

## CORPORATE GOVERNANCE

The goal of our basic corporate governance policy is to promote our corporate values in a stable manner through improving management efficiency and transparency from the viewpoint of all stakeholders, including customers and shareholders.

Specifically, we have reformed our corporate organization and meeting procedures to reinforce the decision-making and supervising authority of the board of directors and to clarify responsibilities for business operations. In June 2002, the Company introduced a new corporate governance system and decreased the number of directors from 16 to 13. Since then, the number of directors has been further decreased to 8. In line with the introduction of the corporate officer system, we have established meetings of corporate officers to review the business plans of each operational section, report quarterly results, and communicate various instructions and information. Currently, such meetings consist of the directors, 20 corporate officers, and 2 full-time corporate auditors. When analyzing and reviewing business plans based on corporate-wide policy, the meetings are operated as business strategy meetings. In order to increase transparency regarding managerial matters, we have enhanced our IR (Investor Relations) activities and made our utmost efforts to actively disclose information to our shareholders and other investors. Furthermore, the Company established the Disclosure Committee in August 2003 to develop corporate governance and ensure the creditability of disclosures of financial information.

## BUSINESS COMPLIANCE PRACTICES

Wacoal believes that the practice of business compliance includes observing laws and social standards, complying with internal controls based on the basic principles of the company, and sincerely responding to various social requirements. Since its establishment, Wacoal has strictly prohibited unlawful activities and going forward will work to further strengthen its internal compliance system. Based on our Corporate Ethics-Wacoal's Action Agenda established for reviewing various corporate activities from the viewpoint of business compliance, and our "Code of Ethics for Officers and Employees," established in response to the U.S. Sarbanes-Oxley Act, we will fully enforce business compliance internally as well as at our domestic and overseas affiliates while responding to changes within and outside the Company.

## PROMOTION OF ENVIRONMENTAL MANAGEMENT

Since 2000, Wacoal has been working to build an environmental management system. In February 2001, we obtained ISO 14001 certification for our Kyoto business office and for Nagasaki Wacoal Sewing Corp. (currently Kyushu Wacoal Manufacturing Corp.). Going forward, we will promote our environmental management system Groupwide, with the aim of giving the highest level of attention to environmental issues in the industry.



Local elementary school students take part in a "greening" project (Kyoto Head Office)

## PROMOTION OF SOCIAL CONTRIBUTION ACTIVITIES

Wacoal is involved in a variety of social initiatives aimed at helping to make women's lives happier and healthier. In 1974, we began the Remamma project to provide in-house-developed intimate apparel and swimwear for women who had lost their breasts as a result of cancer-related operations.

To give as many women as possible the opportunity to make use of these products, we offer free consultation and fitting services nationwide. In conjunction with these efforts, Wacoal has also participated in Pink Ribbon\* activities since 2000, which are aimed at achieving earlier diagnoses of breast cancer by raising public awareness of the condition. To this end, Wacoal held several events and symposia on breast cancer in the year under review. In addition, we actively pursued a breast cancer educational campaign through public relations activities that incorporated Wacoal stores and promotional events. Wacoal also promotes research on issues related to women's physiology and psychology by providing support for such organizations as the Breast Research Association\*\*.

With respect to cultural contributions, Wacoal established the Kyoto Costume Institute in 1978, which specializes in the collection, research, and preservation of historical, Western garments. The institute also supports international exchanges by acting as a curator of exhibitions at major museums worldwide.



Remamma



Pink Ribbon event in Osaka



Pink Ribbon event in Tokyo



Breast research panel discussion



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\* **Pink Ribbon:** This organization was established in the United States by bereaved families of breast cancer victims to raise awareness of the condition. The group provides a range of support programs around the world.

\*\* **Breast Research Association:** This organization invites specialists from a wide range of fields, including natural sciences, sociology, and the arts, to examine physiological and psychological issues specific to women.