career development as a company, we strategically assign the right people to the right job.

Carrier expectations in each age group and problem-solving approaches



(1) Implement strategic and appropriate job rotations while assigning the right people to the right job

We initiated Human Resource Share personnel exchange meetings as a forum through which each division can share information on human resources from 2023 and to expand opportunities for individual-led transfers that facilitate autonomous career planning.

Upgrade and expand career training

The Gunze Group has a high percentage of senior employees. As such, the need to ensure that its senior employees are able to work energetically and demonstrate their skills is an important human resource issue. With this in mind, we have upgraded and expanded training opportunities at the age of 40 and 56 in addition to existing programs at the age of 50. Moreover, self-development support programs, including distance learning, which was previously limited to regular permanent employees, have been upgraded and expanded to include post-retirement rehired employees and contract employees to enhance reskilling and recurrent education opportunities.

Promoting widespread acceptance and use of 1-on-1 meetings

The 1-on-1 meetings introduced in 2022 are used to foster psychological safety by increasing opportunities for communication between managers and meeting participants and strengthen trust. Building on this foundation, 1-on-1 meetings provide a place to support growth. Two years have now passed since introducing 1-on-1 meetings. Based on the verification of issues, Gunze is promoting a raft of improvement initiatives while also taking into consideration methods that mirror the Company's unique business structure and systems. In this way, we are working to promote the widespread acceptance and use of 1-on-1 meetings.

Upgrading and expanding the career counseling system

Human resources staff are encouraged to obtain career-related certifications. In this vein, the Gunze Group has strengthened its career-related support structure and systems. Established in May 2023, the Career Support Desk helps resolve a variety of work-related issues, including career development, human relations, and skills development. As of April 2024, the Desk responded to 11 requests, and will work to promote further expansion of its use.

5. Increasing awareness toward management participation

Attended by a total of 130 participants at five locations nationwide, the "Let's create the future!" workshop is a forum to deliberate on long-term strategies. In specific terms, the workshop is an opportunity for the younger generation, who will lead the next generation, to participate in management with an eye to the future based on their vision of themselves and their companies 30 years from now. The workshop provides participants with a sense of the connection between individuals, companies, and society from the perspective of resolving issues. In providing the opportunity to deliberate on one's own awareness (Will) and the Company's mission (Must), the workshop allows participants to take personal ownership of the issue of Gunze's future and to foster a sense of proactive and autonomous participation in management.



	Stratified training			Other general education		Self-education support
	Young employees	Next generation leader training	Management executive development	By course / job type	Career development support	
Corporate officers			Leadership School III		Career training at the age of 56	Distance learning, E-learning, recurrent education training Support system for qualification, language acquisition
Managers		Leadership School II			Life career design training at the age of 50	
Mid-career employees		New manager training			Life career design training at the age of 40	
Young employees		Leadership School I		General employee training II General employee training I General employee training B	Training for younger training staff Career design training	
3rd year of employment	Leadership School B	Leadership school for ladies				
2nd year of employment	Follow-up training at the end of 3rd year of employment					
New employees	Follow-up training at the end of 2nd year of employment			Experimental design IE basic training QC basic training Other		
	Training at the time of career hiring New employee training (At the time of hire, six months later, and one year later)					

Established Career Support Desk (from May 2023)

As we enter the era of 100-year lifespans, employees must design their own careers, determine their life goals and career vision (life career), and work toward them in order to achieve independent career development. In order to actively support these actions, we have recently established a Career Support Desk, through which the Company Helps employees deal with the various issues that arise in their duties together so that they do not have look for solutions alone.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Business

Research & Development

Sustainability

Investor Relations

Message from the President

Apparel Business
Plastic Films Business

Message from the President
Sustainability Management

Message from the President

To Realize VISION 2030 -A Discussion about the Company's Human Resources-



From a historical perspective, Gunze is a company that treasures its inherited DNA. What are the attributes of Gunze's human resources?

Ogura : Raw silk, a product of the founding silk reeling industry, is woven with warp and weft threads to form fabrics. Any slight imperfection in the quality of the weft thread can be offset through technical skills. Once the warp thread is set on the loom, adjustments to thread quality cannot be made later. For this reason, employing the highest quality thread from the outset is of the utmost importance. Gunze's founding philosophy that embraces a people-oriented approach, a commitment to quality, and coexistence underpins the critical need to create new value by flexibly adapting the Company's weft threads to the needs of the times while treasuring the warp threads of its DNA that are grounded in unchanging principles. As far as the manufacturing process is concerned, Gunze's founder firmly believed that a pure heart produces a lustrous thread, an honest mind produces a thread of uniform fineness, and a peaceful heart produces a thread free of knots. Good people make good silk yarn, and trustworthy people make trustworthy products. We place considerable importance on the heart and soul of the manufacturer because we believe the ideal that Gunze has also defined the attitudes and stances that it values as the three important character traits: sincerity, affection, and modesty. Well-schooled in the philosophies of our founder, Gunze's human resources maintain a firm commitment to quality. With this in mind, I believe that our employees are distinguished by their honesty and ardor.

What human resources challenge do you believe Gunze must address from your perspective as an outside director?

to an era where values are changing at an accelerated pace, and past experiences are no longer a pathway to success, Gunze is faced with the challenge of identifying human resources that can adapt. In a corporate culture where unique human resources are removed from a department on the premise that they are a bad fit, or the comments of employees are dismissed as erroneous and proposals rejected on the basis of perceived inefficiencies or a low probability of success in accordance with theories of historical examples of success, employees will inevitably refrain from making comments and avoid standing out. With this in mind, I believe Gunze should look beyond the status quo and place increased value on individuality and creativity. It is important for the Company to consciously foster a corporate climate that welcomes input from outside the box.

What specific measures do you think Gunze should take to address the current status of D&I and pending issues?

In particular, what steps should the Company take to achieve its target ratio of women in managerial roles of 20% or more by 2030?

Kida : Kida: If Gunze provides opportunities and tries to lift up those employees who work hard in accordance with conventional values and methods, it runs the risk of painting minority heterogeneous employees with the same organizational brush. This is contrary to the inherent meaning of D&I, which places considerable importance on management that leverages diversity. I believe that top management and the Company as a whole must reaffirm its common understanding, namely the need to stimulate innovation in the organization's management and marketing activities by promoting D&I.

To increase the number of women in managerial positions, Gunze must radically change its fundamental approach. The Company raised its ratio of women in managerial positions from 1.5% in the previous fiscal year, to 3% in the fiscal year under review. At this pace, and with a fiscal 2022 target of 4%, the Company will face considerable difficulty in achieving its target of 20% or higher by 2030.

Should this rate remain at its current pace, and the ratio come in at around 10% a decade from now, I wonder how Gunze will be viewed by a society in which women are far more active? Thinking seriously about the Company's future, Gunze must be prepared to fundamentally review its approach toward human resources encompassing such wide-ranging issues as development, appointment, and evaluation.

Ogura : Currently, the ratio of women in managerial positions is 3% out of a roughly 350-strong management pool. By rightsizing the number of managers through DX and efforts to flatten the organization, I believe the ratio of women in managerial positions will be 20% or higher 10 years from now. As one initiative aimed at achieving this goal, we first took steps to create a role model for women to become managers while also raising children. Specifically, we introduced a system that allows employees to return to work after six months of childcare leave without interrupting their careers in March 2022. This system is based on the premise that a six-month leave of absence would allow other employees to make the necessary adjustments through mutual support thereby negating the need to fill the temporary absence. Staff members could then return without interrupting their careers. After returning to work, we have also institutionalized support to help defray the costs related to nursery school enrollment and other expenses.

unexpected situations arise, and to create an environment and culture in which all employees are willing to help. Simply sending out the message that women should be encouraged to pursue managerial positions may create uncertainties and conflicts within the organization. Without the proactive support of the Company including efforts to foster the necessary climate and environment, women seeking to advance to managerial positions may balk at the idea and refrain from moving forward in their careers.

Ogura : Gunze's policy is to hire an equal number of men and women for career-track positions in fiscal 2023. The Apparel Division has long had a high percentage of female employees, and women have been continuously placed in positions of responsibility and as managers of women's products. The percentage of women in other divisions is low by comparison. It is therefore important that we continue to adopt a hiring policy that ensures retention across all divisions.

Kida : Depending on the department, some may argue that increasing the number of women will void existing management practices making it difficult to carry out work. I do not dispute that priority should be placed on efficiently completing tasks. I strongly believe, however, that management must deal resolutely with these concerns while maintaining a forward-looking perspective.

Ogura : I believe it is extremely important to motivate and raise the awareness of candidates for managerial promotion. Gunze will further enhance and implement education by level. The Company has a comprehensive development program for new recruits and employees up to their third to fourth year of employment. There is a gap between our training programs and the next level, which I believe is an issue that Gunze must address. As an initial step, we plan to prioritize level-based training for female employees identified as candidates for managerial positions. Thereafter, we intend to fully embed this development program across the Company as a whole, irrespective of gender.

Kida : Training is of course important. I would add that it is also important to take a more in-depth and detailed approach by business division. Arguably, there are fewer women, who are interested in managerial positions than men.

I suspect this is not only because of the aforementioned concerns surrounding the need to balance child-rearing with work responsibilities, but also because being a manager itself is not attractive to women. In addition to status, salary, and responsibilities, I believe that it is necessary to provide positive information about how becoming a manager will broaden the scope of one's work, the skills to be acquired, and one's own growth and satisfaction. All of which will feed each individual's development of a fulfilling and happy career.

Should Gunze ramp up efforts to broadcast to the outside world its support for women in the future, I am confident more women will commit to the Company. If this happens, it will have a positive impact on our business, and I believe it will spill over to the future hiring of human resources and motivate women in the Company to aim higher.



What should Gunze do to ensure that human resources who join the Company in the future will feel the work is rewarding?

Kida : For example, apparel products are highly functional and focus on ease of movement and comfort. The comfort of one's underwear can change motivation and performance for the day. Gunze innerwear enhances the quality of life of each and every customer. Whatever the department, the Company's work is consistently linked to the quality of life of its customers. Since our founding, we have contributed to people and society through our products while flexibly responding to the changing times. I firmly believe that the purpose of our very existence is grounded in this contribution. The first step then is for current employees to take pride in their work. If we can communicate this to the outside world, I believe that people will feel the significance, potential, and value of working for Gunze. Moreover, I think that we should communicate more about what kind of society we want to create and how we would like to contribute to the future, in words that will resonate with young people.

Ogura : Many young people today sincerely want to contribute to society. I feel that the best thing to do is to create an area within the Company where that can be achieved. In the leadup to completion of the Circular Factory in our Plastic Film Company, we are finding that many students looking for jobs are interested in and sympathetic toward our efforts to achieve zero waste. While plastics are today seen in a negative light, the likelihood that plastic products will be reduced to zero is very low. Many students have voiced their keen interest in and affinity toward the idea of contributing to society by ensuring that the materials used in plastic products are recyclable. They are eager to join the Company and work on this project.

Kida : In the work environment for women, the spotlight tends to be on how to balance work and childcare. Looking ahead, I believe that attention should also be placed on balancing work and nursing care. This is an issue that men cannot afford to ignore either. In fact, it is not uncommon to hear that men in their prime have had to quit their jobs to care for their parents. As the birthrate declines and the population ages, if we do not put in place a system that allows individuals to continue working and building careers despite certain restrictions, we may end up with a shortage of human resources across all age groups. I would like to work on the introduction of diverse work styles coupled with human resources as well as evaluation reforms so that a variety of people can work with peace of mind, demonstrate their abilities, and feel that their achievements are evaluated equitably.



What is your message to the Company's female employees to help Gunze become a company in which women play an active role?

Kida : I would like to see more people step forward and actively play a leading role. I see no reason for anxiety given the Company's declaration of support to bring the percentage of women in managerial positions to 20% or higher in 2030. I also come out people with the hunger and mettle to say: "Let me be the first." If we work as a group to come up with ideas and put them into practice, rather than just wait for the necessary conditions to be provided to us, I strongly believe that we will more quickly bring D&I to fruition.

What do you expect from the people who will lead Gunze in the future?

Ogura : Gunze has experienced an evolution in its mainstay business as a going concern for 126 years. We must continue to accurately grasp the needs of the times and make the most of Gunze's competitive advantage to satisfy customers and stakeholders through its products and services.

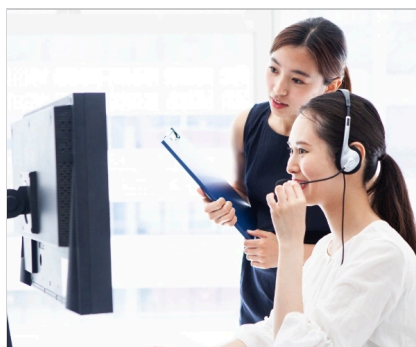
It is equally important that we contribute to society and achieve sustainable growth of the Gunze Group by balancing economic and social value. To this end, we are looking for first penguins who are not afraid to take risks and boldly try things for the first time. This is especially true for our recruitment activities.

We are looking for people who are not afraid of the unknown, who are willing to jump into the vortex of change, who can accept change regardless of their own sense of value, and who are willing to make the effort to change themselves. The world is changing much more than we can imagine. Against this backdrop, innovation will undoubtedly become an important keyword that underpins efforts to sustain and grow for the next 50 to 100 years. We expect to evolve into a company that promotes challenge, creates new value, and fosters an organizational culture where diverse human resources are motivated to work for themselves. The goal is to become a dynamic company with lofty aspirations that is the preferred choice of all.

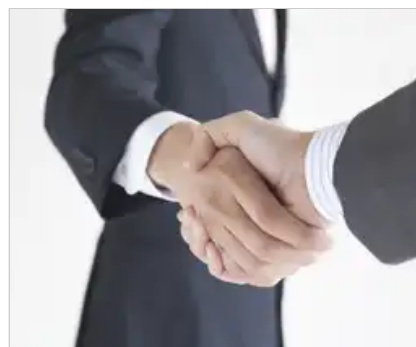
Stakeholder Engagement



Value Co-creation with Multiple Stakeholders



Customers



Business partners



Regional Communities



Employees



Shareholders/Investors

Sustainability

[Message from the President](#)

[Sustainability Management](#)

[Sustainable Action](#)

[ESG](#)

[Gunze Group's Materiality](#)

[GUNZE Value Creation Story](#)

[Integrated Report](#)

[Initiatives Involved / External Evaluations](#)

[ISO26000 Comparison Tables](#)

[Sustainability TOP](#)

Value Co-creation with Multiple Stakeholders

The GUNZE Group will create economic and social value and contribute to the realization of a sustainable earth and society through highly transparent management and compliance with globally accepted fairness rules, while keeping the founding spirit of “coexistence and co-prosperity with all stakeholders based on respect for people and production of quality products” as the warp, and responding to the expectations of society in good faith and flexibility as the weft. We will contribute to the realization of a sustainable earth and society by creating economic and social value through highly transparent management and compliance with globally accepted fair rules.

Founding philosophy Harmonious coexistence

Stakeholder	Co-created Value	Target
Customers	We are committed to providing excellent products and services and practicing the motto Happy to Sell, Happy to Buy. With quality as our first priority, we pursue safety, security, comfort, and satisfaction, and develop products and services that are friendly to the environment and people.	Customer Satisfaction Survey: 90 points or higher
Business partners	Beyond just complying with relevant laws and regulations, and the spirit with which they are written, we conduct transactions that are fair and free. We call for a prohibition of discrimination in employment, forced labor, and child labor.	Conducting human rights due diligence (The Company and major business partners)
Society	We whole-heartedly participate in social and community activities, build friendly relationships with society, and pursue sustainability with communities.	Entered into regional comprehensive agreements with Osaka Prefecture, Osaka City, and Kyoto Prefecture
Employees	We provide equal opportunities without discriminating in employment and treatment. We respect the human rights of all people involved in our business activities and do not use forced labor or child labor. We promote skills development that enables diversity among employees who will be the right person in the right position, and nurture human resources who can contribute to society.	* Engagement score: 70 points or higher Ratio of women in managerial roles: 6% or higher Paternity leave utilization rate: 50%
Environment	We will contribute to the realization of a sustainable earth and society by actively working to protect the global environment, including biodiversity, and reduce greenhouse gas emissions in all of our business activities, as well as by providing environmentally friendly products and services.	* CO ₂ emissions reduction: Scope 1 + 2, 28% or higher (Reduction vs. FY2013 Domestic + Overseas)
Shareholders and investors	We work to enhance corporate credibility through the promotion of sustainability. We proactively and fairly disclose corporate information and live up to the trust that is placed in us.	* ROE: 6.3% or higher Total return ratio: 100% Dividend on equity (DOE): 2.2% or higher

* Medium-term Management Plan VISION 2030 stage1 KPI

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

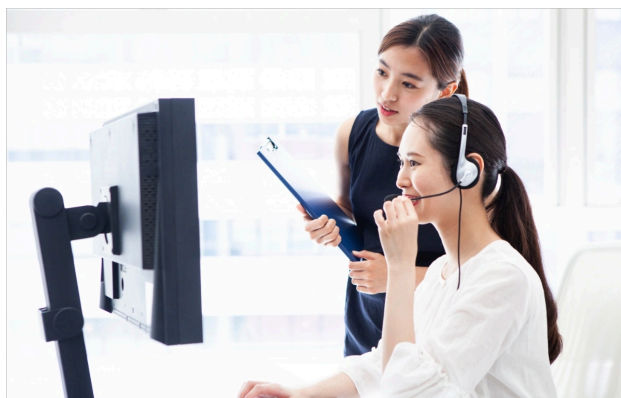
Customers

To enhance comfort for our customers, we pursue maximum comfort-oriented quality by listening to consumers and maintaining their perspectives, as we strive to earn greater trust and satisfaction from them.

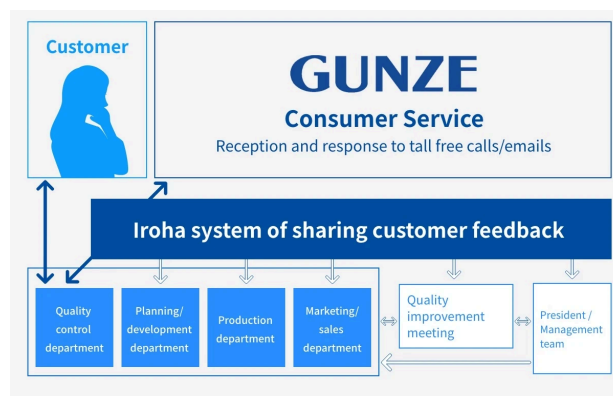
Basic Policy for Product Safety

With safety above everything else, we manufacture and supply products that our customers can rely on.

Consumer Service



Consumer Service System



To ensure maximum satisfaction for all customers, our consumer service staff is at work responding to inquiries and requests from customers and sharing their input with related divisions. Of the questions and feedback the consumer service staff receives, 94% are related to our apparel business. Of these, 60% include requests to purchase products introduced in newspapers or magazines. To quickly and correctly respond to customer demands, the consumer service staff keeps close contact with the sales department to exchange information. They also respond to complaints and claims with extra care by working closely with related business divisions to identify the causes of problems.

Realizing that each customer's feedback leads to a greater feeling of comfort

Business partners

With our motto of “maintaining harmonious coexistence” as stated in our founding philosophy, we will work together with our suppliers and business partners under a fair and equitable relationship as we strive to enhance the quality and safety of our products.

For Fair and Equitable Transactions

Attitude toward Antisocial Forces

For Fair and Equitable Transactions

At the Gunze Group, each business division makes arrangements to ensure that all of its business activities are conducted based on fair and free competition by observing laws and social rules and maintaining high standards of corporate ethics.

Attitude toward Antisocial Forces

The Gunze Group takes a firm stand against antisocial organizations and groups that threaten the public order and security. We will refuse any of their demands, and will not have any interaction whatsoever with them. In particular, we will hold firm on our policy of refusing any demands for money or gifts that infringe upon the Commercial Code, or donations, membership fees, purchase of books or other materials, or provision of information that may result in unjustified benefits.

In our relationships with suppliers as well, we have reviewed the Gunze Group Supplier Code of Conduct and updated it to include the provision regarding the elimination of antisocial forces in business contracts with suppliers.

Gunze Group Supplier Code of Conduct

As stipulated in the Gunze Activity Guidelines, the Gunze Group’s basic policy is to comply with fair and internationally accepted rules as we conduct business activities.

The Gunze Group Supplier Code of Conduct declares that Gunze expects its suppliers and business partners to accept and uphold the Group’s policies concerning legal and regulatory compliance, development and supply of safe, beneficial products and services, environmental preservation, and respect for human rights, personality, and individuality.

Legal and regulatory compliance

- (1) We promote corporate activities through fair and free competition by strictly observing social rules.
- (2) We adhere to applicable laws and regulations and maintain sound ethics, avoiding any antisocial behavior.

Supply of quality products

We maintain a commitment to develop and supply socially beneficial and safe products and services.

Environmental preservation

We actively address environmental issues as we conduct corporate activities, and strive to promote harmonious coexistence with the global environment.

Human rights

- (1) We respect human rights and individual character, and never engage in discrimination based on ethnic group, nationality, gender, or other non-performance-related attributes in hiring and employment practices.
- (2) We never use child, forced or compulsory labor, nor do we engage in unjust and inhumane labor practices, including harsh punishment.
- (3) We recognize and respect the rights of employees to freedom of association and collective bargaining, unless where prohibited by law.

Labor practices

- (1) We provide a safe and healthy working environment, by giving due consideration to employees' health.
- (2) We comply with all applicable laws in the country of operation concerning hours of work, wages, and employee benefits.

Confidential information and intellectual property

We take appropriate measures to prevent leakage of confidential or personal information, including technological or trade information obtained or accessed through business transactions, and we respect intellectual property rights.

Gifts and entertainment

We do not offer money, gifts, or entertainment for the purpose of receiving unjustified benefits.

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

GunzeGroup's Materiality

Gunze Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

[Sustainability TOP](#)

Regional Communities

Gunze actively contributes to society through its business and the activities of the GUNZE LOVE EARTH Club. In this way, Gunze seeks to promote mutual development and prosperity with the local community.

Engagement with Local Communities

Participation in the Pink Ribbon Program

Engagement with Local Communities

Gunze Museum

Opened on May 24, 2014, the Ayabe Gunze Square comprises Ayabe Tokusankan (specialty products store), Ayabe Rose Garden, and Gunze Museum. Considered as one of the most important tourist spots in Ayabe City, the Ayabe Gunze Square collaborates with various activities of “Kyoto by the Sea” project, which promotes the creation of attractive places for tourists in the northern part of Kyoto Prefecture.



Gunze Museum’s “Tsudoi-gura” community hall is used by various circles and individuals for exhibitions related to culture, arts, education, and welfare. (Its use by circles and individuals based in Ayabe City is subsidized by Ayabe City and Gunze, respectively, for one-third of the usage fee.) Gunze also cooperates with Ayabe Tokusankan and Ayabe City in holding various events through the Square’s partnership conference involving Ayabe City, the Ayabe Chamber of Commerce and Industry, the Ayabe Tourism Association, and Gunze Museum.

	No. of visitors	No. of “Tsudoi-gura” users
FY2023	27,740	22 groups
FY2022	16,363	17 groups

FY2020	8,618	7 groups
FY2019	41,896	23 groups

Factory tours and workplace experiences

Gunze factories and logistics centers accept local elementary, junior high, and high school students to observe these facilities, while also allowing trainees to experience work.



Participation in the Pink Ribbon Program

Since 2015, Gunze has been an official supporter for J.POSH, an NPO certified to promote the Pink Ribbon Program. Gunze also co-sponsors Pink Ribbon-related events held at various places in Japan.



Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

[Sustainability TOP](#)

Employees

We seek to create a comfortable work environment in which a diversity of people can work actively, pleasantly, and cheerfully, and have pride in their own company.

Work-Life Balance at Gunze

Empowering Women

Cultivating a Corporate Culture that Respects Human Rights

Prevention of Occupational Accidents

Promoting Mental Health

Employment of People with Disabilities

Based on the principle of "Achieving the legally mandated employment rate," the company works to maintain and create employment opportunities for people with disabilities on an ongoing basis. Specifically, employment promoters at each business site, led by the person in charge of promoting employment for persons with disabilities, identify workplaces and jobs that are suitable for persons with disabilities, and work with local Hello Work offices to match persons with disabilities with workplaces and jobs, and provide support for workplace adjustment.

Conclusion of labor agreement

Gunze respects the freedom of association and the right to collective bargaining. Gunze has established the sound development of its business and the improvement of the social and economic status of its employees as common goals of labor and management, and strives to establish constructive and stable labor-management relations. We have a union shop system, and all employees who are "eligible to join the union" under the labor-management agreement are members of the union.

Work-Life Balance at Gunze

Gunze has established various human resources systems to enable people with diverse characteristics, perspectives, and circumstances to work with high performance. We are reforming to a flexible work style that is not restricted by location or time by promoting telecommuting, flextime, and remote work, as well as introducing time-based annual leave and a comeback system.

Annual Leave (full day, half day, time)

In addition to paid leave in units of a day or half a day, employees can also take paid leave in units of hours. We also have a well-developed paid leave system, including the "three-day off system" introduced in fiscal 2017 and an increase in the target number of days to be taken annually.

Working from home

In March 2018, Gunze introduced working from home to enable a more productive and efficient work style that fits each employee's diverse lifestyle and work style.

Comeback System (Reentry System for Retirees)

This is a system that allows employees who left Gunze due to unavoidable circumstances such as child care, family care, or spouse transfer, or for career advancement due to study or job change, to return to work for Gunze.

Career change system

Gunze has a career change system to encourage a variety of work styles, such as employees who want to change from a general position to a career track position to take on different challenges, or employees who want to change to a regional career track position because marriage has made it difficult to move to a new city.

Refreshment Year System

In order to refresh and further motivate employees to lead a healthy and fulfilling professional life, the company provides consecutive paid leave (Refresh Leave) and incentive payments according to the number of years of service.

Refreshment Year 10

Three consecutive days of refreshment leave for employees with 10 years of service.

Refreshment Year 25

Five consecutive days of refreshment leave and a 25-year service award (100,000 yen) for employees with 25 years of service.

Self-development Support System

Employees who obtain the qualifications specified in the "List of Qualifications to be Encouraged to Acquire" or those approved by the company are eligible to receive an incentive (10,000 to 100,000 yen) and assistance with tuition and other expenses.

In addition, under the distance learning support system, employees who complete a distance learning course can apply for support for approximately half of the course fee. These self-development support programs are also available during leaves of absence, allowing those who have taken unavoidable leaves of absence to develop their careers.

Childcare and Nursing Care Support System

Since April 2015, managers have been conducting "support interviews for balancing work and childcare," as we believe it is necessary to create an environment in which employees can continue to work while taking advantage of the system. The company has also prepared a Q&A manual for managers so that not only those who use the system, but also managers, can properly understand the system and smoothly manage the entire department.

Childcare Leave

You can take childcare leave up to the day before your child's second birthday.

Reduced Working Hours for Childcare

In principle, 6-hour days until the end of March when the child enters the third year of primary school. If desired, the hours can be reduced in 15-minute increments, from 30 minutes to 2 hours per day, as needed.

Nursing Care Leave

A period of up to one consecutive year (which may be divided into several periods) to care for an eligible family member, combined with reduced work hours for caregiving.

Reduced Work Hours for Nursing Care

When caring for an eligible family member, for a period of up to one year in the aggregate with the period of caregiving leave; may be up to two hours per day in 30-minute increments; may be divided into multiple periods; may be taken concurrently.

Nursing Care Leave

Five days per year (10 days for two or more eligible family members) to care for or otherwise attend to an eligible family member.

Fringe benefits

Dormitory for single employees, company housing system, stock ownership plan, welfare fund (refreshment plan, various congratulatory gifts such as wedding gifts, various loans such as housing loans and sympathy money, etc.), defined contribution pension system.

Gunze's support for women's activities

In addition to maternity leave, parental leave and reduced working hours for childcare, Gunze has established various systems to support a good balance between work and childcare. Here we present some of these systems and initiatives. In the future, we will continue to improve and promote various systems and initiatives that will lead to a better working environment for women in the Gunze Group.

Maternity Leave

Maternity leave can be taken during pregnancy or within one year after childbirth if the employee receives medical advice from a doctor, or if the employee is unable to work due to morning sickness up to four months into pregnancy.

Hospital Visit Leave

Leave may be taken when a pregnant woman or a woman within one year of giving birth has to go to the hospital during working hours for health check-ups, etc. under the Maternal and Child Health Act.

Wife's Maternity Leave

When a woman gives birth, she may take up to three days' leave and the number of days required for a round trip to and from the place of birth.

Child Care Leave

Support Meetings for Employees on Parental Leave

In an effort to help employees continue to thrive after a life event, as of April 2015, we conduct interviews with employees who have taken parental leave and their managers at the following times to support a smooth return to work after parental leave.

- (1) When reporting pregnancy
- (2) When taking maternity leave
- (3) Before returning to work
- (4) After deciding where to return to work
- (5) 3 months after returning to work



Mentoring

Mentoring is provided for the purpose of "building human networks" and "supporting the education and career development of future business leaders."



General Employer Action Plan for Promotion of Women's Active Engagement

●The ideal state: A company that is fair to both men and women, where each individual can fully demonstrate his or her abilities, shine brightly, and be rewarded for his or her work.

1. Plan Period: April 1, 2021 - March 31, 2025 (4 years)
2. Plan Details (Implementation Measures)



Gunze has been certified as an "Osaka City Leading Company for Women's Activities" since January 15, 2015.

Action plan based on "Act on Advancement of Measures to Support Raising Next-Generation Children"

●The goal: By promoting Diversity & Inclusion, companies aim to "foster an organizational culture where diverse human resources are motivated to work and become a dynamic company with dreams and a company of choice."

1. Plan Period: April 1, 2023 - March 31, 2025 (2 years)



Initiatives to Promote a Corporate Culture of Respect for Human Rights

To promote a corporate culture of respect for human rights, we participate in external human rights organizations such as the Osaka Liaison Association of Companies Concerned with Dowa and Human Rights Issues. In addition, we strive to raise awareness of human rights through initiatives such as the "Human Rights Slogan" campaign during Human Rights Week.

Whistleblowing System

The "Anything Goes Hotline" has been established as a whistleblower hotline under the direct control of the President. In accordance with the Company's Anti-Harassment Policy and Whistleblower Protection Policy, consultations and reports are handled with care and respect for the privacy of the whistleblower and other parties involved. The number of consultations decreased from the previous year, but the number of consultations related to harassment increased. There is no record of the number of consultations based on the Whistleblower Protection Regulations. The company continues to strive to respond in good faith from a fair and impartial standpoint.

Efforts to Eliminate Workplace Accidents

The company promotes activities aimed at "creating a safe, comfortable and enjoyable workplace" with zero occupational accidents. Specifically, the Health and Safety Committee plays a central role in reducing the risk of occupational accidents through risk assessment, strengthening safe work training, and raising the safety awareness of each individual employee.

Mental Health

In order to prevent the occurrence of mental health problems, the company is promoting line care training for managers and counseling services through the Mental Health Telephone Counseling Service. In the future, we will conduct stress checks (including at workplaces with fewer than 50 employees, which are not legally required to conduct stress checks) to help employees understand their own stress status, and promote workplace analysis and counseling for high-stress employees in cooperation with occupational health physicians and others.

Sustainability

Shareholders/Investors

With the aim of enhancing its corporate value, Gunze strives to appropriately distribute profits to shareholders, while proactively offering corporate information. By so doing, Gunze aims to build and expand the relationship of trust with investors.

Timely information disclosure and communication with investors

To facilitate investors' understanding of the Gunze Group, we are committed to offering corporate information in a timely and easy-to-understand manner. Gunze also arranges as many opportunities as possible to communicate with individual and institutional investors, in order to directly report and explain the Gunze Group's financial position as well as business lines and strategies.

Communication with individual investors

Gunze uses the opportunities of corporate presentations organized by securities firms to directly explain its business results and future plans to individual investors.

Communication with institutional investors

During the presentations of annual and interim financial results, top executives give a detailed explanation of Gunze's financial standing to analysts and institutional investors. To further enhance investor's understanding, the investor relations team regularly visits institutional investors to inform them of Gunze's business strategies.

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

GunzeGroup's Materiality

Gunze Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

Sustainability TOP

Governance



Corporate Governance



Outside Executive Roundtable Discussion

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

[Message from the President](#)
[Management Philosophy](#)
[Company Profile](#)
[Management Team](#)
[Corporate Brand](#)
[GUNZE History](#)
[Business Locations](#)
[Global Network](#)

Business

[Apparel Business](#)
[Plastic Films Business](#)
[Medical Materials Business](#)
[Engineering Plastics Business](#)
[Mechatronics Business](#)
[Threads and Accessories Business](#)
[Real Estate Development Business](#)

Research & Development

[GUNZE's Technological Strengths](#)
[Research & Development System](#)
[Technology Strategy](#)
[Enhancement of QOL](#)

Sustainability

[Message from the President](#)
[Sustainability Management](#)
[Sustainable Action](#)
[ESG](#)
[Gunze Group's Materiality](#)
[GUNZE Value Creation Story](#)
[Integrated Report](#)
[Initiatives Involved / External Evaluations](#)

Investor Relations

[Message from the President](#)
[Management Policy](#)
[Financial Information](#)
[Shareholder and Stock Information](#)
[Consolidated Financial Statements](#)
[To our individual Investors](#)
[IR Support](#)

Corporate Governance

Basic Policy for Corporate Governance		Initiatives to Enhance Corporate Governance	
Corporate Governance Structure		Director and Corporate Auditor Appointments	
Assessment of Board of Directors' Effectiveness		Board of Directors' Deliberations	
Main Activities of Corporate Auditors		Director and Corporate Auditor Training	
Succession Plan	Executive Remuneration System	Promoting Compliance	
Strengthening the Risk Management System		Gunze Corporate Governance Guidelines	

Basic Policy for Corporate Governance

The Gunze Group recognizes that legal and regulatory compliance is essential for meeting our basic management policy of sustainably boosting corporate value. Accordingly, we strive for swift decision-making and timely and appropriate disclosure of corporate information so that we can respond appropriately to the social and economic environment. We therefore consider improving shareholder value, by enhancing the transparency of our management, to be one of our most important management objectives. To achieve this, the Gunze Group seeks to build sound relationships with our multiple stakeholders and strengthen and upgrade our internal control functions as a way to enhance our corporate governance.

Initiatives to Enhance Corporate Governance

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 History of Governance Enhancements 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.

History of Governance Enhancements

Fiscal 2006	Reduced the term of office for Directors from two years to one year
	Began appointing outside Directors and female Directors
Fiscal 2015	Formulated the Gunze Corporate Governance Guidelines
Fiscal 2018	Moved to a structure with two female Directors
Fiscal 2019	Established the Nomination/Remuneration Committee (chaired by an outside Director as an advisory committee to the Board of Directors)
	Ratio of outside Directors exceeds one-third of the Board
Fiscal 2021	Published the skill matrix for Directors and Corporate Auditors

Corporate Governance Structure

The Gunze Group is a company with a Board of Corporate Auditors, where the Board of Corporate Auditors 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

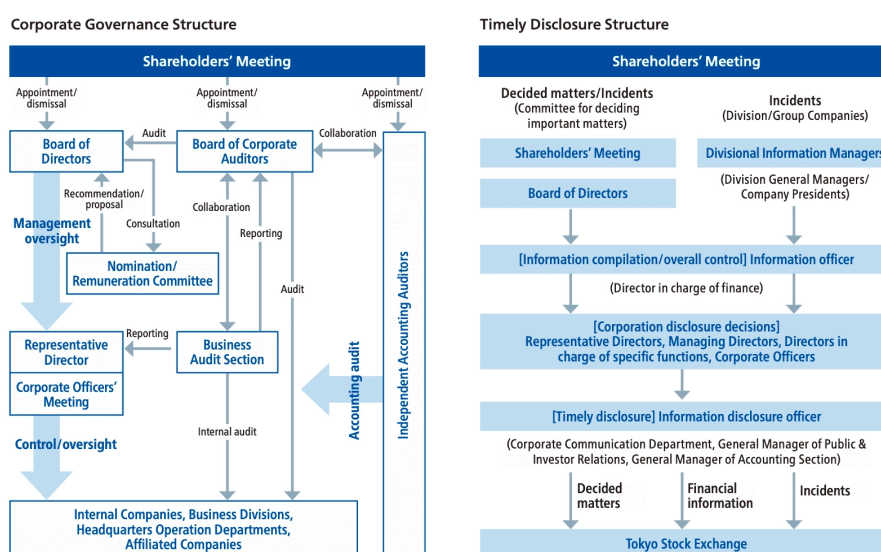
Nomination/Remuneration Committee

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.

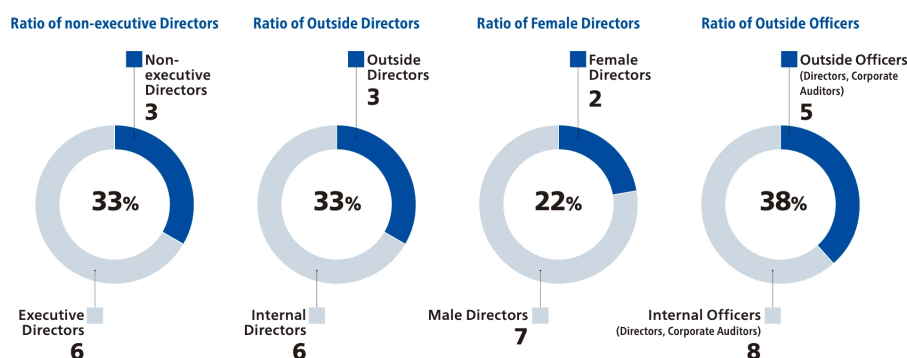


Fiscal 2023 Board of Directors' meetings, advisory committees, etc

	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%

Officers' Meeting	17	66	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

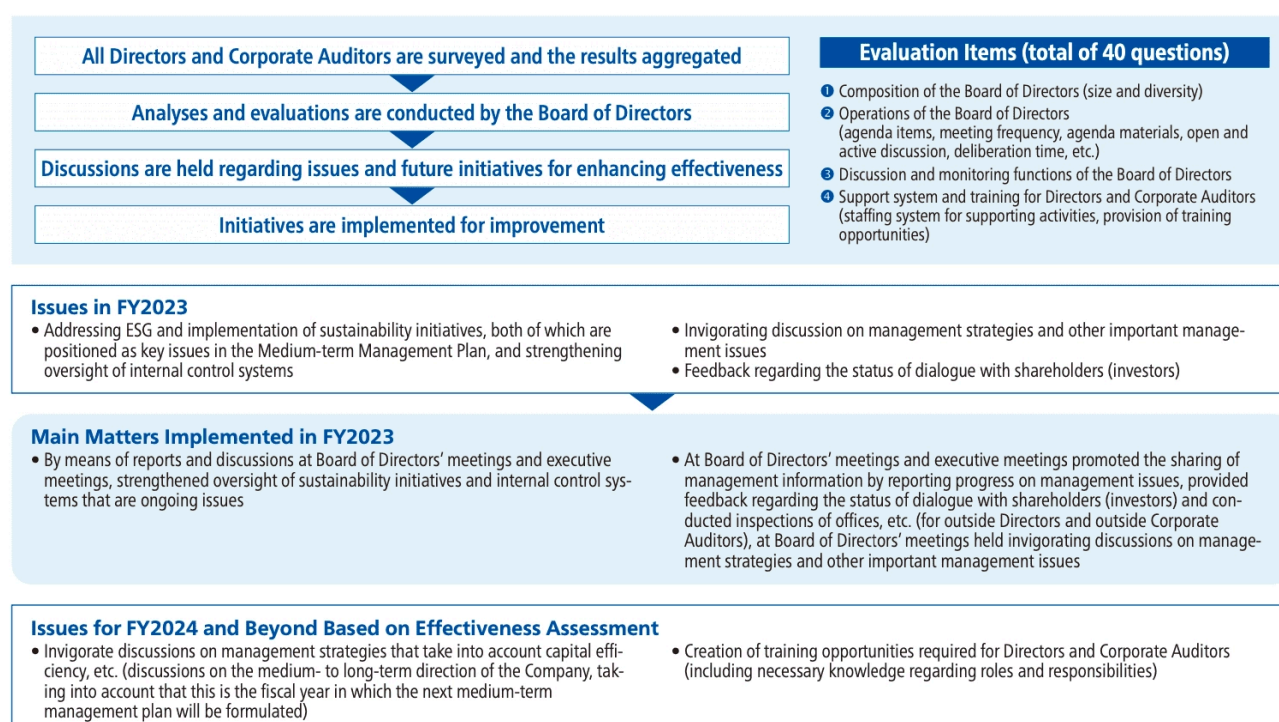
and marketing, legal affairs, and human resources. We also appoint multiple outside Directors who have management experience at other companies or specialized knowledge and experience outside the Company and can provide proactive advice and suggestions from a fair and objective standpoint, thereby constituting 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



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

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 compensation	Non-monetary compensation	
Directors (excluding outside Directors)	185	100	42	43	6
Corporate Auditors (excluding outside Corporate Auditors)	24	24	-	-	2

		compensation	compensation	compensation	
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

Promoting Compliance

I recognize the importance of compliance in sustainably boosting our corporate value. Legal & Compliance regularly conducts the necessary education and training and streams training videos on the Company’s intranet for members, for example, in an effort to convey an appropriate understanding of compliance. In FY2022, we began holding hybrid training programs for new employees consisting of e-learning and in-person training conducted by lecturers from Legal & Compliance. In addition to sharing Gunze’s sense of ethics, we now hold follow-up training with the aim of deepening understanding of insider trading regulations and of cautionary points regarding social media use, which is essential knowledge regardless of department or area of responsibility.

works to resolve them while taking into consideration the privacy of those involved. Having also established an external whistleblower hotline staffed by outside attorneys, we have secured a route for attorneys to report directly to corporate auditors in the event of a report that falls under the category of public interest whistleblowing. In FY2023, there was one consultation or report subject to public interest reporting.

In addition, our internal whistleblower “Advice Hotline” provides consultations regarding compliance and other issues and works to resolve them while taking into consideration the privacy of those involved. Having also established an external whistleblower hotline staffed by outside attorneys, we have secured a route for attorneys to report directly to corporate auditors in the event of a report that falls under the category of public interest whistleblowing. In FY2023, there was one consultation or report subject to public interest reporting.

Breakdown of Reporting and Consultation

Cases	Fiscal 2022		Fiscal 2023	
	Hotline	External reporting desk	Hotline	External reporting desk
Workplace relationships	6	0	4	0
Sexual harassment	1	0	2	0
Power harassment	7	1	4	0
Facts subject to whistleblowing	0	0	1	0
Others	4	0	7	0
Total	18	1	18	0

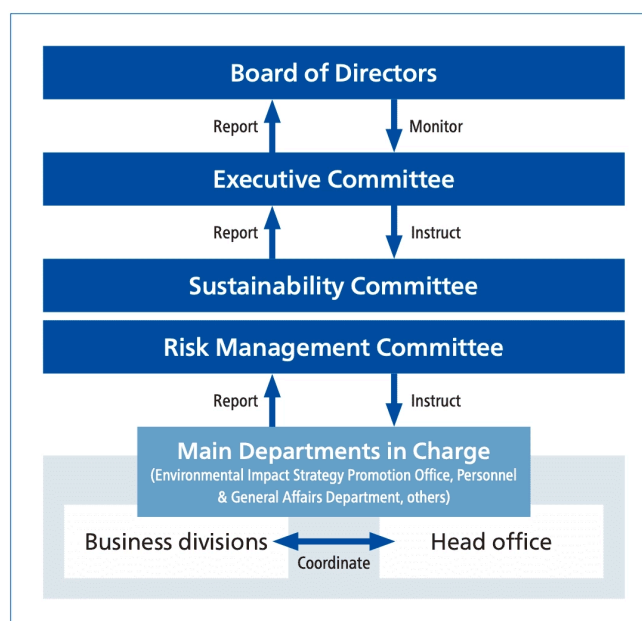
Strengthening the Risk Management System

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 four times in FY2023, 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.

In FY2023, we placed particular emphasis on providing a safe working environment for employees, and with the eradication of industrial accidents in mind proceeded with earthquake resistance inspections of each business location and the demolition of aging facilities.

As a responsibility of a manufacturer and seller of products, we must not only avoid any violations of the Act against Unjustifiable Premiums and Misleading Representations or the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (the Pharmaceutical and Medical Device Act) but also the risk of causing inconvenience to customers through inappropriate language in products or advertisements. In accordance with the

Risk Management System for Sustainability Promotion



Gunze Corporate Governance Guidelines

Established: December 18, 2015

Revised: April 1, 2017

Revised: March 3, 2019

Revised: June 16, 2020

Revised: June 16, 2021

Preface

In conformance with its “quality first” policy and its commitment to “technology-oriented management,” the Gunze Group (hereinafter referred to as “the Group”) proactively strives to fulfill corporate social responsibility (CSR). In doing so, the Group lives up to its founding philosophy that underscores a “people-oriented approach,” a “commitment to quality,” and “harmonious coexistence.” With a strong determination to provide customers with a “Feeling of Comfort” through the products and services offered by each business line, the Group also aims to become “a corporate group that fulfills the needs of society” and “a corporate group that grows sustainably alongside society.” To this end, it is vital that the Group attain sustained growth and enhance corporate value on a long-term basis, so as to offer our shareholders a sense of assurance and motivate them to hold the Company’s stock for a long period of time. As such, Gunze established these guidelines based on the resolution of a meeting of the Board of Directors for the purpose of realizing the best possible corporate governance practices. Any revisions to the Guidelines will be released in an appropriate and timely manner once they are made.

Chapter 1 General Provisions

Basic Stance for Corporate Governance

- Article 1 In pursuit of the best possible corporate governance practices, the Group continuously strives to enhance its corporate governance system.

shareholder value by taking these measures. To make this possible, the Group strives to upgrade and strengthen its internal control functions, while also building sound relationships with all its stakeholders. In accordance with its basic stance discussed below, the Group works on enhancing its corporate governance system.

- (1) We value the rights of all shareholders and ensure equal treatment among them.
- (2) We endeavor to appropriately cooperate with our stakeholders including shareholders by taking their interests into consideration.
- (3) We ensure appropriate information disclosure and transparency.
- (4) We establish an organizational structure that makes proactive use of independent outside directors, so as to facilitate effective oversight of business execution by the Board of Directors.
- (5) We engage in constructive dialogue with shareholders with a policy of investment that focuses on medium- to long-term shareholder interests.

Chapter 2 Securing the Rights and Equal Treatment of Shareholders

General Shareholders Meeting

- Article 2 To ensure that shareholders are provided with sufficient time to carefully consider the agenda for a general shareholders meeting to exercise their rights, the Company sends a notice of convocation at least three (3) weeks before the date of a general shareholders meeting. Also the Company promptly discloses the information included in the notice of convocation on the Company's website.
- 2 The Company strives to maintain an environment in which all shareholders including those who do not attend the meeting can properly exercise their rights, by using the Tokyo Stock Exchange's (TSE) Electronic Voting Platform and other measures. To this end, the Company arranges the annual general shareholders meeting to be days apart from the so-called "date of the highest concentration of general shareholders meetings" whenever possible.

Securing Equal Treatment of Shareholders

- Article 3 The Company equally treats shareholders based on the number of shares they hold, and discloses information in a timely and appropriate manner so as to avoid creating a difference in the amount of information received among shareholders.

Basic Policy for Cross-shareholdings and Voting Rights Thereto

- Article 4 Based on its principle of "harmonious coexistence" as stated in its Founding Philosophy, the Company aims to build relationships of trust with customers and business partners and facilitate smooth business transactions. To this end, the Company may occasionally hold shares of other listed companies as cross-shareholdings. As for shares of major customers/partners, the Board of Directors will regularly examine the objectives and rationale behind cross-shareholdings.
- 2 With respect to the voting rights attached to the shares it holds, the Company exercises the rights by respecting the other company's management policy and making comprehensive judgment from the perspective of that company's medium- to long-term improvement of corporate value and impact on the Company's business, etc.

Support for corporate pensions, conflict of interest management

- Article 5 In order to properly manage the defined benefit corporate pension plan, the Asset Management Committee, which is headed by the director in charge of finance and consists of members appointed from the Company and the labor union, determines the asset management policy, selection of trustees, and specific asset composition ratio, etc., and important management matters are implemented upon approval by the Executive Committee. Important management matters are implemented after obtaining the approval of the Executive Committee.

Chapter 3 Considering Stakeholder Interests

Ethical Standards and Conflict of Interest

- Article 6 The Company ensures that all its employees are fully informed of the Gunze Activity Guidelines, established to provide a guide for actions and behaviors they should take to put Gunze's management philosophy into practice. These guidelines are also released externally.
- 2 Should any issue arise regarding conflict of interest with the company or shareholders with respect to transactions with a director, such a director must report to the Board of Directors in accordance with the Companies Act and get approval from the Board.

Relationships with Stakeholders

- Article 7 Aiming to improve corporate value over the long term, the Group lives up to its corporate philosophy, corporate motto, and Gunze Activity Guidelines, which are woven as the "warp" threads of the corporate fabric. While doing so, the Group remains sensitive to the demands and expectations of all stakeholders in order to flexibly and sincerely meet these demands. The Group also promotes fair and honorable corporate activities as it seeks to fulfill its social responsibilities, attaining sustainable development together with society and the global environment.
- 2 The Company has a whistleblower system in place to allow employees to seek advice and report on compliance-related issues. Should an employee discover a serious violation of laws or regulations or an important incident regarding compliance, the employee should promptly report directly to the President or the director/corporate officer in charge of compliance. Especially important issues will be reported to the Audit & Supervisory Board members without delay. The necessity of taking measures to protect whistleblowers from any detrimental treatment is clearly stipulated in the working regulations and other related in-house rules.

Chapter 4 Ensuring Appropriate Information Disclosure and Transparency

Disclosure of the Company's Policies for Risk Management, Internal Control Systems, etc.

- Article 8 In compliance with the Companies Act and other applicable laws and regulations, the Board of Directors determines the Company's policies for risk management, internal control system, and legal and regulatory compliance of the Company and the corporate group including the Company, and discloses them in a timely and appropriate manner.
- 2 The Board of Directors releases financial and business information in a fair, detailed and easy-to-understand manner in compliance with the Companies Act, Financial Instruments and Exchange Act, and other applicable laws and regulations, as well as financial instruments exchange rules.

Chapter 5 Roles and Responsibilities of the Board of Directors, etc.

Clause 1 Responsibilities of the Board of Directors as a Supervising Body

Roles of the Board of Directors

- Article 9 As entrusted by the Company's shareholders, the Board of Directors assumes the responsibility of implementing efficient and effective corporate governance for the sake of all shareholders who seek to promote their interests through maximization of the Company's corporate value on a long-term basis. Through this governance, the Board is responsible for ensuring that the Company achieves sustained growth and strives to maximize corporate value in the long term.
- 2 To fulfill its responsibilities set forth in the preceding paragraph, 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

results of the Company's management and performance of the management team as necessary in light of the management strategy or plan determined by the Board of Directors. From the perspective of collective interests of all shareholders, the outside directors are also tasked with judging and determining whether it is appropriate to put the Company's management into the hands of the present management team and expressing their opinions.

Chair of the Board of Directors

- Article 11 The Chairman of the Company will take on the position of the chair of the Board of Directors. Should the post of the Chairman be vacant, the President shall take over the position of the chair of the Board.
- 2 The chair of the Board of Directors strives to raise the quality of discussions and facilitate efficient and effective operation of the Board. To fulfill this responsibility, the chair of the Board must make arrangements to ensure that a sufficient amount of time is available for discussions on all items on the agenda, and that each director is provided with appropriate information on a timely basis.

Clause 2 Effectiveness of the Board of Directors

Composition of the Board

- Article 12 The Company's Board of Directors shall consist of a maximum of 15 members, including at least two (2) independent outside directors, who conform to the applicable provisions of the Companies Act and satisfy the independence criteria of the Tokyo Stock Exchange's rules, and who do not have the possibility of conflicts of interest with the Company's general shareholders.
- 2 The Company adopts a Corporate Officers System to clearly separate decision-making regarding business practices and management oversight functions from execution of business operations, and to augment the Board's monitoring functions. It is also intended to vitalize the Board and facilitate quicker decision-making.
- 3 To enhance the Board's functions and improve management efficiency, the Company holds an executive officers meeting attended by representative directors, senior managing and managing directors, directors and corporate officers assigned with specific functions, and others to deliberate upon important matters regarding the Group's business operations.

Qualifications for Directors and Nomination Procedures

- Article 13 The Company's directors must have an excellent personality, good insight, high skill, abundant experience, as well as a strong sense of ethics.
- 2 Upon selecting candidates for directors, the Company's basic policy is to create a well-balanced Board that is constituted in a manner to achieve diversity in order to ensure swift and proper decision-making and effective oversight of the Group's business activities. To do so, the Company selects directors with knowledge, experience, and skill regarding various business fields, human resources management, finance and accounting, as well as R&D of technologies from the Company's human resources. The Company also selects a number of outside directors who are capable of actively providing advice and suggestions from a fair and objective standpoint based on their expert knowledge and experience.
- 3 All directors of the Company shall be elected subject to approval at the general shareholders meeting of each year.
- 4 Candidates for new directors (including substitute directors) shall be determined at a meeting of the Board of Directors based on the provision of this Article.
This will be done after undergoing deliberation by the representative directors and outside directors regarding the balance of the Board composition in terms of knowledge, experience, skill, diversity, and scale.

Qualifications for Audit & Supervisory Board Members and Nomination Procedures

- Article 14 The Audit & Supervisory Board members of the Company must have excellent personality, good insight, high skill, abundant experience, as well as a strong sense of ethics. At least one (1) member of the Audit & Supervisory Board must have sufficient knowledge and expertise on finance and accounting.

Term of Office of Independent Outside Directors and Limitations to Concurrent Posts

- Article 15 The Board of Directors stipulates in its independence criteria that outside directors and outside Audit & Supervisory Board members, who have held their office for a term exceeding eight (8) years since they first assumed their office, do not satisfy eligibility criteria for independent outside directors and independent outside Audit & Supervisory Board members, respectively. However, outside corporate auditors who are in the middle of their term may continue to serve until the end of their term.
- 2 The outside directors and outside Audit & Supervisory Board members of the Company must not concurrently assume posts of director or Audit & Supervisory Board member at more than three (3) listed companies besides Gunze Limited.

Business Performance Indicators

- Article 16 The Board of Directors specifies management indicators and target values used by the Board to assess the performance of the President and other directors in a medium-term management plan, etc. as necessary, and discloses them in a timely and appropriate manner.

Succession Planning

- Article 17 The Company has established a directors' retirement system in order to promote appropriate circulation and succession of directors and Audit & Supervisory Board members.
- 2 The President shall be aware that the development of a successor is one of the important responsibilities of the President, and should formulate a succession plan that specifies qualifications for the President and a development policy, by reflecting the opinions of independent outside directors as well.
- 3 The Board of Directors shall share the president succession plan set forth in the preceding paragraph among all members of the Board and determine a candidate for succeeding the presidency in accordance with the succession plan when the current President steps down from this post.

Responsibilities of Directors

- Article 18 Directors must collect a sufficient amount of information necessary for performing their duties and engage in exhaustive discussions by proactively expressing views and opinions.
- 2 Directors shall demonstrate their capabilities as expected and spend enough time for the Company in order to perform directors' duties.
- 3 Upon assumption of their offices, the directors of the Company must fully understand related laws and regulations, the Articles of Incorporation of the Company, Rules of the Board of Directors, and other in-house rules, and be fully aware of their duties.

Self-improvement and Training of Directors and Audit & Supervisory Board Members

- Article 19 Immediately after taking on their posts, the newly appointed directors of the Company (including independent outside directors) shall participate in training programs offered by the director in charge of legal affairs and compliance or external attorneys at law. They should also be informed about the Company's management strategies, financial positions, and other important matters by the President or director(s) in charge of executing business operations or other executives named by the President.
- 2 To fulfill their respective roles, the directors and Audit & Supervisory Board members of the Company shall proactively collect information regarding the Company's financial positions, legal and regulatory compliance, corporate governance, and other matters. They should continuously strive to improve their knowledge and skills.
- 3 Expenses required for participating in external training/seminars shall be borne by the Company as claimed.

Setting the Agenda for Board of Directors Meetings, etc.

- Article 20 At the Board meeting to be held at the end of each fiscal year, the chairperson of the Company's Board of Directors shall decide on the main items for the agenda of the following fiscal year's Board meetings regarding the Company's business strategies, risks, and internal controls, taking each director's suggestion and opinion into account.

information materials in advance.

Access of Outside Directors and Audit & Supervisory Board Members to In-house Information

- Article 21 The outside directors and Audit & Supervisory Board members of the Company may request that inside directors, corporate officers, and/or employees give briefings or make reports whenever necessary or deemed appropriate, and seek submission of in-house information.
- 2 The Company sets up the Audit & Supervisory Board Secretariat by providing it with sufficient staff and budget to support the Board of Audit & Supervisory Board and its members in appropriately performing their duties.

Outside Directors Meeting

- Article 22 Independent outside directors of the Company shall periodically meet to deliberate on matters regarding the Company's business and corporate governance, while also receiving reports from inside directors or other executives such as corporate officers. Audit & Supervisory Board members will also attend these meetings as necessary.

Self-assessment

- Article 23 Directors shall conduct self-assessment of their own performance of directors' duties as well as the effectiveness of the Board of Directors every year and submit the results of the assessment to the Board. Based on each director's self-assessment, the Board will analyze and evaluate the effectiveness of the Board as a whole, and disclose the outline of the results of evaluation in a timely and appropriate manner.

Clause 3 Remuneration System

Remuneration, etc. for Directors and Other Executives

- Article 24 Remuneration, etc. for directors in charge of business execution shall be linked to the long-term interests of the Company's shareholders. At the same time, they must be set appropriately and in a fair and well-balanced manner so as to fully motivate the directors to maximize the value of the Company.
- 2 The total amount of remuneration, etc. for directors shall be specified through deliberation by the representative directors and outside directors based on the remuneration limit for directors resolved at a general shareholders meeting, and decided on at a meeting of the Board of Directors.
- 3 The amounts of remunerations, etc. for individual directors shall be decided by referring to the levels of remunerations, etc. of other companies that are appropriate gauges of comparison, and by considering the balance against remuneration of employees. The amounts of bonuses shall be determined by taking into consideration the status of business execution and business results. Directors excluding outside directors will be granted compensation-based stock options as incentives for improvement of medium- to long-term performance and corporate value.
- 4 Remuneration, etc. for outside directors must reflect the time during which each director is involved with the Company's business and each director's duties, and must not include any proportions linked to the Company's business results, such as stock compensation.

Chapter 6 Dialogue with Shareholders

Dialogue with Shareholders

- Article 25 The Company strives to ensure that the views of shareholders are thoroughly considered by all members of the Board of Directors.
- 2 The Company shall engage in dialogue regarding corporate governance and other important management policies as necessary, with main shareholders with investment policies focusing on medium- to long-term shareholder interests. When engaging in such dialogue, the Company shall be careful not to create any information gap between shareholders.
- 3 The Company shall set forth and disclose basic policies for the establishment of a system and initiatives intended to promote constructive dialogue with shareholders.

FOLLOWS.

- 1 The Public & Investors Relations Section, under the direct control of the President, is mainly in charge of maintaining a dialogue (meetings) with shareholders or institutional investors in collaboration with other related departments. Directors and other senior executives including the director/corporate officer in charge of finance will engage in these meetings as necessary.
- 2 The Company arranges presentations for analysts and institutional investors twice a year, in which the President, the director/corporate officer in charge of finance and other senior executives provide explanations about financial results and other matters. Small meetings are also organized as necessary. For individual investors, the Company sets up explanatory sessions at IR events organized by security firms.
- 3 Views and other input from shareholders and investors obtained through dialogue are compiled by the Public & Investors Relations Section, and fed back to directors and other executives, in order to incorporate suggestive input in its medium- to long-term management policies.
- 4 When interacting with shareholders and investors, the company shall thoroughly adhere to the "Rules on Disclosure of Information," "Rules on Regulation of Insider Trading and Management of Inside Information," and "Policy on Disclosure of Information," and pay attention to fair disclosure and management of insider information.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Message from the President

Management Philosophy

Company Profile

Management Team

Corporate Brand

GUNZE History

Business Locations

Global Network

SPECIAL CONTENTS

GUNZE is Everywhere!

Business

Apparel Business

Plastic Films Business

Medical Materials Business

Engineering Plastics Business

Mechatronics Business

Threads and Accessories Business

Real Estate Development Business

Commercial Facility Development Business

Sports Club Business

Landscaping and Greening Business

Research & Development

GUNZE's Technological Strengths

Research & Development System

Technology Strategy

Enhancement of QOL

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Investor Relations

Message from the President

Management Policy

Financial Information

Shareholder and Stock Information

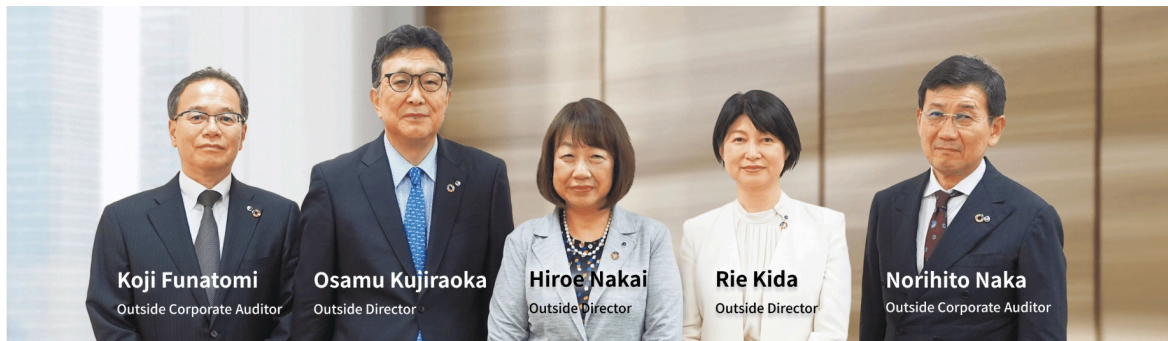
Consolidated Financial Statements

To our individual Investors

IR Support

Integrated Report

Outside Executive Roundtable Discussion



Sustainable Increase of Gunze Group's Corporate Value

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,

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

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.

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

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.

CO2 emissions reduction rate target of 55% or more. I am very impressed by resource recycling through the aforementioned Circular FactoryTM 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 FactoryTM 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.

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.



Outside Director
Hiroe Nakai

Outside Director since 2018.
Ms. Nakai applies her



Outside Director
Osamu Kujiraoka

Outside Director since 2019.
Leveraging his career as an



Outside Director
Rie Kida

Outside Director since 2020.
Ms. Kida applies her objective

wide range of fields, including corporate legal and general civil affairs as an attorney.

of the Gunze Group based on his broad knowledge, especially in the medical field, one of the Company's high-growth businesses.

the B2C business and in women's empowerment.



Outside Corporate Auditor
Koji Funatomi

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.



Outside Corporate Auditor
Norihito Naka

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.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

List of ESG Data

Environment (Gunze Group)

Employees

Governance

List of Solar Power Generation Facilities by Business Location

Expansion of Solar Power FIT Projects

ISO 14001 Certified Locations

Environment (Gunze Group)

	Scope		Period	FY2020	FY2021	FY2022	FY2023	Unit
CO ₂ emissions	Japan+overseas	Scope1	Fiscal year	37,459	38,979	38,643	34,732	t-CO ₂
		Scope2	Fiscal year	86,136	85,177	79,681	80,785	
	Japan	Scope3	Fiscal year		411,434	423,860	390,856	
Total waste generated	Japan		Fiscal year	7,526	6,787	7,553	6,713	t
	Overseas		Fiscal year	1,780	2,093	1,741	1,218	
Energy consumption	Japan		Fiscal year	41,019	46,674	46,389	43,445	KI (Crude oil equivalent)
	Overseas		Fiscal year	17,912	20,399	17,802	15,821	
Water pollutants: BOD	Japan		Fiscal year	3.5	3.2	3.7	3.0	t
	Overseas		Fiscal year	0.6	0.2	0.6	0.4	
Water pollutants: COD	Japan		Fiscal year	16.4	17.5	15.1	14.7	t
	Overseas		Fiscal year	3.7	3.0	4.7	3.7	

Number of employees	Total	Gunze Group	Fiscal year	5,808	5,692	5,214	4,883	People
	Sub total	Gunze Limited		1,718	1,662	1,553	1,449	People
	Male			1,147	1,111	1,027	958	
	Female			571	551	526	491	
Ratio of women in managerial positions	Supervisors higher than section manager	Gunze Limited	Fiscal year	4.1	4.2	5.1	7.0	%
Number of employees hired on a main career track	Total	Gunze Limited	Fiscal year	26	26	25	27	People
	Male			22	15	13	13	
	Female			4	11	12	14	
Job turnover		Gunze Limited full time employee	Fiscal year	5	7	12	8	%
Employment rate of people with disabilities		Gunze Limited	Fiscal year ※As of March 20	2.23	2.07	2.2	2.46	%
Average age		Gunze Limited	Fiscal year	43.5	43.7	43.3	43.5	Age
Average tenure		Gunze Limited	Fiscal year	20.2	20.2	19.7	20.0	Year
Reemployment rate after Retirement		Gunze Limited	Fiscal year	68	72	75.6	72.2	%
Average number of days of annual leave taken		Gunze Limited	Fiscal year	12.7	12.8	14.1	14.9	Day
Average overtime hours		Gunze Limited	Fiscal year	5.72	5.24	6.51	6.63	Hour
Applicants for childcare leave		Gunze Limited	Fiscal year	16	17	17	20	People

childcare	Limited	year					
Rate of men taking childcare leave	Gunze Limited	Fiscal year	21	5	36	42	%
Applicants for child nursing leave	Gunze Limited	Fiscal year	6	3.1	15	16	People
Applicants for family care leave	Gunze Limited	Fiscal year	2	3	2	1	People
Applicants for short working hours for family care	Gunze Limited	Fiscal year	3	2	4	4	People
Applicants for nursing leave	Gunze Limited	Fiscal year	3	3	8	3	People
Occupational accident data	Gunze Group	Fiscal year	29	37	32	31	Number
(Of the above, accidents that require time off from work)	Gunze Group	Fiscal year	9	12	13	13	Number
Training and education expenses	Gunze Limited	Fiscal year	42,594	44,270	55,431	53,254	1,000Yen

Employee Consultation Hotline

Cases	FY2020		FY2021		FY2022		FY2023	
	Hotline	External reporting Desk	Hotline	External reporting Desk	Hotline	External reporting Desk	Hotline	External reporting Desk
Workplace relationships	4	0	7	0	6	0	4	0
Sexual harassment	4	0	0	0	1	0	2	0
Power harassment	5	1	3	1	7	1	4	0
Facts subject to whistleblowing	0	0	0	0	0	0	1	0

		Desk		Desk		Desk		Desk
Others	3	1	4	0	4	0	7	0

Governance

	Scope	Period	FY2020	FY2021	FY2022	FY2023	Unit
Directors	Gunze Limited	Fiscal year	9	8	9	9	People
Outside directors	Gunze Limited	Fiscal year	3	3	3	3	People
Female directors	Gunze Limited	Fiscal year	2	2	2	2	People
Ratio of female directors	Gunze Limited	Fiscal year	22	25	22	22	%
R&D expenses	Gunze Limited	Fiscal year	2,752	2,576	2,501	2,471	Million yen

List of Solar Power Generation Facilities by Business Location

Business location	Annual electricity generation (MWh/ Year)	CO ₂ emissions reduction (t-CO ₂ / Year)	Operational Start Date
Plastic Film Company Moriyama Factory (New building)	1,214	405	January 2023
Engineering Plastics Division Konan Factory (Office building)	105	40	February 2023
Engineering Plastics Division Konan Factory (6th building)	238	90	February 2023
Ayabe Engineering Plastics	554	194	September 2023

Expansion of Solar Power FIT Projects

Konan Factory	320	170	October 2014
Utsunomiya Distribution	1,600	850	November 2014

In the FIT project in Fukushima, Utsunomiya, and Konan, we generate revenue from selling the electricity produced and obtain non-fossil certificates with environmental value tracking. We are implementing CO2 reduction through the use of renewable energy from our solar power generation.

ISO 14001 Certified Locations

Registered Business	Number of domestic locations	Location	Registration number	Certification Body
Gunze Packaging Systems Co., Ltd.	1	Gunze Packaging Systems Co., Ltd.	E2149	ASR Co.,Ltd.
Apparel Business	5	Technology Division, Merchandise Planning Division (Miyazu), Miyazu Plant, Yanase Plant, Tohoku Gunze Co., Ltd., Yabu Apparel Ltd.	JQA-EM1658	Japan Quality Assurance Organization (JQA)
Tsuyama Gunze Co., Ltd.	1	Tsuyama Gunze Co., Ltd.	JQA-EM1690	Japan Quality Assurance Organization (JQA)
Moriyama Business Location	3	Plastic Film Company Moriyama Factory Research & Development Department, Shiga Ozu Manufacturing Center Co., Ltd.	E1626	ASR Co.,Ltd.
Engineering Plastics Division Konan Factory	2	Engineering Plastics Division Konan Factory Ayabe Engineering Plastics Co., Ltd.	E1941	ASR Co.,Ltd.
Fukushima Plastics Co., Ltd.	2	Fukushima Plastics Co., Ltd. Fukushima Gravure Co., Ltd.	E1819	ASR Co.,Ltd.

Gunze Kobunshi Corporation.	1	Gunze Kobunshi Corporation.	JQA-EM2660	Assurance Organization (JQA)
-----------------------------	---	-----------------------------	------------	------------------------------

[Gunze Sustainability Data Book](#) (PDF:921KB/9 pp.)

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Message from the President
Management Philosophy
Company Profile
Management Team
Corporate Brand
GUNZE History
Business Locations
Global Network
SPECIAL CONTENTS
GUNZE is Everywhere!

Business

Apparel Business
Plastic Films Business
Medical Materials Business
Engineering Plastics Business
Mechatronics Business
Threads and Accessories Business
Real Estate Development Business
Commercial Facility Development Business
Sports Club Business
Landscaping and Greening Business
Engineering Business
Apparel Store Information

Research & Development

GUNZE's Technological Strengths
Research & Development System
Technology Strategy
Enhancement of QOL

Sustainability

Message from the President
Sustainability Management
Sustainable Action
ESG
Gunze Group's Materiality
GUNZE Value Creation Story
Integrated Report
Initiatives Involved / External Evaluations
ISO26000 Comparison Tables

Investor Relations

Message from the President
Management Policy
Financial Information
Shareholder and Stock Information
Consolidated Financial Statements
To our individual Investors
IR Support
Integrated Report

Gunze Group's Materiality

As the external environment, we have identified the major social issues that may have an impact on the Gunze Group's ability to generate value in the medium- to long-term. The risks and opportunities associated with these have also been identified.

To resolve social issues while appropriately addressing risks and taking advantage of opportunities, we recognize the priority themes raised in the Medium-term Management Plan as management materiality and will continue to enhance value creation.

Our Understanding of the Business Environment (Risks and Opportunities)

As the external environment, we have identified the major social issues that may have an impact on the Gunze Group's ability to generate value in the medium- to long-term. The risks and opportunities associated with these have also been identified.

To resolve social issues while appropriately addressing risks and taking advantage of opportunities, we recognize the priority themes raised in the Medium-term Management Plan as management materiality and will continue to enhance value creation.

Social Changes	Issues	Risks	Opportunities	Countermeasures	Materiality
1 Changes in the market environment surrounding the Gunze Group	- Response to changes in customer preferences due to restrictions on social activities - Shrinking of domestic market	- Decline in profitability due to the emergence of non-profit yielding business - Obsolescence of technologies/services due to decreased competitiveness - Obsolescence of existing needs	Measures to address high social issues created through diverse business development - Strengthen profitability by focusing on the business portfolio ▶ For details: P.38~ ▶ Financial Capital Strategy - Develop products and services that generate social value, including products that contribute to the reduction of CO₂ ▶ For details: P.46~ ▶ Message from the President - Global business expansion ▶ For details: P.46~ ▶ Functional Solutions Business ▶ For details: P.46~ ▶ Medical Business Risk Diversification through the development of businesses in regions the Group has not yet entered - Return to domestic production ▶ For details: P.50~ ▶ Apparel Business - Construction of labor-saving and unmanned lines at plastics and apparel plants ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.46~ ▶ Functional Solutions Business - Measures to expand the ability to attract customers to the e-commerce site ▶ For details: P.50~ ▶ Apparel Business - BCP-driven supplier system development ▶ For details: P.46~ ▶ Functional Solutions Business	- Global business expansion ▶ For details: P.46~ ▶ Functional Solutions Business ▶ For details: P.46~ ▶ Medical Business Risk Diversification through the development of businesses in regions the Group has not yet entered - Return to domestic production ▶ For details: P.50~ ▶ Apparel Business - Construction of labor-saving and unmanned lines at plastics and apparel plants ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.46~ ▶ Functional Solutions Business - Measures to expand the ability to attract customers to the e-commerce site ▶ For details: P.50~ ▶ Apparel Business - BCP-driven supplier system development ▶ For details: P.46~ ▶ Functional Solutions Business	Creation of New Value
2 Country risk in nations where Gunze operates	Reorganization of business strategies	- Difficulties in continuing business operations due to drastic changes in political and economic conditions, including friction between the U.S. and China, conflicts in Ukraine/Russia, deterioration of Chinese economy - Generalization in the profitability of overseas production due to fluctuations in foreign currency exchange rates	Business expansion that contributes to improving quality of life - Applications for patents, trademarks and design rights ▶ For details: P.28~ ▶ AI and Legal Strategy - Reinforcement of projects requiring certification ▶ For details: P.48~ ▶ Medical Business - Compliance with global standards ▶ For details: P.48~ ▶ Medical Business - Improvement of productivity in all areas, including production, sales, logistics, and back-office operations through the use of AI, IoT, sensing technologies, etc. ▶ For details: P.46~ ▶ Functional Solutions Business ▶ For details: P.50~ ▶ Apparel Business - Improvement of productivity through mindset, operating, and office reforms ▶ For details: P.32~ ▶ Human Resources Strategy - Building of a personnel system that leads to increased engagement, improvements in the working environment ▶ For details: P.32~ ▶ Human Resources Strategy - D&I promotion ▶ For details: P.32~ ▶ Human Resources Strategy - Promotion of women's empowerment ▶ For details: P.32~ ▶ Human Resources Strategy - Promotion of human resources and independent career development ▶ For details: P.32~ ▶ Human Resources Strategy - Implementation of human rights due diligence ▶ For details: P.32~ ▶ Human Rights Initiatives throughout the Supply Chain - Education of employees with regard to respect for human rights ▶ For details: P.46~ ▶ Human Rights Initiatives throughout the Supply Chain - Reinforcement of cyber-attack countermeasure systems - Dissemination of information tailored to stakeholder demographics	- Difficulties in continuing business operations due to drastic changes in political and economic conditions, including friction between the U.S. and China, conflicts in Ukraine/Russia, deterioration of Chinese economy - Generalization in the profitability of overseas production due to fluctuations in foreign currency exchange rates	Evolution of Corporate Constitution
3 Spread of COVID-19 infections, etc.	Business continuity under different environments from normal times	- Damage to production, logistics, and commercial facilities due to large-scale earthquakes, typhoons, floods, and other natural disasters - Limitations on the business structure due to changes in society and lifestyles - Difficulty in procuring raw materials due to supply chain disruptions	Human capital management that embodies a people-oriented approach - Applications for patents, trademarks and design rights ▶ For details: P.28~ ▶ AI and Legal Strategy - Reinforcement of projects requiring certification ▶ For details: P.48~ ▶ Medical Business - Compliance with global standards ▶ For details: P.48~ ▶ Medical Business - Improvement of productivity in all areas, including production, sales, logistics, and back-office operations through the use of AI, IoT, sensing technologies, etc. ▶ For details: P.46~ ▶ Functional Solutions Business ▶ For details: P.50~ ▶ Apparel Business - Improvement of productivity through mindset, operating, and office reforms ▶ For details: P.32~ ▶ Human Resources Strategy - Building of a personnel system that leads to increased engagement, improvements in the working environment ▶ For details: P.32~ ▶ Human Resources Strategy - D&I promotion ▶ For details: P.32~ ▶ Human Resources Strategy - Promotion of women's empowerment ▶ For details: P.32~ ▶ Human Resources Strategy - Promotion of human resources and independent career development ▶ For details: P.32~ ▶ Human Resources Strategy - Implementation of human rights due diligence ▶ For details: P.32~ ▶ Human Rights Initiatives throughout the Supply Chain - Education of employees with regard to respect for human rights ▶ For details: P.46~ ▶ Human Rights Initiatives throughout the Supply Chain - Reinforcement of cyber-attack countermeasure systems - Dissemination of information tailored to stakeholder demographics	- Damage to production, logistics, and commercial facilities due to large-scale earthquakes, typhoons, floods, and other natural disasters - Limitations on the business structure due to changes in society and lifestyles - Difficulty in procuring raw materials due to supply chain disruptions	Capital Cost-focused Management
4 More stringent legal and social rules	Difficulty of manufacturing under existing standards	- Litigation, including intellectual property litigation, causing brand value to be lost - Revision of products and services due to changes in quality standards - Suspension of business activities due to legal violations	Expansion of circular economy-driven business models - Transition to renewable energy ▶ For details: P.22~ ▶ Special Feature - Construction of a net zero carbon factory (Yanase Factory) - Procurement of raw materials and environmental load reduction materials ▶ For details: P.42~ ▶ Environmental Strategy - Reduction of CO₂ emissions by 35% or more ▶ For details: P.42~ ▶ Environmental Strategy - Promotion of circular factory projects ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.42~ ▶ Environmental Strategy - Improvement of recycled hybrid film raw material ratio ▶ For details: P.22~ ▶ Special Feature	- Litigation, including intellectual property litigation, causing brand value to be lost - Revision of products and services due to changes in quality standards - Suspension of business activities due to legal violations	Environmentally Responsible Management
5 Contraction of domestic labor markets	Lack of diversity among human resources	- Difficulty in securing human resources due to a shrinking labor force - A lack of creative thinking capabilities due to immobilization of the personnel composition and an aging labor population pyramid - Lack of diversity due to a low percentage of female employees	Expansion of circular economy-driven business models - Transition to renewable energy ▶ For details: P.22~ ▶ Special Feature - Construction of a net zero carbon factory (Yanase Factory) - Procurement of raw materials and environmental load reduction materials ▶ For details: P.42~ ▶ Environmental Strategy - Reduction of CO₂ emissions by 35% or more ▶ For details: P.42~ ▶ Environmental Strategy - Promotion of circular factory projects ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.42~ ▶ Environmental Strategy - Improvement of recycled hybrid film raw material ratio ▶ For details: P.22~ ▶ Special Feature	- Difficulty in securing human resources due to a shrinking labor force - A lack of creative thinking capabilities due to immobilization of the personnel composition and an aging labor population pyramid - Lack of diversity due to a low percentage of female employees	Environmentally Responsible Management
6 Increased awareness of human rights	Insufficient revision of standards	Potential for human rights violations exist due to insufficient verification of human rights and working environment standards	Expansion of circular economy-driven business models - Transition to renewable energy ▶ For details: P.22~ ▶ Special Feature - Construction of a net zero carbon factory (Yanase Factory) - Procurement of raw materials and environmental load reduction materials ▶ For details: P.42~ ▶ Environmental Strategy - Reduction of CO₂ emissions by 35% or more ▶ For details: P.42~ ▶ Environmental Strategy - Promotion of circular factory projects ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.42~ ▶ Environmental Strategy - Improvement of recycled hybrid film raw material ratio ▶ For details: P.22~ ▶ Special Feature	Potential for human rights violations exist due to insufficient verification of human rights and working environment standards	Environmentally Responsible Management
7 Progress in the shift to IT	- Increase in cyber-attacks that cannot be handled by existing security systems - Irresponsible postings due to the anonymity of SNS	- Leakage of important information due to cyber-attacks, computer viruses, and other malicious methods - Spread of erroneous information through SNS	Expansion of circular economy-driven business models - Transition to renewable energy ▶ For details: P.22~ ▶ Special Feature - Construction of a net zero carbon factory (Yanase Factory) - Procurement of raw materials and environmental load reduction materials ▶ For details: P.42~ ▶ Environmental Strategy - Reduction of CO₂ emissions by 35% or more ▶ For details: P.42~ ▶ Environmental Strategy - Promotion of circular factory projects ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.42~ ▶ Environmental Strategy - Improvement of recycled hybrid film raw material ratio ▶ For details: P.22~ ▶ Special Feature	- Increase in cyber-attacks that cannot be handled by existing security systems - Irresponsible postings due to the anonymity of SNS	Environmentally Responsible Management
8 Growing severity of global environmental problems	Global warming	- Higher raw material and energy costs - Risk relating to laws and regulations, such as the introduction of a carbon tax	Expansion of circular economy-driven business models - Transition to renewable energy ▶ For details: P.22~ ▶ Special Feature - Construction of a net zero carbon factory (Yanase Factory) - Procurement of raw materials and environmental load reduction materials ▶ For details: P.42~ ▶ Environmental Strategy - Reduction of CO₂ emissions by 35% or more ▶ For details: P.42~ ▶ Environmental Strategy - Promotion of circular factory projects ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.42~ ▶ Environmental Strategy - Improvement of recycled hybrid film raw material ratio ▶ For details: P.22~ ▶ Special Feature	- Higher raw material and energy costs - Risk relating to laws and regulations, such as the introduction of a carbon tax	Environmentally Responsible Management
9 Growing international awareness of marine plastic pollution	Conversion to business that reduces use of petroleum-derived raw materials	- Stricter regulations regarding disposable plastics - Lower sales due to the spread of products made from plastic alternatives	Expansion of circular economy-driven business models - Transition to renewable energy ▶ For details: P.22~ ▶ Special Feature - Construction of a net zero carbon factory (Yanase Factory) - Procurement of raw materials and environmental load reduction materials ▶ For details: P.42~ ▶ Environmental Strategy - Reduction of CO₂ emissions by 35% or more ▶ For details: P.42~ ▶ Environmental Strategy - Promotion of circular factory projects ▶ For details: P.22~ ▶ Special Feature ▶ For details: P.42~ ▶ Environmental Strategy - Improvement of recycled hybrid film raw material ratio ▶ For details: P.22~ ▶ Special Feature	Conversion to business that reduces use of petroleum-derived raw materials	Environmentally Responsible Management

 Click here to enlarge

[Gunze Integrated Report 2024 Risks and Opportunities](#)

(PDF:948KB)

[Gunze Integrated Report 2024 All Pages](#)

(PDF:7.5MB)

Materiality	Our Measures	Gunze's Timeline	KPIs (FY2024 Targets)	FY2023 Initiatives	Future Challenges
Creation of New Value	Creation of new businesses and continued growth of existing businesses (including M&A)	Medium term	- New business-related - Commercialization of functional films such as films for next-generation lithium-ion batteries	- Completion of the initial design of the next-generation functional film - Initiation of development and commercialization of functional films	- Provision of mass production support tailored to each customer's business situation - Expansion and examination of R&D targets with a view to expanding fields of interest
	Offering new products/services designed with enhanced sustainability in mind	Short term	- Development of environmentally friendly products - Value creation from resources containing waste films - Expanded sales of biomass plastic products - Expanded sales of low-specific gravity polypropylene products - Development of films to reduce food waste - Net sales of medical-related products - Expanded sales of new medical products - Net sales of wellness and health category products - Strengthened development of health category products - Expanded sales of therapy-oriented products	- Expanded sales of GUNZEAC™, an environmentally friendly plastic film made from recycled raw materials - Development and market launch of a fully constructed biomass film for the vacuum packaging of frozen foods to reduce food waste expansion of use - Transformation to an organizational structure dedicated to comprehensive medical devices from R&D to sales - Proactive market launch and sales expansion of adhesion barrier materials, etc.	- Expansion of the use of environmentally responsible products, establishment of technologies for resource recycling, and the creation of a sustainable business model through collaboration - Upgrade and expansion coupled with increased use of films that help reduce food waste
Evolution of Corporate Constitution	Establishing a corporate culture that empowers diverse talent	Long term	- D&I promotion (Promotion of women's empowerment, etc.) - Ratio of women in management roles: 41% or higher - Ratio of female employees in the workforce: 55% - Maternity leave utilization rate: 50%	- Ratio of women in management roles: 7% - Ratio of female employees in the workforce: 54% - Maternity leave utilization rate: 42%	- Maintenance of a 50% ratio of women hired - Increase in the ratio of career hires - Enhancement of leader skills training program and expansion of childcare support systems - Increase in the maternity leave utilization rate
	Promoting employee mindset/duties transformations through work style reforms	Medium term	- Initiatives for respecting human rights - Conduct human rights due diligence on the Company and its major business partners	- Conduct of human rights assessments (Identification of the actual status of foreign technical internships (Domestic plans: three companies), conduct of supplier assessments, Engineering plastics field nine companies, textile: nonwovens field 12 companies) - Implementation of improvement measures based on assessment analysis results	Promotion of training and other programs for suppliers (expansion of coverage to overseas suppliers)
Environmentally Responsible Management	Transforming business processes through proactive use of digital technology (covering all business processes, including production, sales, development, logistics, back-office, etc.)	Medium term	- Strengthening of risk response capabilities - Conduct of Risk Management Committee meetings: four times per year - Conduct of follow-up investigations and discussions of future actions - Building of personnel systems, improvement of work environments - Improvement of engagement rate: 75 points (previous year) - Annual leave utilization rate: 75% - Productivity improvement through telework, day, and office transformations - Promotion of efficiency through various means, including the use of online meetings	- Conduct of follow-up investigations and discussions of future actions - Conduct of Risk Management Committee meetings: four times per year - Engagement score: 62 points - Annual leave utilization rate: 74.8% - Launch of personnel compensation system reform	Strengthening of the operations of whistleblowing systems
	Reducing environmental impact from business activities	Long term	- Improvement of productivity in all areas, including production, by utilization of AI, IoT, sensing technologies, etc. - Productivity improvement rate (P value)*: 100% - Productivity improvement rate (P value): Domestic 95.3%, Overseas 99.2% - CO₂ emissions reduction rate - Reduction vs. FY2013 (Scope 1 + Scope 2*) (Combined + combined): 20% or higher - Scope 1: 20% or higher - Scope 2: 20% or higher - Starting Scope 3 calculation, setting targets by FY2024 - Net-zero energy consumption reduction rate (vs. previous year): 1% per year or higher - Completion of Osaka Factory Plastic Film, Maruyama Plant (Osaka Prefecture) - Completion of the New Zero Carbon Factory Project, Agapart, Tsurumi Plant (Izumi City, Osaka Prefecture)	- Scope 1 + Scope 2: 215,531t - Reduction of 20% or more (vs. FY2013) - Scope 2: 200,056t - FY2023 per-unit energy consumption reduction rate: 1.8% increase (vs. the previous year (Domestic)) - Promoting smart factories (automated lines) (Osaka Plant)	- Continuous implementation of 1-on-1 meetings - Increase in the annual leave utilization rate through improvements in operational efficiency such as AI and work style reforms - Through management of working hours and reduction of long working hours - Establishment and expansion of various systems (telework, flexible work hours, etc.) to enable employees with diverse backgrounds to choose the work style that suits them best
Capital Cost-focused Management	Strategic allocation of management resources	Medium term	- Focused investment of management resources in growth businesses and growth areas - Investment-related investment: ¥8.6 billion - Acquisition of new targets by expanding overseas R&D: sales ratio 24% - Business separation through business divisions and M&A	- Investment-related investment: ¥2.8 billion (¥2.7 billion excluding Osaka Factory ¥100 million for Acap Engineering (Tsurumi Factory)) - Acquisition of total customers through a proprietary CRM program - Establishment of flexible joint venture with Hachii Group (September 2023)	- Promotion of construction plans for a recycling center - Increase in the R&D sales ratio - Acquisition of total customers through a proprietary CRM program - New store openings in commercial facilities with considerable ability to attract customers
	Achieving a positive GVA value by improving capital efficiency	Medium term	- Reinforcing low-growth businesses and fields - R&D: 4.4% - Active Company-wide GVA - Improvement of profitability	- R&D: 4.4% - GVA: ¥1.4 billion (Improvement of ¥0.7 billion vs. the previous year) - Attributed results of the planned transfer of shares in electronic components field (South Korea business) - In highest field, behavioral stock facility issued production - Started to examine transfer of mechanics business	- R&D: 6.3% or higher (FY2024) - Positive Company-wide GVA (FY2024) - Continuous structural reform initiatives

[Click here to enlarge](#)[Gunze Integrated Report 2024 Gunze's Materiality](#) (PDF:1.3MB)

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Business

Research & Development

Sustainability

Investor Relations

Message from the President

Apparel Business

Plastic Films Business

Message from the President

Sustainability Management

Message from the President

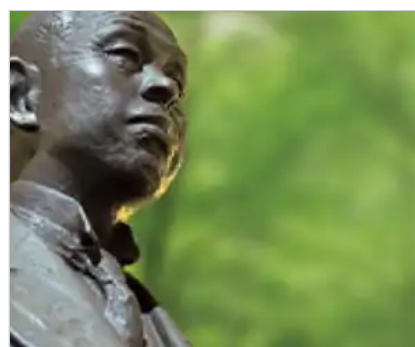
GUNZE Value Creation Story



Value Creation Model



Management Philosophy
Preserved
across the Gunze Group



GUNZE's History of 128 Years

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

Sustainability TOP

About GUNZE

Message from the
President
Management
Philosophy
Company Profile
Management Team
Corporate Brand
GUNZE History
Business Locations

Business

Apparel Business
Plastic Films Business
Medical Materials Business
Engineering Plastics Business
Mechatronics Business
Threads and Accessories
Business
Real Estate Development
Business

Research & Development

GUNZE's Technological
Strengths
Research & Development
System
Technology Strategy
Enhancement of QOL

Sustainability

Message from the President
Sustainability Management
Sustainable Action
ESG
Gunze Group's Materiality
GUNZE Value Creation Story
Integrated Report

Investor Relations

Message from the
President
Management Policy
Financial Information
Shareholder and Stock
Information
Consolidated Financial
Statements
To our individual Investors

Value Creation Model

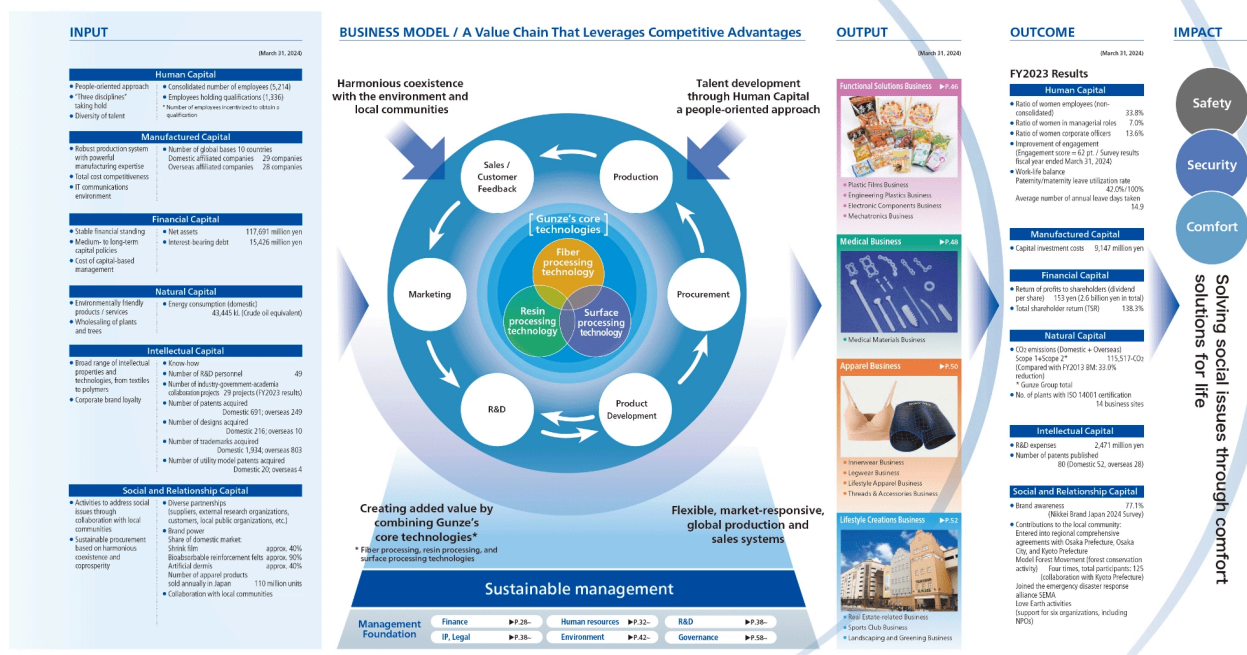
Gunze contributes to the realization of a sustainable society by creating new value and providing "Comfort Solutions for Life" based on social issues.

The value chain initiatives identified in Gunze's value creation model strengthen the Company's business activities by efficiently utilizing the Group's various capital resources and leveraging its unique strengths.

Here we present details of the principal categories of capital for each activity, Gunze's competitive advantage, and the challenges we face in further deepening the Group's efforts to create new value.

Value Creation Model

Social Issues



Click here to enlarge

[GUNZE Integrated Report 2024 Value Creation Model](#)

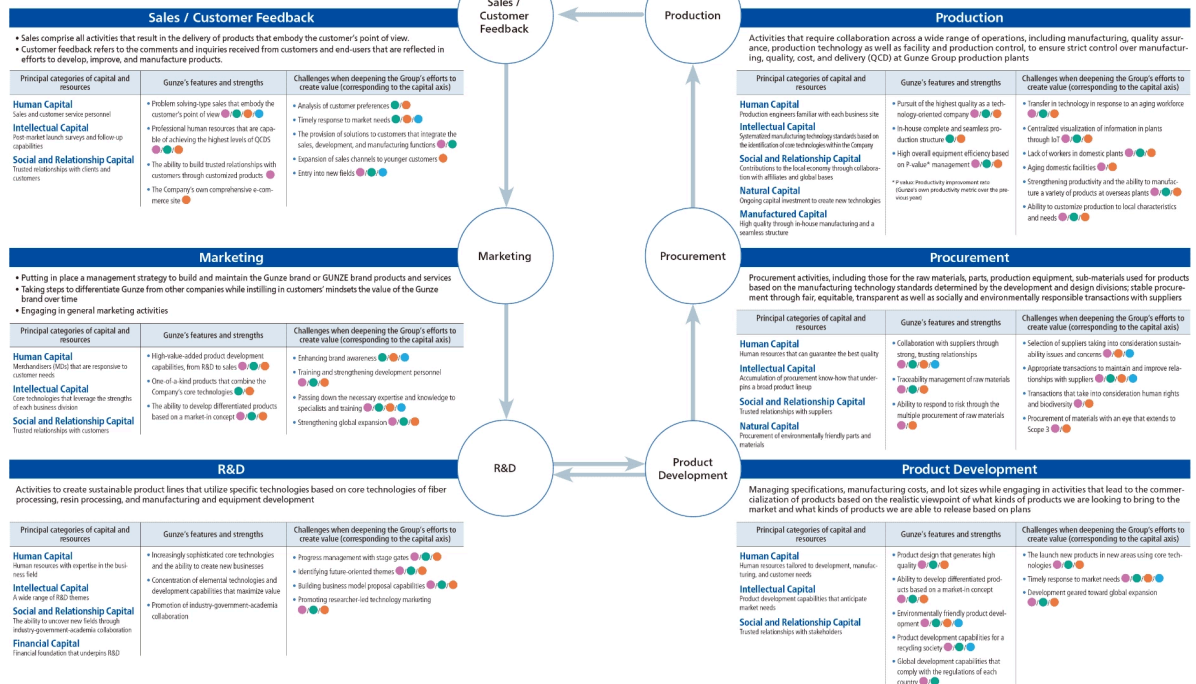
(PDF:552KB)

[GUNZE Integrated Report 2024 All Pages](#)

(PDF:8.5MB)

strengths.

● Functional Solutions Business
 ● Medical Business
 ● Apparel Business
 ● Lifestyle Creations Business
 (As of March 31, 2024)



Click here to enlarge

GUNZE Integrated Report 2024 Explanation of the Value Creation Model

(PDF:482KB)

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Business

Research & Development

Sustainability

Investor Relations

Message from the President

Apparel Business

Message from the President

Message from the President

Management Philosophy Preserved across the Gunze Group

The Gunze Group's founding philosophy underscores a people-oriented approach, a commitment to quality, and harmonious coexistence. These three elements of Gunze's DNA have remained central to our business activities, and have been preserved within our management philosophy over the past 120+ years.

1896 ○ FOUNDING PHILOSOPHY

- Striving for harmonious coexistence with all stakeholders
- surrounding the company through a people-oriented approach and a commitment to quality.

Gunze was founded in 1896 by Tsurukichi Hatano in the district of Ikaruga (now Ayabe City), Kyoto to promote the local silkworm industry. The founder believed that each district should pursue its own policy, and wanted to achieve a harmonious coexistence and coprosperity with all stakeholders, so as to enrich the lives of local people. Thus, he adopted the name Gunze Silk Manufacturing Co., Ltd., with "Gunze" meaning the "policy of the district" in Japanese.



1963 ○ THREE IMPORTANT CHARACTER TRAITS

— Sincerity — — Affection — — Modesty —

Sincerity means to do one's utmost, while paying careful attention to detail, being truthful and hiding nothing, and avoiding delays and negligence. It also means to work without interruption and always keep one's promises. All this contributes to the emergence of responsibility and courage, which lead to wisdom. This is the basis of success.

From affection grows a sense of compassion, which enables seeing things from the perspective of another person, avoiding disrespectful behavior, and remaining persistent and patient. All of these behaviors lead to wisdom to find the right way. It teaches us how to draw out the potential of people, how to make good things happen, and how to use goods to one's advantage.

Modesty represents a spirit of learning from others while keeping your mind open. It is the mother of progress. Let competition be an outdated approach.

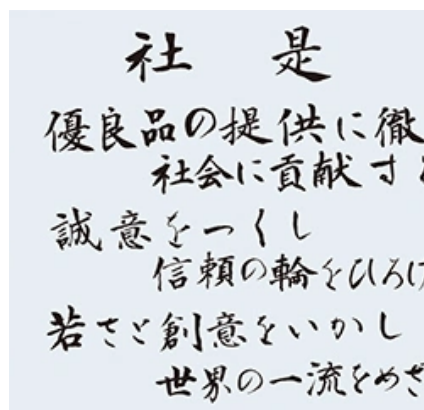
three important character traits.

- 1 Exchange greetings
- 2 Keep your personal belongings in order
- 3 Participate in cleaning



1976 ○ CORPORATE MOTTO

1. Contribute to society through the supply of quality products
2. Operate with integrity to build strong relationships with our customers and associates
3. Aim at global leader by utilizing youthful energy and creativity



1997 ○ GUNZE GROUP ENVIRONMENTAL CHARTER

The Gunze Group Environmental Charter was established to promote healthy and sustainable development in harmony with the Earth and society.

1998 ○ GUNZE GROUP ACTION GUIDELINES

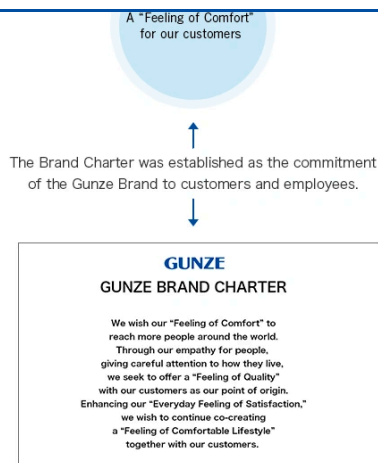
The Gunze Group Action Guidelines stipulate the conduct and behavior expected of Gunze as a corporate citizen.

- Chapter 1. The role Gunze should assume
- Chapter 2. Rules that Gunze should observe in conducting its corporate activities
- Chapter 3. Matters that members of Gunze should keep in mind when conducting their work

2007 ○ GUNZE GROUP CSR POLICY

- The CSR Policy was disclosed as its corporate commitment to the public.

- | | |
|------------------------------|---------------------------------------|
| 1 For customers | 2 For suppliers and business partners |
| 3 For local communities | 4 For employees |
| 5 For the global environment | 6 For shareholders and investors |



2019 ○ Gunze Group Sustainable Procurement Guidelines

Ensuring appropriate Sustainable procurement across our entire supply chain.

- | | |
|--|---|
| 1 Provide all suppliers with fair and equal trade opportunities | 2 Select suppliers in a fair and ethical manner |
| 3 Procure from suppliers in the most appropriate locations | 4 Preserve the global environment and lessen environmental impact |
| 5 Comply with all applicable laws, regulations, and social norms | 6 Appropriately control and strictly protect information |

Gunze Group Sustainable Procurement Guidelines

○ Basic Policy for Plastic Resource Circulation

GUNZE proactively implements the "3Rs + Renewable*" initiative for plastics, to reduce the amount of plastic waste and help build a society that promotes plastic resource circulation.

- 1 Reduce the volume of plastics and promote the reuse and recycling of plastic items.
- 2 Help implement effective and efficient plastic resource circulation through easy-to-classify and easy-to-recycle product design, and by aggressively using renewable raw materials.
- 3 Help reduce the use of petrochemical raw materials by developing products using bio-based materials.
- 4 Conduct appropriate management of waste and ensure that production activities have a smaller impact on the environment, so as to fulfill our responsibility as a manufacturer.

Global Environment

2022 ○ GUNZE'S Human Rights Policy Statement

We have established the following to clarify our
○ commitment to respect for human rights as part of our corporate philosophy

- 1 We endorse the UN Global Compact, the UN Guiding Principles on Business and Human Rights and other international principles relating to human rights.
- 2 In our business activities, we respect the human rights, individuality, and diversity, and do not discriminate against people because of their race, nationality, gender, or other factors.
We strictly prohibit any child labor, forced labor and inhuman treatment including cruel disciplinary punishments.
- 3 We implement the initiatives as stipulated in our in-house "Sustainability Promotion Rules" to respect the human rights of all employees, identify the negative impacts on human rights and endeavor to remediate them ,through appropriate processes such as whistleblower system.
- 4 We require our supplier to comply with " Gunze Group Supplier Code of Conduct" in accordance with the " Gunze Group Sustainable Procurement Guidelines", , gather information on any risks that could cause negative impacts on human rights, and work to prevent and mitigate the identified negative impacts.
- 5 We continue to provide necessary training for all employees to respect for human rights and deepen the understanding of employees on human rights issues.

⋮

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

GUNZE's History of 128 Years

Gunze has been consistently committed to resolving social issues by offering products and services tailored to the needs of the times.

Gunze seeks to establish a “one-of-a-kind” position in its respective fields.

1896~ ○ Silk

- 1896: Gunze Silk Manufacturing Co., Ltd. established
- 1900: Gunze obtained a Gold medal at the Paris World's Fair
- 1902: Gunze entered into exclusive supply and distribution agreement with Skinner Trading Company in the U.S.
- 1909: Gunze started positive volume trading
- 1917: Gunze school for female employees established

Establishment of a silk manufacturing company to contribute to the local community through the development of local industry

Experiencing the harsh realities of silk farmers, the heart and soul of the silk industry in Japan, Gunze's founder, Tsurukichi Hatano, was deeply moved to improve the structure of the industry. With his belief that good people make good silk, Hatano dedicated himself to the education of employees to help ensure the high quality of products.



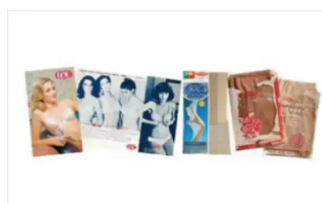
The Scene of a Class
at Gunze Women's School

1930~ ○ Stockings and Knitted Innerwear

- 1933: Gunze Silk Corporation established in New York
- 1934: Full-fashion stocking production launched
- 1946: Knitted innerwear production launched
- 1954: Thread production launched

Improving people's lifestyles through rapid expansion of apparel products (hosiery and knitted innerwear) after the end of WWII

After initiating the manufacture of full-fashion silk stockings as a secondary processed product to replace raw silk, began the production of knitted innerwear soon after the end of World War II. Owing to its superb quality, this new product was quickly recognized as “the nation's innerwear.”



1960~ ○ Plastic films business launched

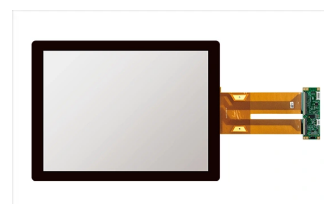
- 1962: Plastic film business launched
- 1965: Ladies' innerwear production launched at Kurayoshi Factory
- 1967: Company renamed Gunze Limited
- 1968: Pantyhose production launched at Ayabe Factory
- 1970: Kyushu Gunze Co., Ltd. established
Tohoku Gunze Co., Ltd. established
- 1973: Landscaping and greening business launched
Gunze Distribution Co., Ltd. established
Gunze Packaging Systems Co., Ltd. established
- 1976: Gunze set up "Company motto"
Gunze Green Co., Ltd. established
- 1977: Pajamas Center established (presently House Casual Wear Center)
- 1983: Engineering plastics business launched
- 1984: Gunze Sports Co., Ltd. established

Tackling the challenge as a technology-oriented company through the development of applications for new materials

In addition to entering the plastic film field as a new business, the Company commenced production of packaging films for its own stocking products. Through its functional solutions business, a B2B business for a diversity of applications which includes the engineering plastics field, Gunze is always working to develop new solutions.



Entering the Plastic Film Business



Development of Electronic Component Materials Initiated

1985~ ○ Putting forward rich lifestyle culture proposals through diversified business operations

- 1985: Medical Development Department established
Development of Electronic Component Materials Initiated
"Tsukashin" shopping complex opened as a center to introduce new lifestyle culture
- 1986: Tryon Co., Ltd. established
- 1989: SOZ division established
Hyogo Gunze Co., Ltd. established
- 1990: Fukushima Plastics Co., Ltd. established

As consumer preferences and purchasing patterns diversified, Gunze expanded its apparel product lineup to meet a wider range of consumer requirements. These efforts attracted many loyal customers. At the same time, the Company redeveloped the site of its former factory and is creating a new lifestyle culture from each of the clothing and housing perspectives.



Shopping Center Tsukashin



BODY WILD at the Time of Its Debut

- 1996: Gunze Museum opened
- 1998: “BODYWILD” boxer brief debut sets a new trend in men’s underwear
Electronic Components Division established
Engineering plastic division established
- 1999: Kaiteki Kobo debut
- 2000: Ayabe Engineering Plastics Co., Ltd. established
Tuché debut
- 2003: Tsukashin Town Create Limited Established
SEEK debut
- 2004: Natural spa Yunokaro opened
- 2007: Gunze Engineering Limited established
Elumi Kounosu opened



Fluorine Tubes Made from
Engineering Plastics

2010~ ○ Functional Solutions Business

- 2010: Medical Division Established
- 2011: KIREILABO debut
- 2012: Renovated Tsukashin Nishimachi opened
- 2014: QOL Research Institute Established
Ayabe Gunze Square opened
First outlet shop “Gunze Outlet” opened in Kurashiki
- 2016: Jeans & Casual the dan Co., Ltd. joined the Gunze Group
“Cocochi select by GUNZE” opened in Zest Oike
- 2017: Gunze Medical Japan Limited established
First Gunze Sports Club opened in Cambodia
- 2018: Gunze Plastics & Engineering of Vietnam Limited established
- 2019: Medical U & A Limited acquired

Gunze developed unique new technologies through the fusion of resin and surface processing technologies. Thereafter, the Company has continued to develop and deploy one-of-a-kind, niche products across all of its business, including the plastic film, engineering plastic, and medical fields.



Bioabsorbable Bone Fixation
Devices



Gunze Plastics & Engineering of
Vietnam Co., Ltd.



Supply of Trees in the Field of
Environmental Greening

contributing to a sustainable society

Key Phrase Transformation and Challenge

Period	VISION 2030 stage1 (2022 ~ 2024)
	VISION 2030 stage2 (2025 ~ 2027)
	VISION 2030 stage3 (2028 ~ 2030)

Four pivotal strategies



2023 ○

Creating new value by combining the functional solutions, medical, apparel, and lifestyle creation businesses

2023: Transition to a four business segment structure
GUNZE MEDICAL LIMITED established(From October 2022)

While the market share of developed countries is shrinking, emerging countries such as China are expanding. Under these circumstances, building a business structure that can respond to rapid changes in the structure of society and the economy is a prerequisite for growth.

In addition, calls on corporate management to remain vigilant toward climate change are intensifying. Against the backdrop of an aging population and increasing health consciousness, Gunze is working to enhance people's quality of life (QOL) by developing products designed to create new value in its apparel, plastic films, medical, and sports club businesses. In the sports club field, Gunze has launched new club operations in collaboration with local communities to help extend healthy lifespans.



Integrated Report

GUNZE Integrated Report 2025

[All Pages](#)

(PDF:13.5MB)

Split Files Download

Gunze's Value Creation Story

(PDF:5.3MB)

- P01 Message
- P02 Contents
- P04 At a Glance
- P06 Message from the President
- P10 A Track Record of Value Creation
- P12 Value Creation Model
- P14 Explanation of the Value Creation Model by Capital Category

Growth Strategy

(PDF:2.0MB)

- P16 Risks and Opportunities, Materiality
- P18 The Previous Medium-term Management Plan "VISION 2030 stage1" review
- P20 Medium-term Management Plan "VISION 2030 stage2"

Capital Strategy

(PDF:2.4MB)

- P22 Financial Capital
- P26 Human Capital
- P30 Manufactured Capital
- P32 Intellectual Capital

Business Strategy

(PDF:2.6MB)

- P42 Functional Solutions Business
- P44 Medical Business
- P46 Apparel Business
- P48 Lifestyle Creations Business
- P50 Cross-Functional Engineer Strategy
- P52 Global Strategy

Corporate Governance

(PDF:2.4MB)

- P54 Corporate Governance
- P60 Outside Executive Roundtable Discussion
- P64 Management Team

Corporate Data

(PDF:1.7MB)

- P66 Financial and Non-financial Highlights
- P68 Consolidated Eleven-year Financial and Non-financial Summary
- P70 Company Profile and Stock Information

Related Reports

Integrated Report 2024 (PDF:8.5MB)

Integrated Report 2023 (PDF:8.1MB)

Integrated Report 2022 (PDF:9MB)

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Sustainability TOP

About GUNZE

Message from the President

Management Philosophy

Company Profile

Management Team

Corporate Brand

GUNZE History

Business Locations

Global Network

SPECIAL CONTENTS

GUNZE is Everywhere!

Business

Apparel Business

Plastic Films Business

Medical Materials Business

Engineering Plastics Business

Mechatronics Business

Threads and Accessories Business

Real Estate Development Business

Commercial Facility Development Business

Sports Club Business

Landscaping and Greening Business

Engineering Business

Apparel Store Information

Research & Development

GUNZE's Technological Strengths

Research & Development System

Technology Strategy

Enhancement of QOL

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

Investor Relations

Message from the President

Management Policy

Financial Information

Shareholder and Stock Information

Consolidated Financial Statements

To our individual Investors

IR Support

Integrated Report

Initiatives Involved / External Evaluations

The UN Global Compact

WE SUPPORT



GUNZE Limited Signs the UN Global Compact

The UN Global Compact is a global framework that encourages companies and organizations to take responsible and creative leadership and to act as good members of society toward attaining sustainable growth. GUNZE signs the UN Global Compact to meet the needs and expectations in changing society. GUNZE also abides by the ten principles related to human rights, labour, the environment and anti-corruption and strengthen measures to establish a sustainable society through its business operations.

Certificate of Joining the UN Global Compact



TCFD Consortium



information by businesses and the use of this information in the investment decisions of financial institutions.

SOMPOsustainability index

2024



Sompo Sustainability Index

Gunze was selected for inclusion in the SOMPOsustainability index independently established by Sompo Asset Management Co., Ltd. for twelve consecutive years.

Kurumin



Gunze Limited was certified as a “Kurumin” accredited company by Japan’s Ministry of Health, Labour and Welfare in 2023 based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group’s Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External Evaluations

ISO26000 Comparison Tables

ISO26000 Comparison Tables

Core Subjects

Organizational Governance

Human Rights

Labor Practices

Environment

Fair Operating Practices

Consumer Issues

Community Involvement and Development

Organizational Governance

Issues	Relevant Gunze Site Links
1:Organizational Governance	Message from the President Sustainability Management Governance Stakeholder Engagement Management Policy

Human Rights

Issues	Relevant Gunze Site Links
1: Due diligence 2: Human rights risk situations 3: Avoidance of complicity 4: Resolving grievances 5: Discrimination and vulnerable groups 6: Civil and political rights 7: Economic, social and cultural rights 8: Fundamental principles and rights at work	Sustainability Management Social Stakeholder Engagement

Labor Practices

1: Employment and employment relationships**2: Conditions of work and social protection****3: Social dialogue****4: Health and safety at work****5: Human development and training in the workplace**

Social

Stakeholder Engagement

Environment

Issues

Relevant Gunze Site Links

1: Prevention of pollution**2: Sustainable resource use****3: Climate change mitigation and adaptation****4: Protection of the environment, biodiversity and restoration of natural habitats**

Environment

Fair Operating Practices

Issues

Relevant Gunze Site Links

1: Anti-corruption**2: Responsible political involvement****3: Fair Competition****4: Promoting social responsibility in the value chain****5: Respect for property rights**

Sustainability Management

Social

Stakeholder Engagement

Consumer Issues

Issues

Relevant Gunze Site Links

1: Fair marketing, factual and unbiased information and fair contractual practices**2: Protecting consumer's health and safety****3: Sustainable consumption****4: Consumer service, support, and complaint and dispute resolution****5: Consumer data protection and privacy****6: Access to essential services****7: Education and awareness**

Sustainable Action

Social

Stakeholder Engagement

Environment

Issues	Relevant Gunze Site Links
1: Community involvement 2: Education and culture 3: Employment creation and skills development 4: Technology development and access 5: Wealth and income creation 6: Health 7: Social investment	Sustainable Action Social Stakeholder Engagement

Sustainability

Message from the
President

Sustainability
Management

Sustainable Action

ESG

GunzeGroup's Materiality

Gunze Value Creation
Story

Integrated Report

Initiatives Involved /
External Evaluations

ISO26000 Comparison
Tables

Sustainability TOP

About GUNZE

Message from the
President

Management
Philosophy

Company Profile

Management Team

Corporate Brand

GUNZE History

Business Locations

Global Network

SPECIAL CONTENTS

GUNZE is
Everywhere!

Business

Apparel Business

Plastic Films Business

Medical Materials Business

Engineering Plastics Business

Mechatronics Business

Threads and Accessories
Business

Real Estate Development
Business

Commercial Facility
Development Business

Sports Club Business

Landscaping and Greening
Business

Engineering Business

Apparel Store Information

Research & Development

GUNZE's Technological
Strengths

Research & Development
System

Technology Strategy

Enhancement of QOL

Sustainability

Message from the President

Sustainability Management

Sustainable Action

ESG

Gunze Group's Materiality

GUNZE Value Creation Story

Integrated Report

Initiatives Involved / External
Evaluations

ISO26000 Comparison Tables

Investor Relations

Message from the
President

Management Policy

Financial Information

Shareholder and Stock
Information

Consolidated Financial
Statements

To our individual Investors

IR Support

Integrated Report