

Corporate Governance

The basic policy and purpose of the Wacoal Group’s corporate governance is to continuously enhance corporate value by increasing transparency and ensuring the fairness and independence of corporate management in order to build mutual trust in relationships with every stakeholder, including shareholders, customers, employees, business partners, and local communities.

Corporate Governance Structure

We, as a holding company, have adopted the company with Audit & Supervisory Board system in accordance with the Companies Act for the purpose of ensuring the corporate governance of group companies, and have both the Board of Directors and the Audit & Supervisory Board monitor and audit the management and operation of the Company. In addition, we have voluntarily established the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee as the advisory bodies to the Board of Directors, which were chaired by external directors (independent) and the majority of which are composed of external directors (independent). We have also established the Committee for Group Strategy, in which all external directors (independent) and external Audit and Supervisory Board members (independent) fully discuss the medium- and long-term management strategies, the medium-term business strategy, the allocation of management resources and the major management issues from various perspectives.

Summary of the Corporate Governance System and the Reasons for Its Adoption

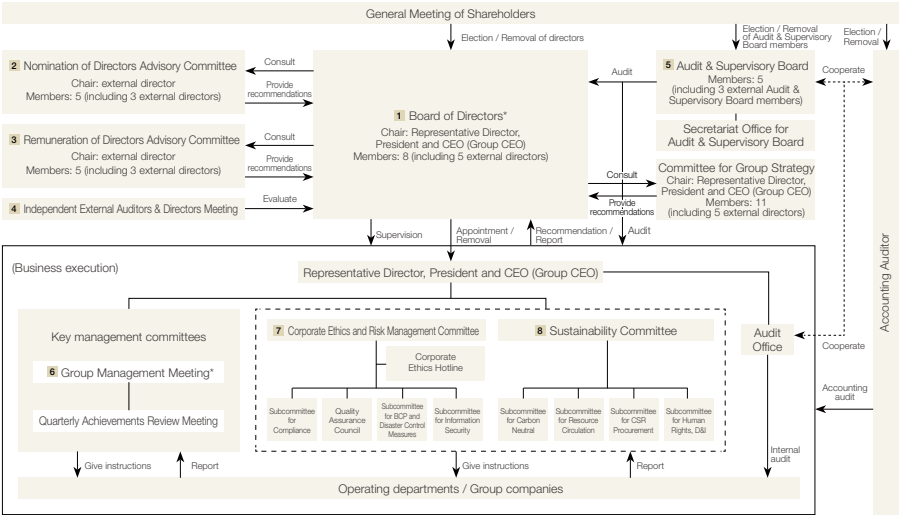
The Company has adopted a governance system based on a Board of Directors, comprising directors who are conversant with businesses and external directors with diverse professional backgrounds, and an Audit & Supervisory Board, including external Audit & Supervisory Board members. This governance system enables the holding company to effectively supervise and audit the execution of operations at Group companies and to realize and maintain high-quality business management.

The Board of Directors comprises eight directors, five of whom are external directors and two of whom are women, who carry out management decision-making and supervision from an objective perspective. They aim to reinforce supervisory functions and enhance decision-making. To clarify management responsibility, directors are appointed for one year. Thus, we have built a business management system that enables rapid responses to changes in business conditions. Comprising five Audit & Supervisory Board members, three of whom are external members, the Audit & Supervisory Board aims to strengthen their supervision and auditing of business management.

Overview of the Corporate Governance Structure (as of June 25, 2024)

Format	Audit & Supervisory Board system
Number of directors	8
Of whom, external directors	5
Term of directors	1 year
Number of Audit & Supervisory Board members	5
Of whom, external Audit & Supervisory Board members	3
Number of independent officers	8
Participation of external directors in determination of remuneration	Yes
Organizations to assist in decision-making	Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee
Key committees	Group Management Meeting, Management Issues Review Meeting, and Quarterly Achievements Review Meeting
Performance-based bonuses	Yes

Corporate Governance Structure <https://www.wacoalholdings.jp/en/group/governance/system/>



* Both internal and external Audit & Supervisory Board members attend meetings for the purpose of auditing the performance of duties by directors

Corporate Governance Initiatives

	2005	2010	2015	2020
Topics	2005 Established a pure holding company		2013 Stopped listing ADRs on the U.S. NASDAQ market and de-registered with the SEC	2022 Changed the structure of the Group Philosophy for the first time since our founding and defined our new Mission in modern society
Representative Director and President	Yoshikata Tsukamoto		2018 Hironobu Yasuhara	2023 Masaaki Yajima
Compensation/Evaluation				2021 Introduced restricted stock compensation plan 2022 Revised the ratio of base remuneration and stock compensation 2024 Introduced performance share unit compensation plan
Number of independent external officers	2005 Increased the number of external directors by two members and the number of external Audit & Supervisory Board members by one member External directors: 2 External Audit & Supervisory Board members: 3	2010 Increased the number of external directors by one member External directors: 3; External Audit & Supervisory Board members: 3 (For the period of 2013-2014 only, there were 2 external directors and 3 external Audit & Supervisory Board members)		2023 Increased the number of external directors by two members External directors: 5 External Audit & Supervisory Board members: 3
Establishment of committees	2007 Established the Advisory Committee for the Remuneration and Nomination of Directors	2015 Established the Independent External Auditors & Directors Meeting	2018 Divided the Advisory Committee for the Remuneration and Nomination of Directors into two committees: the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee 2017 Established the Corporate Ethics and Risk Management Committee by integrating the Risk Management Committee and Corporate Ethics Committee	2022 Established the Sustainability Committee

Corporate Governance

External Directors and External Audit & Supervisory Board Members

We have elected those persons having extensive knowledge and experience as executives and persons having insight into investment and financial capital markets, to our external directors, and each of such persons takes a role in improving the appropriateness of the decision made by the Board of Directors by giving objective and independent advice based on their long careers in each business area and extensive professional knowledge.

Strengthening of the Functions of the Audit & Supervisory Board and Its Members

The Audit & Supervisory Board comprises two internal full-time Audit & Supervisory Board members and three external Audit & Supervisory Board members. In addition, one full-time staff member is assigned as the secretariat of the Audit & Supervisory Board to assist the Audit & Supervisory Board members in their duties as needed. The Audit & Supervisory Board makes decisions on the preparation of the audit report, selection and dismissal of full-time Audit & Supervisory Board members, audit policies, methods of investigation of businesses and financial conditions, and other matters related to the execution of duties by Audit & Supervisory Board members, in accordance with the Companies Act, and also makes decisions on matters related to the election, dismissal or non-reappointment of accounting auditors, consent to compensation, etc., of accounting auditors, consent to the appointment of Audit & Supervisory Board members, and other matters related to the resolution of the Audit & Supervisory Board.

Reasons for Election of External Directors and External Audit & Supervisory Board Members

External directors	Reason for election	Expected field of expertise and knowledge	Attendance at Board of Directors' meetings (FY2024)
Tsunehiko Iwai	In addition to his extensive knowledge and experience as a business manager, Tsunehiko Iwai can also be expected to contribute to management using his specialist knowledge relating to research, production, and various fields of technology.	Company management, legal, compliance, sustainability, diversity and inclusion, marketing, technology, and production quality control	17/17
Chizuru Yamauchi	In addition to her extensive knowledge and experience as an executive, Chizuru Yamauchi has expertise in diversity and inclusion. We expect she will provide advice that contributes to human resource strategies, such as women's empowerment and personnel development, while further enhancing the supervisory function of our corporate management.	Company management, sustainability, diversity and inclusion	13/13
Hisae Sato	In addition to her knowledge and insight related to investment and financial capital markets, Hisae Sato has experience overseeing pension assets on a global level. We expect she will help improve the Company's corporate value and further enhance the supervisory function of the Board of Directors.	Investment/financial/capital market, finance/accounting, sustainability, diversity and inclusion	13/13
Koji Nitto	Koji Nitto has extensive experience as a manager who can incorporate finance into management strategies. We expect he will help improve the Company's corporate value and further enhance the supervisory function of the Board of Directors.	Company management, investment/financial/capital market, finance/accounting, global awareness	13/13
Tetsuro Harada	In addition to his extensive knowledge and experience as a consultant, Tetsuro Harada has experience in implementing structural reforms in a short period of time as a top executive. We expect he will help improve the Company's corporate value and further enhance the supervisory function of the Board of Directors.	Company management, investment/financial/capital market, finance/accounting, human resource/organizational development	—
External Audit & Supervisory Board members	Reason for election	Attendance at Board of Directors' meetings and Audit & Supervisory Board meetings (FY2024)	
		Board of Directors' meetings	Audit & Supervisory Board meetings
Mitsuhiro Hamamoto	Mitsuhiro Hamamoto's experience and specialized knowledge as an attorney make him an appropriate external Audit & Supervisory Board member.	17/17	18/18
Hitoshi Suzuki	As a manager with many years of experience in the financial industry, we expect Hitoshi Suzuki will apply his knowledge and experience to our auditing system.	13/13	13/13
Motoko Tanaka	As a certified public accountant, we expect Motoko Tanaka will apply her specialized knowledge and experience in accounting and finance to our auditing system.	13/13	13/13

Corporate Governance

Internal Control

Pursuant to the “Internal Audit Regulations,” our Audit Office, the internal audit division, which is directly under the control of the Representative Director and President, audits the legality and appropriateness of the execution of operations at the Company and our domestic and overseas subsidiaries, and evaluates the effectiveness of the internal controls. The number of staff of our internal audit department (Audit Office) was seven as of March 31, 2024. Our Audit & Supervisory Board members and internal audit department (Audit Office) have a regular meeting for reporting and confirmation once a month. The main purpose of such meeting is to report the discussions at major meetings at which our Audit & Supervisory Board members attended, and plans and achievements by our Audit Office.

Measures to Strengthen the Effectiveness of Corporate Governance

The Company conducts an annual evaluation on the effectiveness of the Board of Directors, and strives to continuously enhance the functions and effectiveness of the Board of Directors. We work on the improvement measures for issues identified by the evaluation, and confirm the status of improvement during the evaluation of the Board of Directors in the following fiscal year, while at the same time continuing to confirm the evaluation of the current issues.

Evaluation Process

Starting from fiscal 2022, we have changed to a method of analyzing and/or evaluating the effectiveness of the Board of Directors using a third-party evaluation design (including, among other things, preparation of questionnaire survey, analysis, and comparison with other companies, identifying issues, drafting action plans). The analysis and/or evaluation based on the questionnaire survey and interviews using the third-party evaluation design is conducted every other year. During the interval year, we focus on initiatives to improve the issues identified from the questionnaire survey, while at the same time conducting evaluation through monitoring and sharing opinions at the Independent External Auditors & Directors Meeting.

- The evaluation items of the questionnaire survey are as follows:
- 1. Roles and responsibilities of the Board
 - 2. Composition of the Board
 - 3. Quality of deliberations (agenda items and document contents), and
 - 4. Constructive dialogue with stakeholders

Evaluation Results of Effectiveness and Progress on Initiatives for Improvement (Fiscal 2024)

As for the evaluation on effectiveness for fiscal 2024, we updated the evaluation design using a third party aiming “to secure objectivity and extract issues from the viewpoint of external parties,” and set new evaluation items as follows.

- a) Confirmation of the status of improvement measures of the current fiscal year for the issues identified based on the results of the evaluation on effectiveness for fiscal 2023
- b) The way the Board of Directors should be for the improvement of the medium- and long-term corporate value, etc., including the discussion about the revision of the medium-term management plan announced in

November 2023, considering the severe management environment surrounding the Group these days

We conducted a questionnaire survey to all of the directors and Audit and Supervisory Board members. Then, with the interview with a third party and the Secretariat of the Independent External Auditors & Directors Meeting for the effectiveness of Board of Directors, we scrutinized their answers of the questionnaire and their awareness of issues and asked their opinions on the future roles and responsibilities of directors and the improvement measures to enhance the effectiveness of the Board of Directors.

Evaluation result (issues and concerns)	Progress/plan of initiatives for improvement
Arrangement of the system to make sure to report the status and results of the matters resolved and executed, such as the progress of the medium-term management plan, and work on the amendment of the plan timely and adequately if required.	Establishment of the opportunities to report quarterly the progress of each measure of the revised medium-term management plan and other important matters to be reported as a general rule.
Reinforcement of the distribution of meeting materials in advance and the improvement of the quality of discussion by clarifying the argument of the materials.	Promotion of the effort to improve the quality of discussions by setting up a unified format for meeting materials and attachment of an executive summary that specifies the intent, background, and argument for items to be placed on the agenda.
Arrangement of the system that allows us to identify risks and opportunities and take the risks adequately accommodating to the changes in the business environment.	Specifying the risks and opportunities regarding the agenda and matters to be resolved in meeting materials. Reinforcement of the system that allows us to select risks by identifying risks and selecting measures from the management perspective, and continuously monitor and manage risk-taking projects.
Development of a succession plan including the selection of candidates and nurturing process and the implementation of monitoring.	For the positions that are corporate officer or higher, we have promoted the establishment of succession plan roadmap from the medium- to long-term viewpoint defining the image of an ideal leader and candidates' appointment and development processes as well as the creation of the human resources nurturing program.

Corporate Governance

Executive Remuneration System

Under the Company's system for the remuneration of officers, compensation comprises basic remuneration, which is fixed; performance-based bonuses linked to business results of each fiscal year; restricted stock, which provide medium- to long-term incentives; and performance share unit, for which the Company's Board of Directors has set a certain period of time as the performance evaluation period. Given that they are not involved in the execution of duties, independent external directors and Audit & Supervisory Board members only receive fixed basic remuneration.

Roles and Activities of Remuneration of Directors Advisory Committee

As an advisory body to the Board of Directors, the Remuneration of Directors Advisory Committee discusses and resolves matters related to officers' remuneration and system from an independent and objective perspective. A majority of the members of the Remuneration of Directors Advisory Committee, chaired by independent external director Mr. Tsunehiko Iwai, are independent external directors. The Remuneration of Directors Advisory Committee is also attended by the external Audit & Supervisory Board member(s) as an observer to ensure transparency.

August 10, 2022:	Review of the system for the compensation of officers
September 29, 2022:	Method of Calculating of executive bonus
September 29, 2023:	Consideration of the introduction of performance-based stock remuneration
October 30, 2023:	Reduction of executive remuneration

Roles and Agenda at the Board of Directors' Meeting

Board of Directors discusses and resolves matters related to officers' remuneration based on recommendations received from the Remuneration of Directors Advisory Committee.

May 12, 2022:	Review of total transfer-restricted stock
November 9, 2023:	Reduction of executive remuneration
May 15, 2024:	Introduction of performance share unit



■ Basic remuneration ■ Performance-based bonuses
■ Restricted stock ■ Performance share unit

Basic Remuneration

The basic remuneration is based on the so-called single rate remuneration system, in which the same remuneration is paid for the same position. The Company annually verifies the adequacy of the level of remuneration, which has been set according to the business results and scale of the Company and is based on comparison with other companies within the same industry or of the same scale through the investigation results on remuneration prepared by an external agency.

Performance-Based Bonuses

The total amount of the performance-based bonus is based on achievement as a percentage of the consolidated operating income recorded for each fiscal year, plus other performance factors (consolidated net sales, consolidated income before income taxes), to increase the degree of linkage between bonuses and consolidated business performance. Performance-based bonus is paid once a year after approval at the general meeting of shareholders for the relevant fiscal year.

Restricted Stock

The restricted stock are determined in consideration of the monthly amount of basic remuneration and the fair value of stock, which in turn are determined pursuant to the recommendations of the Remuneration of Directors Advisory Committee, which is composed of members, majority of which are independent external directors and will be allotted in the number determined and resolved at a Board of Directors meeting once a year. Allotted shares will

Remunerations Paid to Officers in FY2024

Classification	Total amount of remuneration, etc. (¥ million)	Total amount of remuneration, etc., by type (¥ million)				Number of eligible recipients
		Basic compensation	Performance-based bonuses	Stock compensation	Non-monetary remuneration	
Directors (excluding external directors)	125	91	—	33	33	3
Audit & Supervisory Board members (excluding external members)	40	40	—	—	—	2
External directors and external Audit & Supervisory Board members	64	64	—	—	—	11

(Notes)

- The numbers of directors, Audit and Supervisory Board members and external officers as of the end of the current fiscal year were two, two and eight, respectively. The numbers of directors and Audit and Supervisory Board members in the table above include one director and three external officers who resigned upon the close of the 75th Ordinary General Meeting of Shareholders held on June 28, 2023.
- Non-monetary remuneration, etc. to directors (excluding external directors (independent)) comprises share-based compensation in the amount of ¥33 million.

be subject to transfer restriction during the period from the date allotted shares are granted until the date such director, Audit & Supervisory Board member or corporate officer designated by the Company retires from their position. The transfer restrictions on all allotted shares will be removed upon the expiration of the transfer restriction period if such eligible grantee has continuously held the position of director, Audit & Supervisory Board member or corporate officer until the date of the first Ordinary General Meeting of Shareholders. The Company may repurchase all of the allotted shares bearing transfer restrictions as a result of a breach of restricted stock allotment agreement without consideration.

Performance Share Unit (non-monetary remuneration)

As for the performance share unit, the Company allots to eligible directors our common stock in the number of shares in accordance with the degree of achievement to the numerical targets of business performance, etc., set by the Board of Directors during the performance evaluation period for a certain period of time determined by the Company's Board of Directors.

The Board of Directors of the Company shall determine performance evaluation indicators and coefficient that are necessary in the specific calculation of the number of performance share unit to be delivered, such as respective numerical targets to be used in allotting the shares of the performance share unit.

Allotment of the number of shares that was resolved at the Board of Directors of the Company based on the calculation method is conducted once after the completion of the performance evaluation period. The eligible director needs to have continuously held the position of director, Audit and Supervisory Board member, or corporate officer as designated by the Company's Board of Directors during the performance evaluation period and satisfy other requirements that the Board of Directors designate as necessary. The transfer restriction period shall be the period from the date on which such shares of the performance share unit are granted until the date of retirement from the positions of director, Audit and Supervisory Board member, or corporate officer as designated by the Company, with the conditions for removing the transfer restrictions to be provided separately. If an eligible director resigns from any position of director, Audit and Supervisory Board member, or corporate officer as designated by the Company, the Company shall naturally acquire the allotted shares free of charge, unless the Company's Board of Directors justifies the reason not to.

The above was confirmed by the Board of Directors of the Company based on the reports prepared by the Remuneration of Directors Advisory Committee and was resolved at the 76th Ordinary General Meeting of Shareholders held on June 25, 2024.

Corporate Governance

Policy on Cross-Shareholdings and Standards for Exercising Voting Rights

From the viewpoint of improving asset efficiency, the Company intends to reduce its cross-shareholdings by approximately ¥30 billion during the revised medium-term management plan period (from fiscal 2024 to fiscal 2026), and to reduce the ratio of cross-shareholdings to net assets to 10% or less.

Furthermore, the Corporate Governance Guidelines stipulate that the purpose of the Company's cross-shareholdings is to enhance enterprise value over the medium to long term by maintaining and strengthening transactional relationships; establishing, maintaining, and strengthening cooperative and transactional relationships with respect to business development; and maintaining stable financial transactions.

Reference: Status of Cross-Shareholdings

	FY2021	FY2022	FY2023	FY2024
Number of stocks	75	65	60	50
Monetary amount (¥ billion)	50.1	46.0	43.9	47.5
As a percentage of total assets	22.9%	20.3%	20.6%	22.1% (Compared to total consolidated assets)

Note: Cross-shareholdings by Wacoal Corp., which holds the largest amount of investment stocks on the balance sheet (i.e., the balance sheet amount of investment stocks) among the Company and our consolidated subsidiaries, are stated.

Compliance and Risk Management Structure

The Company's Corporate Ethics and Risk Management Committee has the Representative Director, President and CEO acting as the administrative manager, supervisor, and the Representative Director, Vice President and Executive Officer and CFO as its chairperson. The committee is tasked with developing the compliance structure, examining compliance issues that could significantly affect the Wacoal Group, ensuring all employees understand and internalize corporate ethics, and effectively promoting control of any management risks to the Wacoal Group.

Compliance Structure

The Company has established the Wacoal Code of Ethics and the Corporate Ethics: Wacoal's Code of Conduct to ensure that directors and employees perform their duties in compliance with laws, regulations, and the articles of incorporation and sound social norms. Further, the Wacoal Code of Ethics and the Corporate Ethics: Wacoal's Code of Conduct stipulates resolute refusal of demands from antisocial forces. In addition, the Company has established an internal whistleblowing system and other systems that enable directors and employees to report on any misconduct or inappropriate behavior.

Risk Management Structure

Subject to the approval of the Board of Directors, the Corporate Ethics and Risk Management Committee stipulates basic regulations for risk management. Pursuant to these regulations, the committee clarifies the responsibilities for each category of risk and advances the construction of a risk management system that comprehensively encompasses the Wacoal Group's overall risks. Further, given the diversification of risks related to information security and their increasing impact on business operations, a Subcommittee for Information Security was established in 2022.

Subcommittee for Information Security

To reduce information security risks in the Group's business activities, the Subcommittee for Information Security collects information, investigates current situations, and conducts analysis in relation to information security as a whole, including cyberattacks that target customers' personal information and critical technical information. Also, the subcommittee deliberates on the formulation of the Group's action policies and specific countermeasures, the establishment and abolition of related regulations, and the implementation of strategic investments and monitors progress. The deliberated policies and activity details are regularly reported to the Board of Directors through the Corporate Ethics and Risk Management Committee.

System for Promoting Risk Management

