

CORPORATE SOCIAL RESPONSIBILITY

Corporate Governance

The overriding goal of Wacoal’s corporate governance is to continuously grow corporate value by ensuring that management is highly transparent, equitable, and objective with respect to all stakeholders, including shareholders, other investors, and customers.

In-House Organizations and Control Systems

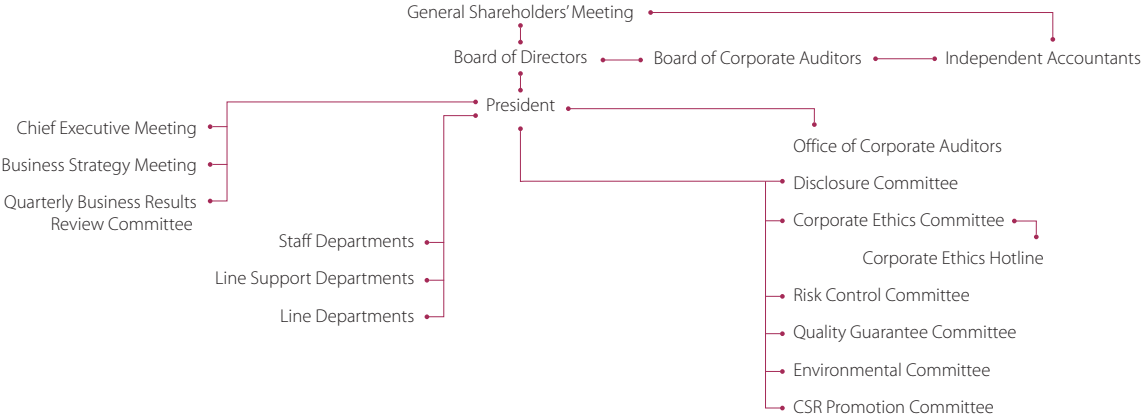
Wacoal employs an auditor system of governance, with operational implementation and oversight undertaken by the Board of Directors and the Board of Corporate Auditors. In June 2002, the Company introduced a corporate officer system to clarify responsibility for operational implementation, speed up decision making, and strengthen the monitoring functions of the Board of Directors. In June 2005, the Company sought to further enhance the equitability and objectivity of the Board of Directors and the Board of Corporate Auditors by appointing two outside directors for the first time and by increasing the number of outside corporate auditors from two to three. Comprising seven directors, two of whom are outside directors, and five corporate auditors, three of whom are outside corporate auditors, the Board of Directors decides such issues as important

management policies and strategies and items stipulated by laws or the articles of incorporation. Five corporate auditors, including three outside corporate auditors, sit on the Board of Corporate Auditors, which supervises and audits management.

In addition, the Company has established an auditing section, which monitors the appropriateness and efficiency of the operational processes of the Company and its subsidiaries. And, in August 2003 we created the Disclosure Committee to buttress corporate governance and ensure the reliability of financial and other information issued by Wacoal. That committee checks the propriety of internal controls and disclosure with respect to 20-F annual reports filed with the U.S. Securities and Exchange Commission and other financial reports and the accuracy of disclosed information.

Moreover, the Company plans to transfer to a holding company system in October 2005. Among Group companies as a whole, that new structure will enhance strategic decision making, optimize resource allocation, clarify the responsibilities and authority of operating companies, and enable more flexible operational implementation.

Corporate Governance Structure
June 2006



Promotion of Corporate Ethics and Environmental Management

Corporate Ethics Implementation

In April 2004, Wacoal established the Corporate Ethics Implementation Committee, tasked with advancing compliance. Since then, that committee has prepared a code of conduct for executives, corporate officers, and other employees, the Corporate Ethics – Wacoal’s Action Agenda, and sought to instill a stronger awareness of corporate ethics among all employees through educational programs. At the same time, the Company has set up the Corporate Ethics Hotline that enables employees to pose any questions they have about the Corporate Ethics – Wacoal’s Action Agenda and report or discuss actions that violate the code. The hotline system is designed to ensure the ethical soundness of the Company by forestalling divergence from or infringements of the code of conduct or laws among employees and executives and by rapidly identifying and dealing with any violations that may occur. In addition, to bolster its corporate ethics compliance system, in July 2004 Wacoal revamped the Corporate Ethics Implementation Committee to create the new Corporate Ethics Committee, headed by the president. Moreover, in response to the U.S. Sarbanes-Oxley Act, the Company prepared the Code of Ethics for Officers and Employees in May 2004.



Foresting in Mt. Fugen (Nagasaki, Japan)

Environmental Management

Taking measures in response to such worldwide environmental problems as global warming and increasing volumes of waste is one of the most critical issues faced by mankind. And, companies must play a major role in efforts to protect the global environment. In order to save limited resources and leave the Earth beautiful for the coming generations, we are wholeheartedly pursuing a range of initiatives based on the following environmental policies.

Environmental Policies

Based on the awareness that the Earth’s environment supports our lives, we promote environment-friendly operations.

1. We will construct and advance environmental management systems.
2. We will establish and regularly review environmental preservation targets.
3. We will continuously work to improve environmental preservation activities and prevent pollution.
4. We will adhere to environmental laws and regulations and to self-imposed environmental management benchmarks.
5. We will develop technologies and products that are kind to people and the environment.
6. We will reduce, separate, and recycle waste.
7. We will conserve resources and energy centered on product materials, electric power, and paper.
8. We will promote environmental preservation education and training.
9. We will preserve the environments of local communities through wide-ranging social partnerships.
10. We will disclose our environmental policy.

<http://www.wacoal.co.jp/company/aboutcom/kankyo/index.html>

Social Contribution Activities

To truly realize its goal of benefiting society at large by enabling women to be beautiful the world over, Wacoal believes in the importance of making wide use of its unique expertise throughout society. In 1974, we began the *Remamma* project to provide our originally developed intimate apparel and swimwear for women that had undergone operations for breast cancer. Moreover, to give women the opportunity to use these products, we offer consultation and fitting services nationwide, which have been used by more than 160,000 customers.

<http://www.wacoal.co.jp/products/remamma/>



Remamma brassiere & pad

* 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 research the social and cultural aspects of physiological and psychological issues specific to women.



Pink Ribbon Smile Walk in Kobe

Since 2002, we have actively promoted Pink Ribbon* activities, which are aimed at achieving earlier diagnoses of breast cancer by raising awareness of the condition. As part of efforts to educate the public about breast cancer, we take part in and support the Pink Ribbon Walk and donate charity sale proceeds to the Breast Cancer Eradication Smile Fund. Wacoal also contributes to unique research on issues related to women's physiology and psychology by sponsoring 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. Some of the institute's collection can be viewed at the following web site.

<http://www.kci.or.jp>



Exhibition "Colors"

© The Kyoto Costume Institute
Photo by Naoya Hatakeyama