

## Corporate Governance

## Gunze as Seen from the Outside

## Interviews with Outside Directors



Hiroe Nakai

Outside Director

Q.

**What are your thoughts on the direction and challenges of collaboration with external parties and initiatives in the Creation of New Value, a basic strategy identified under the Medium-term Management Plan?**

I believe that undertaking the challenge of new businesses that look to the coming age is itself necessary for increasing corporate value. M&As are not just about simply making companies larger. Instead, they also hold the potential to achieve further advancements through mutual synergy effects. And by diversifying the types of businesses and regions, M&As are also effective in hedging against risk. Gunze possess technologies that can be transferred to various fields, which is why I believe M&As with companies with which Gunze can anticipate synergy effects are meaningful. On the other hand, partnerships with venture companies are able to breathe new life into companies, and because many of them operate businesses that effectively address the SDGs, I hope that Gunze successfully seeks out ways to enhance corporate value by integrating these businesses. M&As and partnerships also hold significant risk, however, so Gunze must conduct sufficient due diligence from the outset, and consider these with an eye to the corporate value of the other party and the post-partnership vision. Gunze must also debate, in advance, the withdrawal conditions once an M&A or partnership has been formed in the event that the initiative unfortunately does not progress as initially expected.

Q.

**What was discussed by the Board of Directors when formulating the Medium-term Management Plan? And what efforts are you engaged in to ensure the Board of Directors functions effectively?**

As far as the Medium-term Management Plan is concerned, the Board of Directors must consider whether the strategies therein look to future generations, more specifically, whether they possess a vision for ten years out. Which is why we debated the M&As and research and development projects within the Plan, for example, by questioning specific concepts, and why we have investigated concrete approaches to problematic divisions. At Board meetings, in addition to pointing out legal problems, I consistently maintain an outside perspective when presenting opinions on many agenda items, including the needs of modern society, transformational and social ethics, facilitation of synergy effects among business divisions, and problematic areas of which the Company is not yet aware. And I facilitate many suggestions and debates regarding issues that are not included in the agenda in the direction of advancing Gunze's business execution.



Osamu Kujiraok

Outside Director

Q.

**How should the Gunze business portfolio evolve?**

At a company where I was previously employed, I once had the opportunity to join a heated debate over views of life and death between a famous professor and scholars in the medical field, which left a deep impression on me. Medical care necessarily values extending average life expectancies and recovering from illness and injury, but it is also deeply involved in how we live happily and how we die happily, and is helpful in living a rich life. Under its management philosophy of providing a Feeling of Comfort, Gunze has positioned the Medical Materials business as the core of growth industries, where aiming to provide new products and services is in some sense a necessity, and plays a major role.

Moreover, I believe product development that combines the experience and technology of the Apparel, Plastic, Sports, and other business divisions offers significant potential for new businesses going forward. Which is why I expect to see Gunze pioneer markets in areas where markets converge in a way that goes beyond the framework of the business divisions. Illustrating a management philosophy and corporate identity that clearly express Gunze's new initiatives in an easy-to-understand manner, I believe, will become a future management issue.

Q.

**Please tell us about what was discussed by the Board of Directors regarding the formulation of the Medium-term Management Plan, and about the role of Outside Directors in achieving targets.**

A sense of uncertainty over the future has been growing with each passing day due to COVID-19 and the situation in Ukraine, which has led us to a time where it is extremely difficult to take the helm of management. The Board of Directors recognizes that uncertain elements exist when setting long-term target values as part of formulating the Medium-term Management Plan under these conditions, yet deliberations were unrestrained and energetic, and included highly critical opinions. In particular, we held many discussions regarding the vision for the Company in 2030, efforts to specify concrete numerical targets to realize this vision, and the propriety of indicators for non-financial targets, for example. Ahead of the Board meetings, we also had opportunities to exchange opinions with related departments, which have been reflected in VISION 2030 and the non-financial target values. The Medium-term Management Plan must be shared in detail with all employees, and must present concrete initiatives for realizing these targets. Against this backdrop, I intend to contribute in a way that produces results by objectively checking and assessing this situation from an outside perspective.