



# **INTEGRATED REPORT 2022**



# CONTENTS

## 02 Creating Expectations

02 Introduction

04 New Structure of the WACOAL WAY

06 Mission Formulation Process

07 Dialogue 01

Our Mission to Realize an Outstanding Future Combining the Views of Multiple Generations

12 Preparation of VISION 2030, the Medium- to Long-Term Management Strategy Framework, and the New Medium-Term Management Plan

14 Overview of VISION 2030 and the New Medium-Term Management Plan

16 Dialogue 02

Leveraging Digital Technologies to Empower Personnel and Stay Close to Consumers in an Era of Rapid Change

20 Dialogue 03

Creating a “Global Wacoal Group” for a New Era by Demonstrating Established Advantages, Local Capabilities, and a Consistent Philosophy

24 Dialogue 04

Identifying Material Issues by Taking Diverse Opinions into Consideration

26 Identifying Material Issues with a View to 2030

28 Material Issues to be Addressed by 2030

30 Sustainability

30 Response to Climate Change

32 Human Rights Initiatives

33 Fulfilling Social Responsibilities along Our Supply Chain

34 Strengthening Human Assets

36 Value Creation Process





## 38 Meeting Expectations and Fulfilling Commitments

- 40 A Message from the President
- 44 Review of the Previous Medium-Term Management Plan
- 46 VISION 2030
- 48 VISION 2030 Road Map
- 50 New Medium-Term Management Plan
- 52 Business Strategy
  - 52 Wacoal Business (Domestic)
  - 56 Wacoal Business (Overseas)
- 60 Financial Strategy
- 64 A Discussion among Three External Officers
- 70 Management Team
- 72 Corporate Governance
- 78 Establishing Mutual Trust through Dialogues
- 80 Investor Information / Our Corporate Website



### Corporate Information (As of March 31, 2022)

Company Name ● Wacoal Holdings Corp.

Head Office ● 29 Nakajima-cho, Kisshoin, Minami-ku, Kyoto 601-8530, Japan

Founding ● June 15, 1946

Establishment ● November 1, 1949

Capital ● ¥13,260 million

Representative Director,  
President and CEO ● Hironobu Yasuhara

Line of Business ● Wacoal's mainstay business is the manufacture, wholesale, and direct sales to consumers (for some products) of intimate apparel (mainly women's foundation garments, lingerie, nightwear, and children's underwear), outerwear, sportswear, and other textile products and accessories. In addition, Wacoal operates other businesses related to food, culture, services, and interior furnishing of shops.

Number of Employees (Consolidated) ● 19,717  
(Excluding the average number of part-time employees)

### Editorial Policy

In accordance with international norms for integrated reporting, the Wacoal Group has been issuing integrated reports since fiscal 2011 as part of its communication with shareholders and other investors. This integrated report explains the Wacoal Group's value creation activities not only through financial information but also through nonfinancial information about unique, significant assets and other facets of the Group's business.

Further, the website of Wacoal Holdings Corp. includes a wide range of information about the Group. We hope that referring to this integrated report in conjunction with the website will further understanding of the Group. Going forward, we will continue pursuing an editorial policy that responds to changes in reader expectations.

### Forward-Looking Statements

Statements contained in this integrated report that are not historical facts are forward-looking statements, which reflect the Company's plans and expectations at the time of writing. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to differ materially from those anticipated in these statements.

Note: Pursuant with the adoption of the International Financial Reporting Standards, "sales revenue" has been used for fiscal 2023 and fiscal years thereafter, while "net sales" has been used for fiscal 2022 and earlier fiscal years.



## Introduction

Remaining physically and emotionally close to customers and becoming a force for beautifying the world by making ambitious changes and continuing to grow

# For the first time since our founding, we have changed the structure of the Group Philosophy and defined our new Mission in modern society.

Under the leadership of the pure holding company Wacoal Holdings Corp., the Wacoal Group has developed innerwear businesses mainly in Japan, the United States, Europe, China, and Southeast Asia. From the outset, our goal has been to contribute to society by helping people to express their beauty.

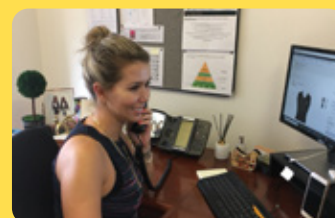
Aiming to enrich lives around the world; help customers achieve self-realization that is free from uniform assumptions about external beauty; and address social, environmental, and human rights issues, in 2022 we defined our new Mission in modern society.

In accordance with our Mission and Founding Principles that have been passed down over a history of more than 70 years, each of our operating companies will view efforts to address increasingly complex and diverse social issues as opportunities for growth.

By advancing sustainability-driven management that both addresses social issues and achieves continuous growth through business activities, we will elevate enterprise value.









# New Structure of the WACOAL Way

## MISSION

WACOAL empowers people with the confidence that comes from looking and feeling their best. As a global leader, we welcome everyone into our caring community built on mutual respect, diversity, and inclusion.

At WACOAL, we value each person as an individual and believe in nurturing the body and mind so everyone can be their best. When people with different backgrounds are empowered to come together and share ideas freely, we as a society will achieve true harmony. By continuing to evolve, WACOAL leads the way to a world where kindness, inclusivity, and mutual respect are the standards, and the future is full of promise for everyone.

■ Global Corporate Message

**Comfortable inside. Confident outside.**



## Founding Principles

### ■ Our Promise

We will contribute to society  
by helping women to express their beauty.

### ■ Our Culture

We, the employees and management of WACOAL,  
will maintain a refined corporate culture  
based on mutual trust and will continually strive to  
make the Company a global leader in the industry.

### ■ Our Value

1. Create products loved by customers
2. Develop new products that meet the needs of the times
3. Conduct business in a fair manner with a forward focus
4. Build a better WACOAL through better human resources
5. Fear not failure and boast not of success

*With a strong desire to devote his life to working for society, Koichi Tsukamoto founded Wacoal based on the belief that “a peaceful society is one where women can express their beauty.” His goal was to contribute to society by helping people to express their beauty. In achieving this goal, business management based on mutual trust is essential. We have upheld our founder’s strong commitment to creating a company trusted by all stakeholders across generations. Consequently, each Wacoal employee has inherited a mindset that emphasizes mutual trust.*



**Koichi  
Tsukamoto**  
Founder



# Mission Formulation Process

Members with diverse backgrounds discussed their respective values and formulated a new mission.

In April 2021, as we entered an unprecedented period of change, we discussed the outstanding future of Wacoal and Our Promise, which the Group strives to keep, and identified important issues that we should address in order to achieve sustainable growth and improve corporate value on our way to start the Sustainability Promotion Project. The project consists of six leaders (including corporate officers) and 41 employees, with directors participating as supporters and external directors as advisors.

## Mission of the Sustainability Promotion Project

We aim to discuss and redefine the outstanding future of Wacoal and Our Promise, which the Group strives to keep, as needed in order to promote sustainability management, implementing sustainable growth and improving corporate value. In addition, we aim to identify the material issues of the Group toward 2030 and set long-term targets for solving our challenges. The material issues and numerical targets will be discussed at the Management Issues Review Meeting, and will be linked to the medium- to long-term management strategy framework and the new medium-term management plan.

## Sustainability Promotion Project

(Period of Plan: April 2021 to March 2022)

### Owner

#### Tomoyasu Ito

Representative Director, Vice President and Executive Officer  
Wacoal Holdings Corp.  
Representative Director, President and CEO  
Wacoal Corp.



### Supporters

Akira Miyagi	Vice President, Wacoal Holdings Corp.
Masaaki Yajima	Director, Wacoal Holdings Corp.
Hidehiko Imaizumi	Director, Wacoal Corp.
Yasuo Kamoshita	Director, Wacoal Corp.
Takahiko Hasegawa	Director, Wacoal Corp.
Kazuhiro Shibahara	Director, Wacoal Corp.
Mitsuru Sekiguchi	Director, Wacoal Corp.

### Advisor

Tsunehiko Iwai	External Director, Wacoal Holdings Corp.
----------------	--

### Leaders

#### Naoko Ogawa

Corporate Officer, Head of Eastern  
Japan Sales Supervising Division  
Wacoal Corp.



#### Takuro Hori

Corporate Officer, Head of Brand  
Management Division 1  
Wacoal Corp.



#### Akiyuki Ueno

Corporate Officer, Head of Brand  
Management Division 2  
Wacoal Corp.



#### Yoji Kawaguchi

Marketing Management Division,  
Head of CX Design Department  
Wacoal Corp.



#### Hirofumi Inoue

Innovation Strategy Office,  
General Manager  
Wacoal Corp.



#### Katsuya Hirooka

Corporate Officer, Head  
of Corporate Planning Department  
Wacoal Holdings Corp.



### Executive Office

Corporate Planning Department, Global Operations Division  
Corporate Communication Department  
Wacoal Holdings Corp.  
Business Planning Department, Technology and  
Manufacturing Operations Division  
Wacoal Corp.

### Members

30 employees in their 20s and  
30s (open recruitment)\*

11 management-level and  
mid-career employees (nominated)\*

\* Companies: Wacoal Corp., Nanasai Co., Ltd, and Wacoal Art Center Co., Ltd.  
Departments: Human Resources, Public Relations, Marketing, Technology/  
Production, Product Planning, Product MD, Sales, and Beauty Advisor (BA)



# Dialogue 01

## Our Mission to Realize an Outstanding Future Combining the Views of Multiple Generations

For approximately one year, we have used the Sustainability Promotion Project to think about our own ideals and the role we play in society. Leaders, mainly corporate officers; mid-career nominated members; and young employees openly recruited from the Company exchanged opinions from a variety of standpoints to define the mission that the Wacoal Group should fulfill in modern society.



**Rethinking the management philosophy that has supported us over the 70 years since our founding**

**The Sustainability Promotion Project was launched in April 2021 and has been a focal point of discussion for a year. How did the environment around you feel at the time the project started?**

**Hori** • With the COVID-19 pandemic well underway, I felt that it was time to reconsider the value that corporations contribute to society. We found ourselves surrounded by various social issues, such as the environment, human rights, gender, diversity, and inclusion. I think it was time for us to reconsider what we needed to do in order to keep the Wacoal Group a cornerstone of society.

**In this project, leaders from varying standpoints gathered to discuss the medium- to long-term vision of the Wacoal Group.**

**Hori** • Sustainability as we define it means continuing to be a company that is loved by our customers and needed by society. What supports this ideology is the Company's basic management philosophy. With that being the case, I took it upon myself to carefully analyze our management philosophy. At the same time, I looked at the performance and growth of the Group, seeing that not everything was necessarily going to plan. In response, we started by trying to determine exactly what was missing.

**What steps did the project take as a whole?**

**Hori** • The project lasted for approximately a year, but in the beginning, six leaders and Executive Office members met several times a month for discussions. While sharing the vision of the future envisioned by each leader, we discussed the role the Group should play in modern society and what should be identified as important issues. Afterward, we decided we needed to listen to the true and unbiased opinions of young employees who will keep the Company going long after we are gone, instead of just tossing around our own ideas. Therefore, we also nominated mid-career members and recruited younger members to join the discussion. After gathering the new members together, we would meet for discussions once or twice a month.

**There are 11 nominated members as well as 30 members openly recruited from Group subsidiaries and beauty advisors. Were there any differences in your way of thinking or sensibilities?**

**Hori** • The most difficult thing was figuring out how to handle the original management philosophy. Since our founding, the Group's promise has been to "contribute to society by helping women to express their beauty." Some said it should be changed as gender is not something to define in this day and age, while others said that since our core business is women's innerwear, the original philosophy is appropriate. Even among the members who wanted to make a change, there were varying

degrees to how much they wanted to change the philosophy. It is only natural that everyone has their own thoughts, as it is a phrase we cherish so much that we have chanted it in unison at the beginning of each month. My thought is that it was important to revise the philosophy precisely because it is something so important to us.

**Understanding the true feelings of the younger generation and highlighting current issues**

**Ms. Inazumi participated as a nominated member.**

**Inazumi** • I have been in charge of designing men's innerwear for quite a while, so I was happy to be approached for this project since I have always wanted to challenge myself in different ways beyond my department and industry. Last year was my first year after being promoted to manager, so I felt a lot of pressure in my role of bringing together the younger members from open recruitment and helping them express their thoughts. That being said, I was the only member participating as a creator, so as a representative of the creators of the Company, I was conscious of conveying my thoughts on manufacturing throughout the project so that everyone could talk about the future of Wacoal.

**What are your thoughts on the Founding Principles, Ms. Inazumi?**

**Inazumi** • The original Founding Principles expresses the thoughts that the founder Koichi Tsukamoto had when



## Dialogue 01

he created the Company. His words carry a heavy power that everyone here has with them at their core. His basic philosophy includes: "Create products loved by customers" and "Develop new products that meet the needs of the times." During my time here, I have always had these words in the back of my mind, making sure the products I made fit these ideals. Therefore, I do not think the right move is to change this philosophy completely. Personally, I have felt that we need to add an element of humanity without limiting our goals by gender. While inheriting Mr. Tsukamoto's dreams, I wondered if I could create an expression that conveys comfort and beauty to a diverse range of people.

**Ms. Sawa and Mr. Kitai joined through open recruitment. What made you want to participate in this project?**

**Sawa** ● I thought it would be interesting, since I heard that the project was a place

to talk with various members to create a new path for Wacoal. I was interested in this project because it was a project with a clear purpose that did not end with a mere exchange of opinions. While I did have opportunities in the past to discuss how Wacoal should change and what kind of image the Company should have in my past posts, these kinds of discussions never really reached a conclusion. Of course, I very much sympathize with the founder's desires, but since modern times face such a different society than the society when the Company was founded I always thought to myself, "Are we really responding to the times?" and "Will the Company keep on growing like this?" I decided to participate in the hope that I could have constructive discussions for the future and give some shape to something.

**Kitai** ● Even before I was a part of this project, I had a question about what Wacoal is supposed to be like. I often

hear the words "Wacoal-ish" and "Wacoal-like" within the Company, but I would always find myself vaguely thinking that there might be a gap between the essence of Wacoal that employees think of and the essence of Wacoal that customers expect. At the time when I was worried that the gap between us and our customers would widen further, I decided to take part in the open call that read, "Would you like to think about what we should do to ensure that Wacoal continues to grow in the future?" The call for participation also stated that "the goal of the entire Group was going to be redefined," so I thought being a part of this could help us find exactly what Wacoal should work toward.

**What kind of impression did you have of the project during its course?**

**Sawa** ● The participating members are all from different generations, stand-points, and fields of experience, so what they value and what they cannot compromise on are completely different. I think this brought about some necessary conflict, which led us to find a solution among a sea of nonanswers that everyone could agree on. The process of finding that solution was tough.

**Kitai** ● Since all discussions were held online, it was a great experience to be able to discuss things without regard to where we worked or what we were in charge of. I felt a sense of responsibility for participating of my own accord, and it was also an opportunity to discipline myself to not neglect my daily duties in order to take responsibility for what I said.

**Inazumi** ● Usually, I only have opportunities to talk with members that are related to what I do in the Company. In this project, I was able to touch on the thoughts of a wide range of members. I once again learned that there are many people with a strong passion for Wacoal, and there were many times I was excited at the prospect of being able to create a bright future.



**Moeko Sawa**

Joined in 2015

Marketing Management Division,  
Advertising Department, Tokyo  
Advertising Section  
Wacoal Corp.



**Hori** ● We and the younger members of the team have the same understanding of the challenges that arise when we discuss what Wacoal is lacking. For example, the older generation wants the younger generation to take on challenges and they want to take action on those challenges. However, they also feel unable to take on challenges head-on. We say, "Let's do it," "Let's make it happen," but they do not take it all the way. Why is that? I think the project was a good opportunity for me to think deeply about these things.

### Where do we stand? Facing 100 years for Wacoal Holdings

In 30 years, in 2050, Wacoal will celebrate its 100th anniversary. The project held discussions on the great future of the Wacoal Group (what it aims to be by 2050).

**Hori** ● Among us six leaders, we talked about the outstanding future of Wacoal. The common theme we landed on was that we are becoming a company that is needed by the world. This was an opportunity to confirm our thoughts of growing while taking on the challenge of businesses that go beyond women's innerwear in order to contribute to the enrichment of the lives of people not only in Japan but around the world. Through our discussions, I also felt that the Company should become world-leading not only on the business front, but also in social contribution and environmental measures. As mentioned earlier, our employees are well aware of the challenges they have created for themselves. We felt the necessity to aim to become a company that promotes well-being where every single employee can work energetically while solving these challenges.

**Inazumi** ● The answer that I landed on is that "the future is now." Although we may think of the future as some far away thing, everything we think of and act on now is connected to the future. That is why I realized that I need to cherish the present, really think about

#### Takuro Hori

Joined in 1989

Corporate Officer, Head of Brand Management Division 1  
Wacoal Corp.



what I can do now, and take action.

**Sawa** ● We often talked about how we would like to create a society where everyone can play an active role in their own way, regardless of age, gender identity, or background. The world is changing rapidly, so we need to aim to be a company that can flexibly respond to changes without setting too many limits on what we can do in the future. With this in mind, during our discussions, there were some opinions that we should continue to engage in dialogue with customers and society and reflect their voices in our products and services.

**Kitai** ● When considering the future of Wacoal, I thought, "What about now?" If the end goal is to foster a culture in which everyone can take on challenges, that means the "now" is not the best way to go. There was also the opinion that it is important to create a corporate culture in which everyone supports people who take on challenges. We even heard the opinion that, "to be a leading company,

we have to compete more. There is not enough of the 'I will make it happen myself' spirit across the company right now, including among the officers and management." I think it was good that I was able to exchange opinions with everyone regarding corporate culture.

As a result, it was concluded through the project that the framework of the Wacoal Group's management philosophy would be changed for the first time, while maintaining the management philosophy from its founding as the foundation of the Founding Principles.

**Hori** ● The most heated discussion was about the management philosophy. These words have been used since the Company was founded, so while it may seem a bit old-fashioned, the thoughts and message behind the words are universal throughout the Company. As a result of our discussions, we decided that it was necessary to carry on the aspirations of the Company's founding into the future by labeling all of the



## Dialogue 01



**Shun Kitai**

Joined in 2018

Technology and Manufacturing  
Operations Division, Production  
Control Department,  
Production Control Section  
Wacoal Corp.

Company's past goals and Company and management policies as the Founding Principles. At the same time, we exchanged opinions with management and external directors on numerous occasions in the process of deciding to formulate a new mission that we should fulfill in modern society. It was a difficult process, but I think it was a good experience for me personally.

### **To be a presence that stays close to customers**

**Please tell us about the thoughts behind the new Mission.**

**Hori** ● Our new mission keeps all of what Wacoal holds dear. The idea that "everyone can be their best" expresses the value of our products and services. "Wacoal leads the way to a world where kindness, inclusivity, and mutual respect are the standards" expresses our thoughts on society and the environment. "Nurturing the body and mind"

expresses the importance we place on the hearts and minds of our customers, as much as we have studied the shape of the human body. Last but not least, the Mission ends with "We welcome everyone into our caring community built." Here, I think that "welcome everyone into our caring community" is an extremely important word choice. The innerwear we handle is a product that lays closest to your body, encroaching on personal space. Of course, we never want bad people coming into your personal space. Here, Wacoal declares that if will be a part of its customers' personal space. We take this very seriously. It is also a message that we will contribute to the issues of modern society not from afar but from the closest point of view.

**Inazumi** ● The comfort of the body is directly linked to the comfort of the mind. We always think about what we can do to make people happy every day, and with a challenging spirit, discover new needs and provide value. We do all

of this with sincerity. We want to be a company that supports each and every one of our customers, regardless of their gender and physical characteristics. The value of beauty changes with the times, so I would like for us to always pursue beauty in the eye of the times.

**What do you think is necessary in order to realize our Mission?**

**Sawa** ● Now that we have created this new Mission, I believe that everyone at Wacoal has a responsibility to uphold these words. I want each and every one of us to be ready and conscious to change. With this mission statement, we are saying that we will stay close to you, closest to your body and mind. We would like Wacoal to become a presence in society that is not just a good company among innerwear brands but a company that society can rely on in order to live a happy life.

Also, in this project, we were able to arrive at new answers by exchanging opinions with people with varying ideas. Because there is no absolute right answer, I felt that it was important for everyone to think and discuss issues. I go back to this Mission every day and say out loud what I am and am not getting done.

**Kitai** ● In order to put the mission into practice, I think the ideal is to create work and a culture that each and every one of us can be proud of. If we are not enjoying our work, we cannot create products that make our customers happy. I want to love the Company that I work for, and I want to create an environment where everyone can love it too.

What I want to do even more in the future is to connect with the next generation of customers. Until now, I think our business concept has been selling high-quality products through polite customer service by beauty advisors at brick-and-mortar stores. Now with a rapidly changing society, I think that we have not yet created a concept in our minds of how we as a company will interact with the people of the next generation. This is something I think all of us need to consider.



**Inazumi** ● I think that it is important for us to have confidence. The message of our Mission is to know who you want to be and get closer to that image of yourself, step by step. The confidence born thereof nurtures a kindness within yourself to accept a diverse range of people. I think of the people around me and want to see everybody's smiles. I think that kindness is directly linked to having self-confidence. So, first of all, I will take action so that I can be proud of myself every day.

**Hori** ● In this way, we created a mission together with everyone and identified the material issues that the Wacoal Group aims to resolve by 2030 through discussion. What is more, we have also established the Guidelines for the Actions of Officers and Employees that clarify the direction of how we should act in order to realize our Mission and address material issues. The most important things are not just short-term results but also what kind of actions we take on a daily basis. The accumulation of these efforts will lead to the year 2030. The key to practicing sustainability management is to take action and transform our conduct. I will take the lead in

changing my conduct while always taking action, and I would like to support the Wacoal Group employees around the world so that they can take action as

well. All members of the Wacoal Group will take action and work to evolve the Group into an indispensable company. Please look forward to our efforts.



**Miki Inazumi**

Joined in 2005

Brand Management Division 2,  
Men's Innerwear Sales Department,  
Section Chief of Product Planning  
Section  
Wacoal Corp.

## Guidelines for the Actions of Officers and Employees

Guidelines for the Actions of Officers and Employees toward the Achievement of the Wacoal Group's "Mission" and "VISION 2030"

### "Think about the happiness of others"

Do you consider the happiness of people around you, including the customers, suppliers, and employees coworker you work with?

### "Embrace curiosity and use all five senses"

Have you noticed or discovered anything new lately?

### "Consider the reason and purpose"

Do you understand the true meaning and root cause; why and what for?

### "Respect diverse opinions"

Do you listen to people's opinions with humility and have constructive discussions without making assumptions?

### "Make decisions for the future"

Do you act not only for immediate results, but also for a successful future?

### "Give it a try first"

Do you give up out of fear of risks? Do you support people who take on challenges?

### "Work together"

Do you strive for great success through teamwork and collaboration?

### "Act with honesty and responsibility"

Do you communicate appreciation for others? Do you have blameless problem-solving approach?



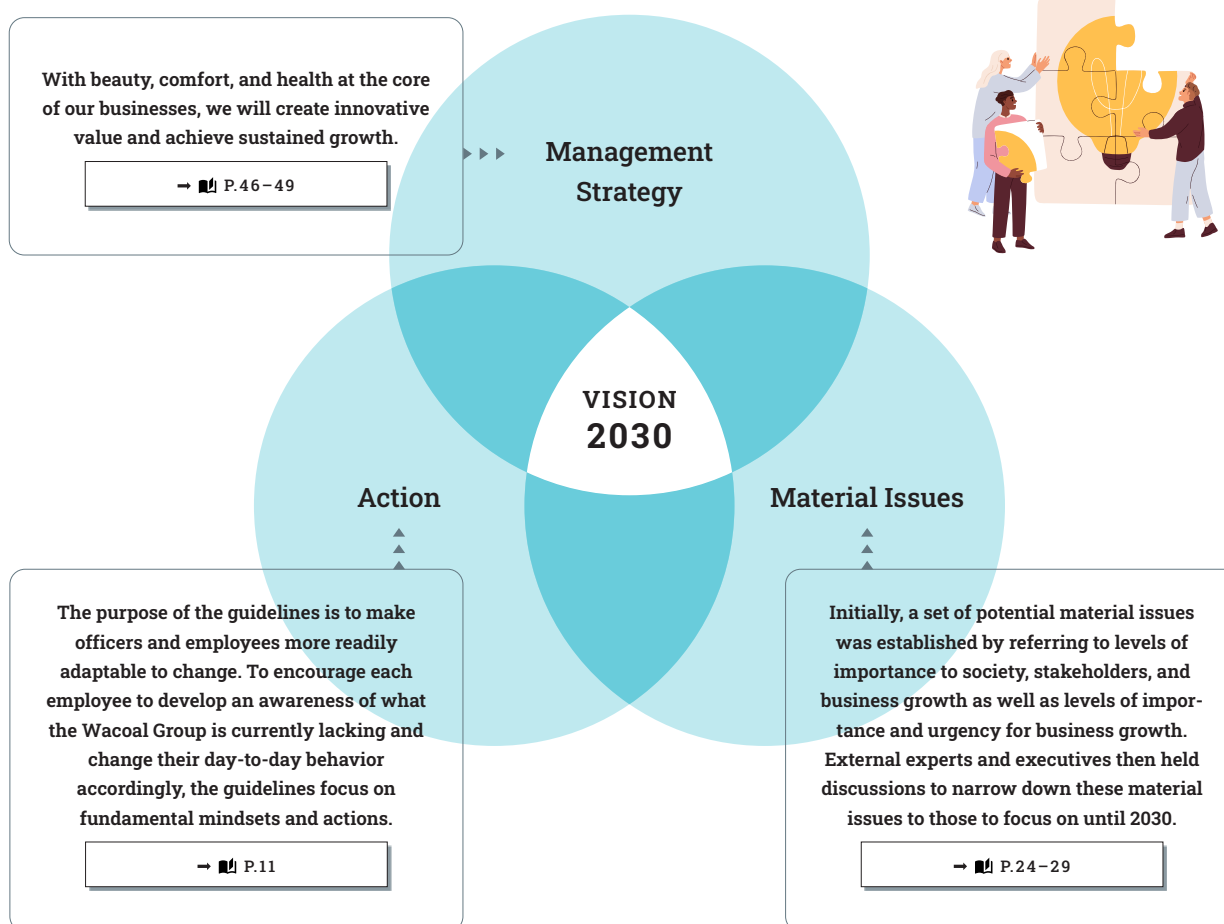
# Preparation of VISION 2030, the Medium- to Long-Term Management Strategy Framework, and the New Medium-Term Management Plan





## VISION 2030, the Medium- to Long-Term Management Strategy Framework

To evolve as a corporate group needed by customers and society and achieve its new Mission, the Wacoal Group has established VISION 2030, a medium- to long-term management strategy framework that sets forth the strategies and initiatives that the Group must pursue in the period through 2030. VISION 2030 calls on us to evolve and grow into a “Global Wacoal Group” by capitalizing on quality and our heightened sensibility to provide each customer with physical and emotional beauty and enrichment. In addition, the vision comprises three elements: a management strategy, material issues, and the Guidelines for the Actions of Officers and Employees



## New Medium-Term Management Plan (Fiscal 2023–Fiscal 2025)

The three years covered by this plan will be critical for laying foundations that will enable us to realize the goal of VISION 2030. As a manufacturer that markets brands globally, we will concentrate on initiatives aimed at helping enhance the day-to-day lives of many people and transforming into a highly profitable entity capable of sustained growth.

→ P.50 – P.51



# Overview of VISION 2030 and the New

## VISION 2030

→ P.46-P49

## Medium-Term Management Plan (Fiscal 2023 – Fiscal 2025)

→ P.50-P51



### CREATING EXPECTATIONS

(Provide greater value and  
achieve global growth)

► Provide greater value and  
expand our business areas

→ P.16-

► Create a culture where diverse human  
resources can play active roles

→ P.34-

► Return the Wacoal Business (Domestic)  
to a growth trajectory

→ P.52-

► Strengthen the potential for growth  
in the Wacoal Business (Overseas)

→ P.56-

► Promote a human resources strategy that  
supports growth

### Achieve Increased Corporate

(Consistently have price book-value ratio above 1.0 times and

To use our business



# Medium-Term Management Plan



## MEETING EXPECTATIONS

(Improve ROE levels and focus on ESG initiatives)

- ▶ Have an operating margin and ROE of approximately 10%

▶ Solve material issues  
(Strengthen responses to environmental and social issues)

→ ■ P.26-

- ▶ Complete domestic structural reform

- ▶ Achieve ROE above capital cost

→ ■ P.60-

- ▶ Strengthen responses to human rights and environmental issues

→ ■ P.30-



## FULFILLING COMMITMENTS

(Improve effectiveness and capital efficiency)

- ▶ Continuously improve the executive compensation system
- ▶ Optimize the Board of Directors' member structure
- ▶ Optimize the capital structure

A Message from the President → ■ P.40-

A Discussion among Three External Officers → ■ P.64-

- ▶ Disclose the process for achieving our ROE target  
(Reform the revenue structure and improve capital efficiency)

→ ■ P.60-

- ▶ Continuously improve the executive compensation system

■ P.75-

Value

and achieve sustainable growth)

**Create Social Value Unique to Wacoal**

(Provide greater value to customers and solve sustainability issues)

**Fulfill the Group's Mission**

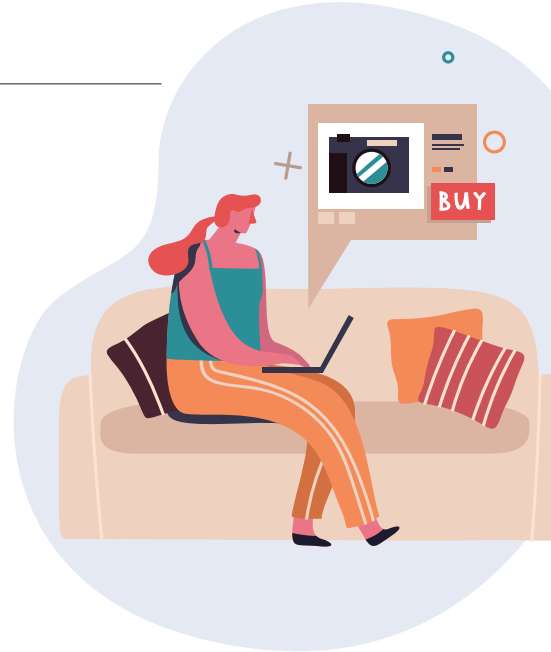
to achieve a society in which each person can live as themselves



## Dialogue 02

# Leveraging Digital Technologies to Empower Personnel and Stay Close to Consumers in an Era of Rapid Change

The Innovation Strategy Office has been providing new services to customers using digital technology, such as *3D smart & try* and *Ava.Counseling Parler*. Atsuko Shinoduka, the leader of the Innovation Strategy Office, and her members discuss past efforts, future endeavors, and what kind of perspectives they used to create these services.



### A Modern Update to Customer Value Proposition

#### What challenges did you recognize in Wacoal's digital transformation?

**Shinoduka** • With the spread of digital devices and a drastically changing customer value system, the business model we had developed based on our past successful experiences was no longer compatible with current customer behavior. One of the biggest challenges was our business structure based on the assumption that the channels and

built-up brands were tied to each other. The concept of vertical division, such as “this brand is for department stores,” “this brand is for general merchandise stores,” or “this product is headed by this operations department,” was at the root of everything. Customers began being able to obtain information freely, with the times moving to an age where high-value items are not necessarily sold at department stores and less expensive goods not necessarily at general merchandise stores. Even with these changes, there was a fixed idea within the Company to put channels at the foundation.

#### What kind of digital transformation did you undertake under those circumstances?

**Shinoduka** • Wacoal launched its customer experience strategy (formerly the Wacoal Omni-Channel Strategy) in 2016, and made it an in-house department in 2017. We began working to provide products and services the way customers want by connecting directly with them beyond the boundaries of channels. This was our attempt to update Wacoal's strengths in face-to-face connections with customers through a modern twist. We have digitized customer records and centralized customer data that had previously been fragmented by channel, but it was *3D smart & try* that attracted attention in particular. This was a way for us to digitize customer measurements previously performed by beauty advisors

(BAs), creating a stress-free measurement experience. What is more, we created *Ava.Counseling Parler*, an evolved counseling experience using *3D smart & try*. This was born from the idea that if noncontact measurements were possible, we could provide body consultations without the BAs being face-to-face with customers. With these efforts, we were really conscious of wanting to increase customers' choices. While some customers want to receive face-to-face service, others want a more casual experience. We thought it was essential to provide options for a diverse customer base and various situations they may be in.

#### In your mind, what kind of goods and services were the consumers seeking?

**Shinoduka** • Two keywords come to mind. The first is “personalization.” Considering changes in consumers from a frontline perspective, we feel that customers are demanding more personalized goods and services. We focus on what is good for an individual and what works for them, not what is good for everyone. The other keyword is “transparency,” in more ways than one. In terms of explaining things to customers, we thought it was essential to provide explanations with sound reason because we live in an age where information is readily available. When describing why something is a good fit, it is important to be able to show why in as clear a way as possible. We can use the physique measurement data obtained from *3D smart &*



**Atsuko Shinoduka**

Joined in 2005

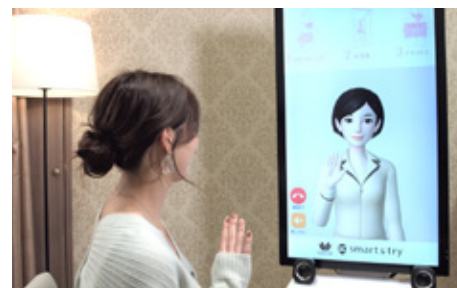
Corporate Officer, in charge of the Group DX Marketing Strategy Wacoal Holdings Corp.  
Corporate Officer and Head of Innovation Strategy Office  
Wacoal Corp.





#### 3D smart & try

A service that proposes products suited to each customer by combining 3D body scanner measurements and an AI-enabled avatar. Currently, in 22 stores (as of October 2022), more than 100,000 customers have used the service since its launch in 2019. Of these, approximately 30% have gone on to make a purchase.



#### Customer service using avatars

##### Ava Counseling Parler

An avatar that mimics the facial expressions and movements of a remote BA, providing real-time counseling to customers on their innerwear selection. Currently, our BAs serve customers remotely while in the office, but in the future we are considering remote work from home.

try to lead our communication. Of course, with normal customer service, a customer can consult with a BA, who will then suggest products suitable for the customer. However, the more information available to the consumer, the more satisfactory the data-based communication will be.

#### Personnel with Diverse Backgrounds Allow Us to Sincerely Confront Problems That Have No Answers

The Innovation Strategy Office seems to have a diverse group of members, with some members who have BA experience.

**Minami** ● I participated in the 2017 Next-Generation Shop project and was involved in the development of *3D smart & try*. I then took up a post in the Innovation Strategy Office in September 2020. Before that, I worked in retail for a total of nearly 10 years, including three years as a BA at retail locations and seven years as a BA trainer. When I started to question my future career in sales, I heard about this project and threw my hat in the ring.

**Takayama** ● I transferred to this team around the same time as Ms. Minami, using the open recruitment system. For the past 10 years since I joined the Company, I have worked in a lot of positions dealing with infrastructure as an in-house system engineer for the IT Supervising Division, such as in our

factory, planning and design, production materials, sales and logistics, and in-house server networking. When I looked back at my skill set and future career prospects, I thought it was the exact right time to step up.

**Miyashita** ● I also had about 17 years of experience in retail, then transferred to this team through open recruitment. I took on this challenge because I wanted to use the sales skills I had cultivated over the years, but I honestly felt I was in the wrong place at the beginning of the transfer. At that time, Ms. Shinoduka told me that I should use the strengths of my sales experience, which led me to look at myself in a new light and recognize that my perspective from being in close contact with customers was one of my strengths.

**Shinoduka** ● Our current team is a diverse group of people who came together to create a good service for our customers. We are tasked with creating something for which there is no correct answer. In these circumstances, the presence of people with varying career paths allows for various approaches to our challenges. For example, when discussing how the user interface should be designed or what the service plan should be, we can think more sincerely about what is important regarding customer comfort, operability, and various other points depending on one's point of view.

**Takayama** ● Precisely because of the differences in everyone's backgrounds,



**Tatsushi Takayama**

Joined in 2010

Innovation Strategy Office, Section Chief of Business Promotion Section  
Wacoal Corp.

their focal points differ. While I tend to focus more on the developer's perspective, such as how the system works and how it looks when used, Ms. Minami and Ms. Miyashita use their BA experience to think about how customers would feel and how BAs on-site could help them with our services. There is a great sense that something better is being created by discussing such differences in viewpoints.

**Miyashita** ● I have the advantage of being involved in the field as a BA. However, when I came to this team and learned about systems and details about



## Dialogue 02



the service, I began thinking about how to communicate these kinds of system details to the BAs and how we could communicate these kinds of details to customers. I feel like my thought process has changed.

**Minami** ● I was surprised to see so much respect for BA opinions from Ms. Shinoduka. Through developing *3D smart & try*, I realized the importance of the customer's viewpoint in any service. I realize that this is something so obvious, but it can easily slip away from your mind when you are in-house for so long.

### The Essence of Wacoal in Innovation

**Are there any strengths or weaknesses of Wacoal that you have noticed in the Innovation Strategy Office?**

**Miyashita** ● When I was working as a BA at a retail location, I would sometimes wonder if BAs would no longer be needed in the future when I heard the word "digital." When I became involved with this project, I realized that Wacoal was trying to utilize digital technology to enhance its "people" power, one of its great strengths. In implementing digital technology, the team focused on how exactly we should go about leveraging the power of Wacoal's talented people.

**Shinoduka** ● The end goal at a lingerie store is to find the perfect innerwear for customers. No matter how accurately measurements are taken with a machine they may not find that perfect pair. The BA is there to blend the objective numbers the machine gives and the customer's preferences. When trying on a size suggested by the machine based on the numbers, some people may find it tight, while others find it a little loose fitting. The goal is not to pin down the



**Chisa Minami**

Joined in 2010

Innovation Strategy Office, In charge of Business Promotion Section  
Wacoal Corp.

"correct" measurements but to find what makes customers comfortable. Instead of making recommendations based on objective numbers alone, the BAs make suggestions based on data tailored to each person's preferences. I believe that personalization can truly only be completed by human hands.

**Minami** ● Another strength is the history of the Company, from its founding to now. The Company has a history of more than 70 years. The fact that Wacoal, with this kind of history, is the one taking on digital technology brings some peace of mind.

**Shinoduka** ● Yes, that is right. To integrate cutting-edge and difficult-to-understand digital technology into daily life, it is essential that people feel comfortable with the service. I believe that the sense of trust we have built up with customers for the Company contributes to our customers' sense of security.

**Takayama** ● I see Wacoal's earnestness as both a strength and a weakness. For example, we tend to be excessively cautious when trying out new ideas. While this may feel safe, we do not often just try things out to see how the customers respond. However, I think it is very important to actually see how customers react to the product in the market rather than just making predictions from the armchair. It is not good to delay decisions for the sake of safe bets.

I feel that we must also promote a corporate culture in which failures can be seen as building blocks to success.

**Shinoduka** ● I feel a challenge for Wacoal is the ability to translate ideas into economic value, or in other words, the ability to build a growth story as a business. Even with solid service, we cannot continue to provide the service unless customers make purchases and we make a profit. It is essential for us to create a sustainable business model that our customers feel is valuable and worth the price.



### Gaining Competitive Data through Linking the Relationship between the Body and Mind

There has been more and more centralization of customer data recently. What value do you think Wacoal can offer to continue being the consumer's choice in the future?

**Shinoduka** ● We have made progress in centralizing customer data, but we have yet to see a connection to the value we provide to our customers. When using this kind of data, we believe that no matter how good the data is, it is meaningless unless it comes back to enrich the lives of our customers. Wacoal stores customers' physique measurement data. There are not many places where customers are willing to entrust their measurement data. Obtaining such valuable data is a huge advantage at this stage—an advantage distinctive to Wacoal. I think the big challenge is how we can leverage these advantages and convert them into customer value.

**Takayama** ● Business related to physique measurement data is not yet mature in market terms, with no real big successes in the area, making it a kind of blue ocean situation. Beyond that lies broad business expansion, including in the context of personalization. The Innovation Strategy Office sees many possibilities for combining this data with various solutions.

**Miyashita** ● I also think it would be ideal to use measurement data to enrich our customers' lives. My hope is that Wacoal's value comes from putting ourselves in the customer's shoes, digging deeper into what they want and why they use the products they use, enabling us to make valuable and optimal proposals for them.

**Minami** ● If we can build a solid business model that utilizes measurement data, I am sure that the sales ability of BAs will become an advantage, and I feel that the way BAs work can be expanded even further.



**Seiko Miyashita**

Joined in 2003

Innovation Strategy Office, In charge of Business Promotion Section  
Wacoal Corp.

**Shinoduka** ● The most important thing is what the customer values. In this rapidly changing world, we cannot assume that what is valuable now will have the same value 10 years from now. The mission of the Innovation Strategy Office is "Creating the norm for the future." Our products and services themselves must constantly evolve in order to continuously provide value to the lives and livelihoods of our customers in that particular period of time. Therefore, it is important to consider how we can create a system that constantly evolves. In addition to physique measurement data, we believe it is important to acquire customers' personal information to further create value that will give us a competitive advantage. What does each customer want to become? What problems do they face? What are their concerns? What are their goals? By approaching these points, we can find a path toward a value proposition only Wacoal can provide.

### Developing Human Resources through Dreams and Expectations

As a leader of digital transformation promotion, what are your thoughts on securing and training human resources for the Wacoal Group?

**Shinoduka** ● First of all, it is necessary to organize the aptitudes of the current personnel and the abilities we seek. Many companies tout an overall worker shortage, but often there is no recognition of what actual skills are necessary to achieve their goals. Wacoal has employees who are enthusiastic, but I cannot so eagerly say that it has an environment that allows them to make the most of their strengths. Performance varies greatly when goals are given and things are expected of the employees. I believe that we need an environment where there are expectations and opportunities for many to demonstrate their abilities.

What do you think about your own role in increasing the number of people who can enhance the customer experience?

**Shinoduka** ● I have three different roles that I play. The first is to dream more about the future that Wacoal can bring to life. If I have grand dreams of Wacoal creating better products and services or what more can be achieved, I am certain there are many out there that can demonstrate their abilities and make these dreams come true. My second role is to hold high expectation for my team. As I mentioned, people tend to grow more when someone expects them to. I have been there myself, and I feel it is important that we set expectations for each other's potential. My third role is to keep on learning. When you move up to higher positions, you need to show others what you are going to learn next and how you plan to grow. I believe if you want to expect others to grow, you must first grow yourself. This is something I say to myself to keep me going. I do not want to stand at the top of my team. I want to be right there in the middle, worrying and thinking together and running toward solutions with my team members. Wacoal has a diverse workforce. In light of everything I mentioned, in order to draw out individual abilities and link them to results, we will contribute to strengthening our human talent and fostering a culture of challenge.



## Dialogue 03

# Creating a “Global Wacoal Group” for a New Era by Demonstrating Established Advantages, Local Capabilities, and a Consistent Philosophy

VISION 2030 positions the overseas business as an essential driver of the Group's growth.

What should we emphasize and what do we need to do to achieve global expansion and become a “Global Wacoal Group”? Here, we hear from several members involved in our overseas business.



### Katsuya Hirooka

Corporate Officer and Head of Corporate Planning Department  
Wacoal Holdings Corp.

Katsuya Hirooka joined Wacoal in 1991. He has worked in the overseas business for 12 years, since 2003. He has worked as a director in Hong Kong, the United States, and the United Kingdom, and took the post of head of business management at the Global Division in 2015. He has held his current position since April 2021. He is responsible for budget control, finance, and business planning for the entire Wacoal Group.

### Takashi Watanabe

Head of Business Promotion Department,  
Global Division,  
Wacoal Holdings Corp.

Takashi Watanabe joined Wacoal in 1994. After working in strategic planning and product sales for *Wing*, he held the position of president of Wacoal Malaysia Sdn. Bhd. for five years from 2013. From 2018, he was general manager of Directly Managed Merchandise Sales for Retail Business Headquarters and has held his current post since April 2022. He is working to promote market expansion in countries around the world.



### Takehiko Yonekawa

President of Wacoal Singapore Private Limited

Takehiko Yonekawa joined Wacoal in 1991. After serving as president of *une nana cool Corp.* and general manager of the Prestige Sales Department, he took his second post in Hong Kong in 2019 as president of Wacoal International Hong Kong Co., Ltd. From April 2021, he concurrently served as president of Wacoal Hong Kong Co., Ltd. and head of the Business Promotion Department, Global Division. He took up his current post in April 2022. He is also responsible for the Asia Sales Headquarters.





## Expanding to the World from the 1970s with the Thought of “What Wacoal Can Do”

First, please tell us about the characteristics and history of Wacoal's overseas business.

**Hirooka** ● Koichi Tsukamoto, the founder of Wacoal, made his first overseas inspection tour in 1956, shortly after the Company was founded. After returning to Japan, Tsukamoto set up a long-term strategy called the One Phase Every Ten Years 50-Year Plan to realize his dream of creating a “Global Wacoal.” He planned to pioneer the domestic market in the 1950s and establish himself in the domestic market in the 1960s. Afterward, he planned to expand to the overseas market in the 1970s and then establish himself in the overseas market in the 1980s. He then planned to realize a “Global Wacoal Group” in the 1990s. In line with his plans, we established joint ventures in Thailand, South Korea, and Taiwan in 1970 to start our overseas business. We next expanded into the U.S. and Chinese markets in the 1980s, moving forward to Europe in the 1990s to become a global company. At the same time, we expanded our manufacturing bases in the Asian region.

This plan reflects Koichi Tsukamoto's desire to create a peaceful world where women can play an active role through

business. Wacoal's basic policy for overseas expansion is to strive for coexistence and co-prosperity with each country and region based on mutual trust, which is also part of the Company's philosophy, and to establish locally led management. “What can Wacoal do for your country?” We always keep this in mind when entering new markets—creating culture through corporate action, not just profit. To be a company that contributes to the region's development and aims to grow together with the region's people. We have promoted our overseas expansion with these convictions in mind.

**What is the current scale of business around the world? Also, how do you feel about the Wacoal Group's strength in overseas business?**

**Watanabe** ● We sell our products in more than 50 countries and regions worldwide. The Group's overseas sales, including nonconsolidated joint ventures in Thailand, South Korea, Taiwan, and others, exceed ¥100 billion. In addition, overseas sales on a consolidated basis are approximately ¥60 billion (fiscal 2022), with a breakdown of roughly ¥40 billion in Europe and the United States and about ¥20 billion in Asia.

**Yonekawa** ● I think our strength lies in our ability to share values as a group. As

Mr. Hirooka mentioned, we still share the basic policy of overseas expansion, which is to “seek coexistence and co-prosperity with the countries and regions in which we operate” and “aim to establish management led by the local community.” Another characteristic and strength of the Company is that we carry out marketing for each country and region and independently develop and sell products.

**Watanabe** ● Body types differ depending on the country or region, and preferences in design, color, and fitting also differ. The fact that we have created a business model for each area while meeting local needs is a great strength.

**Yonekawa** ● This is the opposite of the SPA (specialty store retailer of private label apparel) business model of selling the same product worldwide. Also, although there are some exceptions, we have only dispatched one to two employees from Japan for each region. One of our most significant distinctions is our ability to operate with cooperation from local employees.

**Hirooka** ● Yes, that is right. Many local employees share Wacoal's values and ideals and take pride in making them a reality. I have always felt that this was one of our great strengths from the time I was overseas. I believe this results from our past dispatched employees who

## Defining a “Global Wacoal Group” for VISION 2030

All stakeholders have a high level of trust in the Group's products, services, and initiatives relating to social issues.

We develop on a global scale with a competitive edge by making full use of the Group's human resources, assets, know-how, and networks.

We continue creating new customer experiences with our innovative, high-quality products and services, and thus continue enriching and beautifying the lives of our customers around the world.

Our employees all around the world understand the Group's goals and mission and work to make them a reality without being bound by conventional thinking or the past.



## Dialogue 03

firmly held to Wacoal's philosophy and trusted the local people to nurture the business.

### Leveraging Strengths and Working Closely Together to Achieve Global Growth

Along with VISION 2030, you have put together a definition for a "Global Wacoal Group."

**Hirooka** ● Many of the things we originally wanted to accomplish to meet the definition of a "Global Wacoal Group" have already been achieved. Thereof, we have defined the next stage we aim for with the formulation of VISION 2030. Our newly defined goals include not only business growth but also building relationships with stakeholders, including local communities and customers. When I was first stationed overseas in 2003, the sales ratio of the overseas business was about 10%. As a result of the steady growth of our subsidiaries, sales in the overseas business have exceeded 30% of overall sales. In the future, we will be entering a stage of working to strengthen horizontal cooperation among our subsidiaries and increasing the presence of the Wacoal Group around the world while demonstrating our comprehensive strengths. This is the intent of our new definition of a "Global Wacoal Group."

In the overseas business, what kind of customer value do you think only the Wacoal Group can provide?

**Watanabe** ● The strength of Wacoal's manufacturing lies in its ability to balance functionality and fashion, based on primary research conducted by the Wacoal HUMAN SCIENCE RESEARCH & DEVELOPMENT CENTER. Wacoal's commitment to quality through production at its factory and the customer service provided by trained sales staff are both distinctive features of Wacoal. Another characteristic of Wacoal is its ability to respond flexibly to the different needs of

each country and region. In addition, as digitalization advances, methods of communicating with new customers are also evolving and we are leveraging Wacoal's strengths, such as *3D smart & try* and the *mybraFit™* application released in the United States. It is impossible to survive globally unless we constantly provide updated products and services at a high level in response to changes in customer needs.

**Yonekawa** ● I think the keyword for growth is "personalization." As Wacoal develops businesses rooted in each country and region and conducts marketing and product development in those regions, our strength lies in developing and providing products that fit local customers' tastes and body shapes. Suppose we combine digital services such as *3D smart & try* and the *mybraFit™* application with communication with customers at retail locations by sales staff who understand Wacoal's philosophy. In that case, we could provide personalized customer experience value that matches the needs of individual customers. I want to maximize customer value by pursuing value that other companies do not have.

How will you utilize the know-how and network you have cultivated to achieve global growth? Also, what do you think about the role that the Global Division should play?

**Watanabe** ● At the Global Division, we coordinate initiatives that individual subsidiaries cannot implement by quickly spreading and applying the latest information and examples of success from around the world. In Asia, the Global Division also plays a role in supporting horizontal cooperation among countries.

Looking ahead, the Global Division will be emphasizing the following two initiatives. The first is to strengthen branding on a global basis. Currently, brand recognition is still low, so we would like to actively invest in raising

awareness of Wacoal among more people around the world. The second is support for communication with customers in each country and region. In Japan, we are currently promoting a customer experience strategy aiming to build deeper, broader, and longer relationships with our customers. However, our overseas strategy is not quite up to this level. While actively utilizing digital technology, we would like to provide the necessary support to develop strategies to connect with customers in each country and region.

From this year, you have established a headquarters system for sales in Asia, with Singapore as a hub. What challenges do you face when considering reinforcing the sales structure to promote growth in the Asian market?

**Yonekawa** ● The Asian headquarters covers five countries and regions: Hong Kong, Singapore, the Philippines, Vietnam, and Malaysia. Due to the small business scale of each of our subsidiaries, we have not been able to make the necessary investments so far, and poor business efficiency has been a problem in the past due to such individual investments. With this in mind, we set up headquarters in Singapore and are working on standardization to improve business efficiency. For example, the types of popular products in Hong Kong and Singapore are similar, such as the price range and size composition, so we are standardizing products between these regions and conducting joint marketing. To bolster e-commerce, which is expected to grow in the future, we are working together on strategies





for growth in each country after considering each country's and region's potential, such as for developing a common e-commerce platform.

### A Global Corporate Message with a Promise to Contribute to an Era of Diversity

In June 2022, you announced a new global corporate message: "Comfortable inside. Confident outside." Please tell us your thoughts on this message.

**Hirooka** ● This global corporate message is the Wacoal Group's promise to stakeholders, including customers and local communities. The message expresses our desire to contribute to helping each customer live a fulfilling life with self-confidence by providing products and services that make each customer feel comfortable. We believe that the mission of the Wacoal Group is to contribute to the realization of customers' individuality, including their inner selves.

**Yonekawa** ● I believe this message also expresses the product characteristics of Wacoal's core business of innerwear. In that sense, I think it fits Wacoal well. First, we will spread this message to employees in every country. I believe it is essential to convey not only the message but also the background behind the message and the future role of Wacoal's overseas business.

**Consumer values such as body neutrality and body positivity are changing globally. How do you keep up with changing consumer expectations?**

**Watanabe** ● Wacoal has been proposing products in response to the different needs of customers in each country and region, but I think it will be even more critical in the future to accept different values actively. We have not yet fully

promoted diversity and inclusion in the true sense of the word, and we cannot say we are some breeding ground of successive ideas born from variety. We must grasp customers' needs without being bound by conventional values and develop budding products and services that customers are not aware they need yet.

**Yonekawa** ● Up until now, if anything, we had an ideal body shape in mind and provided products, explanations, and customer service to get as close to that as possible. Instead, I believe that providing products and services that match the mind and body of each customer will be the source of future growth.

**What role do you think you should play to provide products that allow customers worldwide to live a fulfilling life in their own way and realize growth as a company?**

**Hirooka** ● Our goal to become a "Global Wacoal Group" and achieve VISION 2030 reflect our strong will. These describe the milestones and goals for embodying and realizing the management philosophy. These goals are a must for the Company. VISION 2030 is a plan through fiscal 2031. If all goes according to plan, the overseas sales ratio (including joint ventures) should exceed 50% in fiscal 2028.

I have been working overseas for a long time. I have been wondering what kind of "Global Wacoal" the founder thought of during his time. I believe that founder Koichi Tsukamoto's real intention behind a "Global Wacoal" was to create a world where not only women but all people can smile and live active lives. If we can make the world he dreamed of into reality, the overseas sales ratio will inevitably grow since overseas countries have larger populations and GDPs than Japan. For that reason, an overseas sales ratio of 50% is an indicator that should be achieved as soon as possible.

As the person in charge of the Corporate Planning Department, my role in realizing VISION 2030 is to instill the entire Group's fundamental management philosophy and policy. I want to be actively involved in this. Another significant role I have is the distribution of the Group's management resources. After taking a step back and looking at the big picture, I would like to make optimal resource investments, such as in human resources and funds, and work to expand our overseas business and achieve VISION 2030.

**Watanabe** ● The Japanese market is a small segment of our business. Considering the market size, we need to focus more aggressively on sales overseas than in Japan. While there are still large markets worldwide, some areas have not been fully explored. There are many areas where customers are unfamiliar with Wacoal. As the Global Division, we would like to support global growth by acting as a hub between subsidiaries—sharing information, and providing necessary know-how.

**Yonekawa** ● I believe expanding sales in the five Asian countries and regions I oversee from headquarters is my top priority. I want to create a system and environment where I can work across the areas I am in charge of and solve various issues as a group. We will contribute to the growth of the entire Group by returning the know-how we learn here to other overseas subsidiaries and Japan.





## Dialogue 04



# Identifying Material Issues by Taking Diverse Opinions into Consideration

Four employees have been promoting the formulation of material issues as part of the Executive Office of the Sustainability Promotion Project. We took a look back at how discussions progressed in teams divided into the themes of customers, employees, the environment, society, and governance.

**For Customers, We Need to Keep Meeting Them Face-to-Face. For the the Environment, We Need to Work Together with Our Customers**

**You put together a list of material issues to address by 2030. What process did you use to identify material issues?**

**Yamada** ● We went through two phases. First, six leaders, including corporate officers and the Executive Office, created a foundation for the future vision and material issues. Afterward, mid-career members nominated as leaders and younger employees from open recruitment joined in to hold discussions with each team. As specialized knowledge was required to identify governance issues, we considered initiatives with the leader, who is the head of the Corporate Planning Department, and other nominated members.

**How did the Executive Office organize the discussions in each team?**

**Yamamoto (Kumiko)** ● In the customer team, which I was in charge of, we thought of how we could maximize the value of customer experience and grow



**Takato Yamada**

Joined in 2007

Section Chief, Business Planning Section, Business Planning Department  
Wacoal Corp.

as a company. We narrowed it down to three points from the perspective of achieving both goals simultaneously.

Our first point is the "Enhancement of customer experience value by pursuing personalization." This is to increase customer experience value by providing services and products that suit each individual. To that end, we are trying to connect with our customers, learn about them, and connect them to our business. Our second point is "Endeavoring to expand business areas." We need to use our knowledge and technology to support a broader range of people from all angles to realize their best selves. Our third point is the "Deepening of product quality and building of service quality." We take great pride in our high level of quality control. However, in anticipation of the future expansion of our business areas, how should we tackle the quality of things other than products, such as services and customer service? We concluded that we must review what quality means in the present times.

**How about the environment team?**

**Yamamoto (Kanako)** ● In the environment team, we decided on the "Promotion of business activities that reduce environmental impact." We were able to share the recognition that we must reduce our impact on the environment to realize a sustainable society and for Wacoal to grow. On top of that, the environmental awareness of our customers is changing. This led to a less-than-difficult process of identifying the issues. However, although we understand that doing something for the environment is essential, it was challenging to think specifically about what Wacoal could do to contribute. The idea of all of this was that we will not be able to do anything unless we work together with our customers. In the end, we included a specific item in materiality that we must work to foster



**Kumiko Yamamoto**

Joined in 2013

Brand Management Division 1,  
Salute Brand Team  
(At the time of the interview, Business Planning  
Section, Business Planning Department)  
Wacoal Corp.

environmental awareness among both employees and consumers.

**Employees Who Promote Individual Growth from the Bottom Up to Change Society**

**Ms. Tani, you are on the society team.**

**Tani** ● Yes, I am. The team considered providing social value as the focal point of identifying problems. To establish new material issues, we started by learning how Wacoal's existing businesses may have been providing social meaning and value from different perspectives. This helped us understand the Company better, with many of the younger members commenting that they did not know the Company did these sorts of things.

**The conclusion you ended up on was the challenge of the "Promotion of co-creation innovation to solve social issues."**

**Tani** ● Among our topics, the most in-depth discussions we had were on "Contribution to the improvement of women's QOL" and the "Promotion of diversity and inclusion." Regarding improving quality of life, the main point of discussion was the deliberate use of





"women." On the one hand, there is the opinion that it is not appropriate to use the word "women" when striving to create a world where everyone can live comfortably. On the other hand, we discussed that women are our focus precisely because Wacoal's core business is creating innerwear for women. Regarding the promotion of diversity and inclusion, we would like to make a society where it is natural to accept diverse values and people to realize a society where everyone can play an active role in their own way. We talked about increasing the number of diversity and inclusion experts from within the Company by first conducting in-house training.



**Haruna Tani**

Joined in 2012

Manager, Sustainability Promotion,  
Corporate Communications Department  
Wacoal Holdings Corp.

**"Employees" feels like a familiar theme in human resources development, organizational development, and health.**

**Yamada** ● First, we can talk about human resources development. In this day and age, it is common to change jobs or work after retirement age. In such an environment, regardless of age or position, it is important to be self-disciplined to improve your abilities and build a solid career outside of Wacoal. We believe that the growth of every employee will eventually lead to an organization that can produce results. Next is organizational development. While the Mission and Companywide goals are shared among the Company, departmental and individual goals are not available for everybody to see. Therefore, in promoting this material issue, we thought that we should share each organization's mission and goals to adequately reflect on whether we have achieved them.

### **We Must First Change Ourselves to Solve Problems**

**Plans to achieve VISION 2030 are becoming a reality. What kind of progress do you see yourself making in the future?**

**Yamada** ● Our focus on pushing things forward can be broken into three major parts. We will be promoting customer- and employee-related issues in conjunction with the business plan of each business division in the Management Issues Review Meeting. The Sustainability Committee will manage the progress of the issues of the environment and society, while governance will be taken up by the Board of Directors. We have also decided to establish two projects under the Sustainability Committee. One is the Project to Promote Awareness of the the WACOAL Way. To increase the power and engagement of our employees, we will work out plans to saturate and implement the new Mission decided through the Sustainability Promotion Project throughout the Group. The other project is the Project to Improve Women's QOL (quality of life). Wacoal participates in a wide range of activities to promote breast care, from breast cancer screening awareness to post-surgery support. Still, the problem is that these activities are not coordinated very well overall. In addition, we will be gathering the people in charge of each department to discuss specific initiatives Wacoal can take to ensure that as many women as possible are physically and mentally healthy and radiant.

**How will you be tackling challenges as you move forward?**

**Yamada** ● Some KPIs for material issues have been set while others are currently being decided. I think it is essential to break these items down into individual goals. I took up a post as section chief in April 2022 and am involved in setting goals for the members. By increasing the number of members who can reflect the departmental goals for achieving material issues in their individual goals and taking action, I would like to connect this to the growth of every employee.

**Yamamoto (Kumiko)** ● I feel that to address our material issues, we need to understand changes in the awareness of consumers. To properly show what kind of future Wacoal will create, I believe it is my role to collect information on consumer and world changes based on regular surveys.

**Yamamoto (Kanako)** ● It is essential not only to understand and be aware but also to act. For this reason, I think everyone needs to "make it their own." It is especially difficult to find a connection between our daily actions regarding society and the environment. First, I would like to increase the number of people who can take the first step by creating a culture where they will take on even the most minor things with a challenging spirit. I would like us to give each other affirmation for these kinds of actions. I want to create a company where people can adequately express positive opinions, not just negativity and criticism.



**Kanako Yamamoto**

Joined in 2010

Manager, Sustainability Promotion,  
Corporate Communications Department  
Wacoal Holdings Corp.
















**Tani** ● Around 50 employees were involved in this project out of approximately 20,000 total employees in the Group. Although we gathered 50 employees, one might say "only" 50. Some of the other employees may feel a disconnect with our decisions since they were not here to make them. Our Mission and material issues can only be achieved through the cumulative actions of each individual. I want to make sure that more people are aware of this. To that end, I would like to spread the positive power of those who are consciously implementing it and those who are trying to change themselves widely throughout the Company.



## Identifying Material Issues with a View to 2030

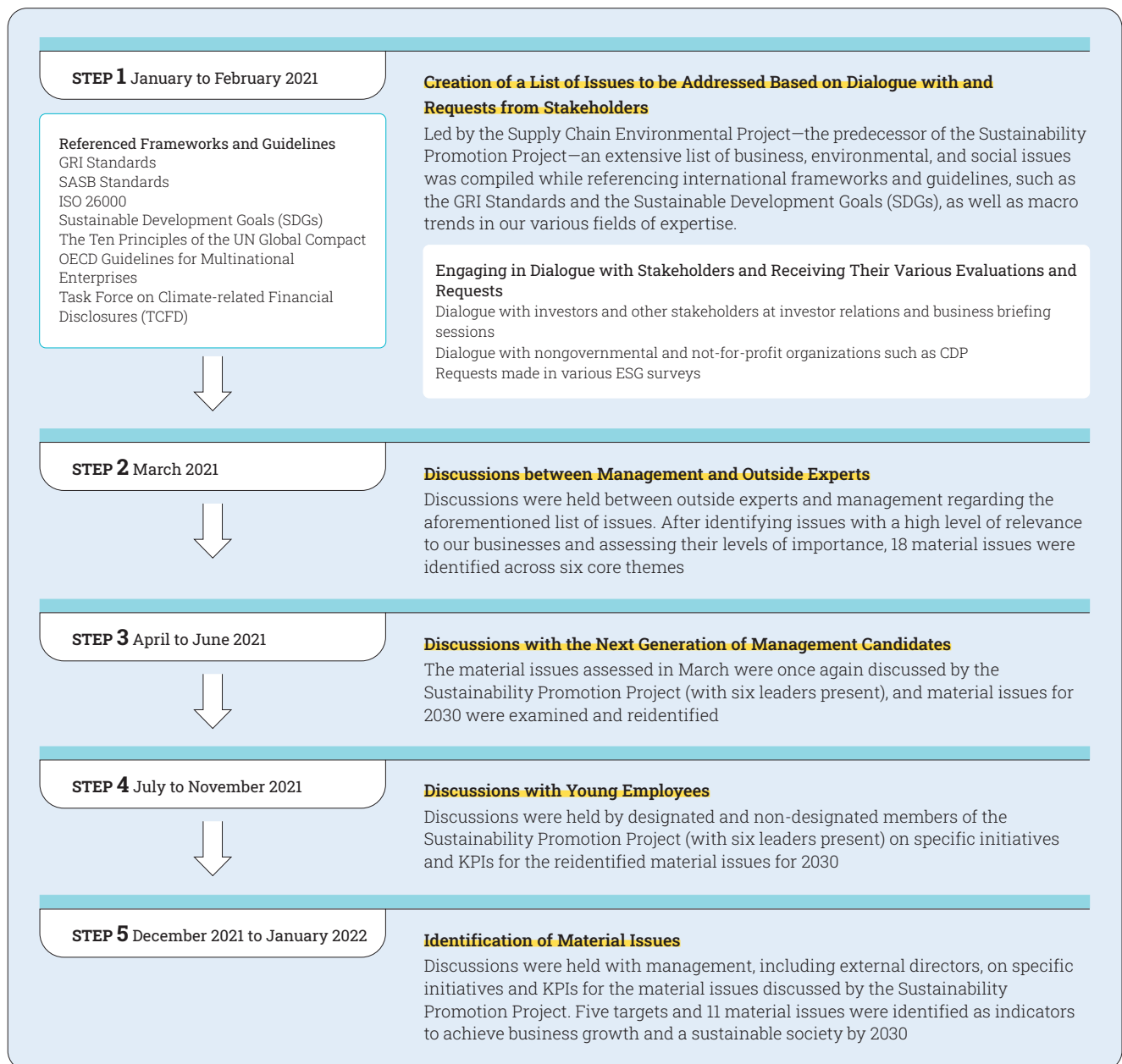
While the world's population as a whole is rising, some countries are seeing declining birth rates and aging societies. These factors, along with the ongoing digital revolution, globalization, and the intensification of climate change and human rights issues, are making the future increasingly difficult to predict. It is precisely in these unpredictable and uncertain times that we felt it necessary to reaffirm the Group's management philosophy. Further, we will clarify the social and environmental issues that we must address by 2030 and work back from there to establish what we as a company must accomplish at this point in time.

In order to realize VISION 2030—the Group's medium- to long-term management strategy framework—while evolving our long-cultivated strengths, such as research, planning, and sales, we conducted an analysis of material issues based on social and environmental issues to be addressed, as well as business growth. As a result, we identified five targets and 11 material issues. We arrived at this decision by gaining insight into the business challenges and social and environmental issues we expect to face by 2030, while taking into account macro trends and the requests of various stakeholders.

Targets	Material Issues	Contribution to SDGs
<b>Customers</b> <b>Maximize the value provided to customers</b>	<ol style="list-style-type: none"> <li>Enhancement of customer experience value by pursuing personalization</li> <li>Endeavoring to expand business areas</li> <li>Deepening of product quality and building of service quality</li> </ol>	  
<b>Employees</b> <b>Achieve the growth of each of our employees and establish a highly rewarding organization</b>	<ol style="list-style-type: none"> <li>Growth into human resources who can expand their potential and have confidence, pride, and success</li> <li>Building of an organization that can demonstrate great results through co-creation and collaboration</li> <li>Continuous improvement of employees' health and health awareness</li> </ol>	  
<b>Environment</b> <b>Preserve the environment globally for future generations</b>	<ol style="list-style-type: none"> <li>Promotion of business activities that reduce environmental impact</li> </ol>	  
<b>Society</b> <b>Realize a society in which everyone plays an active role in their own way</b>	<ol style="list-style-type: none"> <li>Promotion of co-creation innovation to solve social issues</li> </ol>	  
<b>Governance</b> <b>Enhance governance toward the realization of sustainable growth</b>	<ol style="list-style-type: none"> <li>Implementation of highly transparent management</li> <li>Strengthening of the risk management system</li> <li>Continuous improvement of profitability and capital efficiency</li> </ol>	  

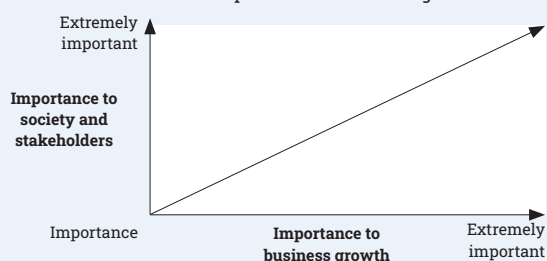


## The Process of Evaluating and Identifying Material Issues

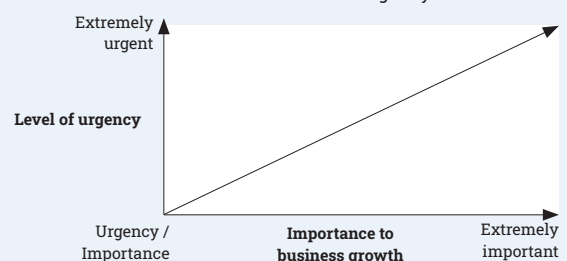


## Method for Assessing Material Issues

(1) Identify material issues in terms of their level of importance to society and stakeholders and their importance to business growth



(2) Identify material issues based on their importance to business growth and level of urgency





## Material Issues to be Addressed by 2030

### Customers: Maximize the value provided to customers



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
1	Enhancement of customer experience value by pursuing personalization	<p>Increasing of customer connections and learning from them to wow other customers</p> <p>Creation of products that exceed expectations and are loved</p>	<p>Increase in the number of customers with connections to the Wacoal Group</p> <p>Increase in the number of people experiencing Wacoal's unique services that enhance the customer experience</p> <p>Revitalization of the innerwear business by promoting the development of new products and services that utilize customer data</p>	To be considered in fiscal 2023 and announced during fiscal 2024
2	Endeavoring to expand business areas	<p>Tackling of challenges in new areas to support customers from every angle</p> <p>Achievement of global growth to provide inspiration to customers around the world</p>	<p>Increase in growth and profitability in businesses other than women's innerwear</p> <p>Creation of new business to contribute to well-being</p> <p>Expansion of internal resources into new fields</p> <p>Overseas business expansion</p>	
3	Deepening of product quality and building of service quality	Pursuit of quality control systems and quality levels demanded by the times	<p>Continuous monitoring of product quality and implementation of improvement activities</p> <p>Maintenance and improvement of the quality of digital and over-the-counter services</p>	

### Employees: Achieve the growth of each of our employees and establish a highly rewarding organization



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
4	Growth into human resources who can expand their potential and have confidence, pride, and success	Growth into of human resources that proactively enhance self-proficiency and take on challenges with enthusiasm, regardless of generation or position	<p>Enhancement of initiatives geared toward self-motivated career design and skill improvement</p> <p>Nurturing of human resources and creation of an environment in which employees can take on challenges with enthusiasm</p>	To be considered in fiscal 2023 and announced during fiscal 2024
5	Building of an organization that can demonstrate great results through co-creation and collaboration	Fostering of an organizational culture in which people from various positions can cooperate and achieve their missions	<p>Development of a work environment in which people from diverse backgrounds can work together</p> <p>Increase in the number of employees who can act with clarity on what the Company should be and its mission</p>	
6	Continuous improvement of employees' health and health awareness	Improvement of employees' mental and physical health	<p>Improvement of employees' productivity and mental and physical health</p> <p>Improvement of health literacy</p>	





## Environment: Preserve the environment globally for future generations



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
7	Promotion of business activities that reduce environmental impact	Fostering of environmental awareness among both employees and consumers	Visualization of ecological activities in business activities	1) Zero in-house emissions (Scope 1 and 2) (domestic businesses) 2) Zero product waste (Wacoal Corp.) 3) Rate of environment-friendly materials used of 50% (Wacoal Corp.) 4) 20% reduction in supply chain emissions (Scope 3) (Wacoal Business (Domestic)) Note: For our overseas business, we plan to start by tracking our own emissions (Scope 1 and 2) and disclose our targets by the fiscal year ending March 31, 2025.
		Achievement of a decarbonized society	Realization of a decarbonized society and reduction in CO <sub>2</sub> emissions	
		Promotion of waste reduction	Reduction of product disposal rate	
		Achievement of a society of that recycles resources	Increase in rate of environment-friendly materials used	

## Society: Realize a society in which everyone plays an active role in their own way



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
8	Promotion of co-creation innovation to solve social issues	Contribution to the improvement of women's QOL	Promotion of breast care activities	To be considered in fiscal 2023 and announced during fiscal 2024
			Fulfillment of needs through products and services and development of ideas that contribute to improving women's quality of life	
			Contribution to women's quality of life through ongoing dialogue with stakeholders	
		Promotion of diversity and inclusion	Promotion of in-house enlightenment activities to foster an understanding of diversity-related issues such as gender	
			Promotion of dialogue and co-creation activities with external stakeholders to foster an understanding of diversity-related issues such as gender	
		Promotion of respect for human rights and CSR procurement activities	Establishment and implementation of human rights due diligence and promotion of human rights training	
			Expansion of scope of CSR procurement activities	

## Governance: Enhance governance toward the realization of sustainable growth



	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
9	Implementation of highly transparent management	Maintenance and establishment of an optimal corporate governance system that will improve effectiveness	Implementation of Japan's Corporate Governance Code	To be considered in fiscal 2023 and announced during fiscal 2024
			Demonstration of the Board of Directors' functions and promotion of diversity	
			Ongoing improvement of the system for the compensation of officers to increase corporate value	
			Establishment of fair and motivating evaluation and compensation systems	
10	Strengthening of the risk management system	Thorough compliance with laws and regulations and development of an organization with high ethical standards	Prevention of inappropriate behavior in corporate activities and enhancement of compliance awareness among all officers and employees	
		Strengthening of organizational resilience by steadily responding to business risk	Review of selection methods and response policies for major risks, promotion of information security measures for digital transformation and communication technology operations, and enhancement of the business continuity plan	
11	Continuous improvement of profitability and capital efficiency	Execution of the management strategy and clarification of roles and authority	Strengthened management of key performance indicators and verification of cost-effectiveness to improve the effectiveness of medium- to long-term strategies	
			Implementation of business portfolio management to realize growth	
			Establishment of an executive structure for timely and appropriate decision-making	



## Response to Climate Change

At Wacoal, we believe that climate change, which has a profound impact on the earth and corporate activities, is both a risk to the Group's business as well as an opportunity to expand its business. Based on this belief, we are proceeding with measures to address environmental issues and expand our disclosure of environmental information in our mission to realize sound corporate growth and a sustainable society.

### Approach to Reducing Greenhouse Gas (GHG) Emissions

In order to move forward with measures to realize a carbon-free society and firmly ensure the reduction of greenhouse gas (GHG) emissions along the supply chain, we began calculating GHG emissions for the entire supply chain (Scope 3) of the Wacoal Business (Domestic) in 2021. Moreover, in addition to disclosing reduction targets for Scope 1 and Scope 2 GHG emissions from our operating bases in Japan in pursuit of our 2030 nonfinancial goals, in June 2022 the Company disclosed reduction targets for the aforementioned Scope 3 GHG emissions of the Wacoal Business (Domestic).

Environmental goals for 2030 → [P31](#)

### GHG Emissions Reduction Process

Currently, the Subcommittee for Carbon-Neutral, which operates under the Sustainability Committee, takes the lead in reviewing specific action plans for achieving GHG emissions reduction targets. In pursuit of our goal of realizing net-zero GHG emissions at all of our operating bases in Japan, we plan on installing solar power generating systems at our distribution centers as well as gradually converting to the use of renewable energy at our existing operating bases. Meanwhile, in order to reduce GHG emissions along the supply chain, it is imperative that we work in unison with our suppliers. We intend to develop an action plan and course of action for reducing GHG emissions while urging our suppliers to do their part in helping to reduce GHG emissions along the supply chain.

### Greenhouse Gas Emissions Generated by the Wacoal Business (Domestic)

In fiscal 2021, GHG emissions from the Wacoal Business (Domestic) decreased by 10% from fiscal 2020, due mainly to the discontinuation of business activities stemming from the impact of COVID-19. Moreover, Scope 3 emissions account for a large proportion of total GHG emissions from the Wacoal Business (Domestic) and roughly 90% of these emissions come from Category 1: Purchased Goods and Services.

Scope/category	Coverage		CO <sub>2</sub> emissions (CO <sub>2</sub> e-t)	Percentage of total GHG emissions	Percentage change from fiscal 2020 (base year)
Scope 1 emissions	Operating bases, plants, and distribution centers in Japan		1,653	0.5%	-10.1%
Scope 2 emissions	Operating bases, plants, and distribution centers in Japan		4,158	1.3%	-11.9%
Scope 3 emissions	Wacoal Business (Domestic)		304,503	98.1%	-9.5%
Upstream	Category 1	Purchased goods and services	273,758	89.9%	-10.4%
	Category 2	Capital goods	16,387	5.4%	21.3%
	Category 3	Fuel- and energy-related activities not included as a part of Scope 1 and Scope 2 emissions	1,091	0.4%	-14.7%
	Category 4	Upstream transportation and distribution	2,871	0.9%	-18.5%
	Category 5	Waste generated by operations	187	0.1%	-35.3%
	Category 6	Business travel	1,073	0.4%	-70.9%
	Category 7	Employee commuting	2,807	0.9%	5.1%
	Category 8	Upstream leased assets	1,070	0.4%	2.9%
Downstream	Category 9	Downstream transportation and distribution	2,803	0.9%	18.9%
	Category 10	Processing of sold products	Excluded from scope of calculation	—	—
	Category 11	Use of sold products	Excluded from scope of calculation	—	—
	Category 12	End-of-life treatment of sold products	2,456	0.8%	-13.3%
	Category 13	Downstream leased assets	Excluded from scope of calculation	—	—
	Category 14	Franchises	Excluded from scope of calculation	—	—
	Category 15	Investments	Excluded from scope of calculation	—	—

### Recognition as a CDP Supplier Engagement Leader

CDP is an international nonprofit organization that conducts research and analyses on the initiatives of companies and organizations around the world to address climate change and other environmental issues and discloses the results of these assessments. The CDP's Supplier Engagement Rating assesses how companies work effectively with suppliers to resolve the issue of climate change. In 2021, the Group engaged in CDP's climate change questionnaire for the first time and was selected as a "B list" company.



Please visit our corporate website for details on how we work together with consumers to protect the global environment through our business activities.  
<https://www.wacoalholdings.jp/en/sustainability/environment/efforts/>









## Topic

### Response to the Task Force on Climate-related Financial Disclosures (TCFD)

In September 2021, the Wacoal Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the Wacoal Group disclosed information on the four thematic areas of governance, strategy, risk management, and indicators and goals in accordance with the TCFD recommendations on its corporate website in June 2022.

#### Disclosure of Four Items Based on TCFD Recommendations

 <p>Governance</p>	<p>In April 2022, the Group established the Sustainability Committee to promote sustainability management, solve social issues, and achieve corporate growth through business. The Sustainability Committee regularly meets on the same day as the Board of Directors and formulates concrete measures to address climate change issues, monitors progress, and evaluates achievements. The Board of Directors receives reports from the Sustainability Committee and gives instructions regarding the Group's policies and initiatives to respond to environmental issues. In addition, to promote responses to climate change issues, we have established the Subcommittee for Carbon-Neutral and the Subcommittee for Resource Circulation as subordinate organizations.</p> <p>The representative director, president, and CEO is responsible for the Board of Directors and the Group Management Meeting, the highest decision-making body at the business execution level, and is in overall charge of the Sustainability Committee, which is chaired by the representative director, vice president, and executive officer.</p>
 <p>Strategy</p>	<p>The Group is conducting scenario analysis sequentially, starting with businesses for which data can be analyzed, to assess the impact of risks and opportunities related to climate change issues.</p> <div data-bbox="448 965 1406 1099"> <p><b>Risks</b> The major risks affecting the Group's business, strategy, financial plans, etc., include the intensification of extreme weather, such as storms and floods, and cost increases for resources such as carbon and electricity.</p> <p><b>Opportunities</b> The Group is promoting environment-friendly activities, such as building a manufacturing and sales system in which few products are discarded. In the future, we will continue to promote business activities with a low environmental impact, aiming to achieve our environmental goals for 2030. As environmental awareness is growing among consumers and society, we believe that business activities like these will be an opportunity to boost sales for the Group.</p> </div>
 <p>Risk management</p>	<p>The Group sorts and evaluates risks related to climate change through the Sustainability Committee and its subordinate organizations, the Subcommittee for Carbon-Neutral and the Subcommittee for Resource Circulation. Monitoring and evaluation of achievements for risk management are also carried out by the Sustainability Committee and each subcommittee. Regarding the sorting and assessment of risks related to climate change, the Sustainability Committee and each of its subcommittees, of which the representative director, president, and CEO is in overall charge, examine both upstream and downstream direct operations and their impact on the entire Group from a short- to long-term perspective and report the results to the Board of Directors, which is a higher-level organization. Ultimately, it is a process to identify and assess the risks of climate change issues across the Group.</p>
 <p>Indicators and goals</p>	<p>The Group has set its own environmental goals for 2030 to promote efforts to solve increasingly serious climate change issues and realize a carbon-free society.</p> <div data-bbox="448 1447 1406 1722"> <p><b>Environmental goals for 2030</b></p> <ul style="list-style-type: none"> <li>(1) Zero in-house emissions (Scope 1 and 2) (Domestic offices) Gradually switch to renewable energy, aiming to achieve net zero in-house greenhouse gas emissions (Scope 1 and 2)</li> <li>(2) Zero product waste (Wacoal Corp.) Aim for zero discarded products and promote efforts to reduce the disposal of waste materials at plants</li> <li>(3) Rate of environment-friendly material used of 50% (Wacoal Corp.) Increase the percentage of environment-friendly materials used in products to 50% by switching to recycled fibers and yarns, etc.</li> <li>(4) 20% reduction in supply chain emissions (Scope 3) (Wacoal Business (Domestic)) Promote efforts with partner companies to reduce greenhouse gas emissions in the supply chain (Scope 3) by 20%</li> </ul> <p>Note: For overseas business operations, we will start by calculating our own emissions (Scope 1 and 2) and plan to disclose the targets by the end of March 2025.</p> </div>

#### Scenario Analysis Based on TCFD Recommendations

In accordance with the recommendations of the TCFD, the Group conducted a scenario analysis on climate change in 2022. In the scenario analysis, we examined countermeasures and identified risks and opportunities for Wacoal Corp., which has the highest percentage of overall sales in the Group, in two hypothetical scenarios in which the global temperature increased by 2°C and 4°C.

The scenario analysis showed that while a rise of 2°C had some positive impacts, such as gaining support from environmentally conscious consumers, transition risks, such as the introduction of carbon taxes, could have a negative impact on business. In addition, it was found that a rise of 4°C could lead to physical risks, such as storms, floods, and other extreme weather, that could have a negative impact on business.

The scope of scenario analysis will be expanded sequentially in the future, and we will continue making efforts to enable detailed risk analysis for the entire Group.



## Human Rights Initiatives

Ever since its inception as a corporate entity, the Wacoal Group has never rested in its mission to further business management rooted in mutual trust and respect for humanity. Wacoal's purpose is to contribute to the everyday health and affluence of each and every one of our customers through the products and services that we supply, effectively setting our sights on the realization of a sustainable society. We recognize that all of our business activities must be grounded in the premise of unrelenting respect for human rights. True to this stance, we pledge to fully grasp and support international principles and standards, such as the United Nations Guiding Principles on Business and Human Rights, as the minimum tenets and benchmarks to be maintained with regard to human rights.

### Revision of Human Rights Policy

The Wacoal Group has continued to engage in activities to promote respect for human rights based on its basic policy on human rights set forth in the CSR Basic Policy, which was established in 2013. However, recognizing the need to promote even more Groupwide efforts to respect human rights in light of the increasing awareness of human rights issues and our corporate social responsibilities, in April 2022 the Wacoal Group Human Rights Policy was revised and disclosed both internally and outside the organization. Moreover, this policy now conforms to the United Nations Guiding Principles on Business and Human Rights.\*

\* Guiding Principles on Business and Human Rights: Adopted by the United Nations Human Rights Council in 2011, these guiding principles serve to protect individuals who are at risk of serious harm from corporate activities.

### Approach Going Forward

The Group has a process in place to identify negative impacts and risks to human rights in product procurement and to formulate and implement appropriate measures in accordance with the Wacoal Group CSR Procurement Guidelines and is expanding the scope of such activities (please refer to page 33 for details). However, we have yet to develop a process for human rights due diligence for the supply chain, with the exception of the procurement process, nor have we identified the human rights issues reflecting the specific circumstances of our business conditions. The Subcommittee for Human Rights, D&I, which operates under the Sustainability Committee, intends to place priority on the establishment of an internal system for implementing human rights due diligence and identifying the human rights issues that are specific to our business.

### The Wacoal Group Human Rights Policy

#### (1) Basic Thinking

Ever since its inception as a corporate entity, the Wacoal Group has never rested in its mission to further business management rooted in mutual trust and respect for humanity. Wacoal's purpose is to contribute to the everyday health and affluence of each and every one of our customers through the products and services that we supply, effectively setting our sights on the realization of a sustainable society. Wacoal recognizes that all of our business activities must be grounded in the premise of unrelenting respect for human rights. True to this stance, we pledge to fully grasp and support the following international principles and standards as the minimum tenets and benchmarks to be maintained with regard to human rights.

- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- The Ten Principles of the UN Global Compact
- International Labor Organization Core Labor Standards

#### (2) Scope of Application

The Policy shall apply to all Wacoal executives and employees. Wacoal likewise looks forward to the understanding and support of the policy on the part of all business partners concerned with our products and services.

#### (3) Fulfillment of Responsibilities in Respect of Human Rights

Wacoal understands the risks that the Company's business activities may exert a direct or indirect impact on human rights, and naturally strives to ensure that such activities do not infringe upon the rights of others. Upon learning that any of its business activities have in fact exerted a negative impact on human rights, Wacoal shall mount appropriate responses aimed at rectifying the situation, thereby fulfilling our responsibilities in maintaining respect for such rights.

#### - Compliance with Applicable Laws and Regulations

Wacoal shall comply with all laws and regulations in force in each of the nations or regions where it conducts our business activities. In the event of an occurrence of conflict with internationally recognized principles on human rights or the laws or regulations in force in specific nations, Wacoal shall pursue methods aimed at ensuring maximum respect for international human rights principles.

#### - Human Rights Due Diligence

Wacoal shall formulate a human rights due diligence system, thereby striving to stipulate the negative impact caused by the Company on society and prevent and reduce such impact.

#### - Dialogue and Deliberation

Within the process of executing the policy, Wacoal shall utilize the knowledge of outside experts as deemed necessary. Dialogue and deliberation with related stakeholders shall also be earnestly conducted.

#### - Education (Training)

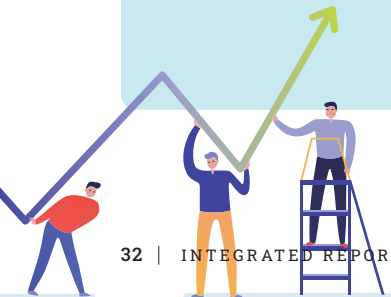
Wacoal shall implement broad-based human rights enlightenment programs targeting all executives and employees, working to ensure that the policy encompasses the full range of the Company's business activities and is effectively executed.

#### - Improvements and Relief

In order to efficiently grasp any negative impact on human rights accompanying its business activities, Wacoal shall maintain a system effective in responding to reports of such situations. In cases when a negative impact has clearly been caused with regard to human rights or such impact has been furthered, measures shall be adopted through appropriate procedures to provide relief for the conditions.

#### - Reports and Information Disclosure

Wacoal shall disclose the progress and the results of measures adopted in the interest of maintaining respect for human rights on its website or in other formats.





## Fulfilling Social Responsibilities along Our Supply Chain

The Wacoal Group engages in responsible procurement with its business partners around the world with the aim of fulfilling its social responsibilities throughout the entire supply chain. Realizing the importance of meeting the expectations of society, establishing mutual trust, and working in unison, we believe that promoting CSR procurement together with our contract manufacturers and raw material suppliers will maximize the interests of all of our partners along the supply chain and contribute to the sustainable growth of all parties. As such, we will continue to engage proactively in this area going forward.

### CSR Procurement Based on Mutual Trust and Cooperation

Wacoal's supply chains for textiles and apparel begin with product planning and design in the countries and regions where the products will be sold. Almost all of our products are shipped to their respective markets after processing through international networks in which the production or procurement of raw materials and the sewing and manufacturing of finished products are carried out in China or emerging countries in the ASEAN region.

Established in October 2017, the Wacoal Group CSR Procurement Guidelines declare that "in order to fulfill our social responsibilities, we must build close partnerships with all suppliers involved in our product manufacturing activities, and together with them we must comply with and respect society's requirements with regard to not only quality, pricing, and delivery but also human rights, labor practices, the environment, and ethics." Since February 2018, we have been conducting a management cycle that continuously amends and improves the guidelines in light of careful monitoring of compliance with the guidelines at our sewing factories and contract manufacturers. Further, Wacoal has been disclosing the basic information of contract manufacturers that endorse its CSR-focused procurement activities on its corporate website since May 2018.

### Basic Information Disclosed on Contract Manufacturers (as of June 2022)

Country/region	No. of factories operated by Wacoal or contract manufacturers	Percentage of total factories worldwide
Japan	105	40.4%
China	118	45.4%
Taiwan	3	1.2%
Indonesia	3	1.2%
Vietnam	13	5.0%
Thailand	7	2.7%
The Philippines	3	1.2%
Cambodia	3	1.2%
Sri Lanka	1	0.4%
Dominican Republic	1	0.4%
Tunisia	2	0.8%
Other	1	0.4%
Total	260	100.0%

### Fiscal 2022 Initiatives and Fiscal 2023 Plan

#### Fiscal 2022 Initiatives

- **Extended coverage of CSR-focused procurement activities**  
Added the contract manufacturers of the apparel of consolidated overseas subsidiaries (excluding Wacoal Hong Kong Co., Ltd., Philippine Wacoal Corp., Vietnam Wacoal Corp., Wacoal Singapore Private Limited, and Wacoal India Private Limited) and Nanasai Co., Ltd. and of products other than the apparel of Wacoal Corp. and Peach John Co., Ltd. as survey targets
- **Verified the status of compliance with matters specified in the Wacoal Group CSR Procurement Guidelines via self-assessments**  
Conducted self-assessments for the second time with 58 contract manufacturers that began engaging in CSR-focused procurement activities in fiscal 2020
- **Verified the feasibility of remote audit methods (as a replacement to on-site audits due to COVID-19)**  
Verified the effectiveness of remote audits, particularly on matters related to labor practices that stood out as issues in the results of previous audits, as an alternative solution to on-site audits, which were held prior to COVID-19
- **Incorporated external certification into the audits of contract manufacturers of consolidated overseas subsidiaries**  
Approved the use of certification results for factories that have been assessed and certified by external organizations as capable of ensuring the content of audits as requested by the Company, in order to extend the coverage of CSR-focused procurement activities by ensuring the rationality and effectiveness of audits

#### Fiscal 2023 Plans

- **Implement on-site and remote audits and operate assisted audits**  
Resume on-site audits in Japan and partially resume on-site audits and proceed with the operation of assisted audits (certification results of external auditing firms) overseas
- **Establish an auditing method for raw material suppliers upon conducting pilot audits at the raw material factories of overseas Group subsidiaries**
- **Accurately monitor the status of compliance with matters specified in the Wacoal Group CSR Procurement Guidelines through self-assessments and provide feedback on analyses and assessments**
- **Minimize negative impact on human rights and proceed with measures toward improvement**  
Expand training opportunities to raise awareness of CSR-focused procurement activities on the basis of respecting human rights at our sewing factories and increase the number of criteria pertaining to negative impacts on human rights in self-assessments and on-site audits for contract manufacturers and raw material suppliers in Japan and overseas in order to prevent, mitigate, reduce, and eliminate such impacts

#### Status of Operations at Myanmar Wacoal Company Limited

Upon the resumption of military rule in Myanmar in February 2021, our factory at Myanmar Wacoal Company Limited was shut down until the end of August due to intensifying clashes between the nation's military and protesters as well as the escalating impact of COVID-19. During this period, the situation in Myanmar continued to undergo rapid changes, and therefore, we took the necessary actions to eliminate and reduce risks by identifying them in a timely manner. However, we have not conducted human rights due diligence to comprehensively identify the risks of employees under military rule. The greatest risks to human rights identified through this process are those concerning the safety of the lives and physical conditions of our employees. In order to ensure the health and safety of Myanmar Wacoal's employees, we shared information as necessary on the local situation, including the security situation, at the Group Management Meeting and Board of Directors' meetings and established a system for taking appropriate measures in a timely manner. As an example of such measures to ensure safety, employees were prohibited from going to work and given paid leave instead or were allowed to work from home when commuting to their workplace became difficult due to military inspections or when their safety was likely to be at risk on their way to work due to the security situation.





## Strengthening Human Assets

Consistent with its founding principle of mutual trust, the Wacoal Group manages employees' health and safety, trains personnel, and is receptive to diversity in human resources and values in each workplace, thereby deepening mutual trust with employees and developing workplace systems conducive to the creation of environments where the talents of individual employees can be fully realized. We have built value chains that comprise proprietary networks, which span all stages from fundamental research, product planning, and development through to materials procurement, production, and sales. In these value chains, human resources are the Group's most important management resource. For this reason, we believe that creating an appealing corporate culture that is employee friendly and offers job satisfaction will lead to sustained growth.

### Human Resource Cultivation and Organizational Development with a View to Enhancing Corporate Value

We believe that our development as a company is dependent upon efforts to enhance the qualifications of each employee. Based on this belief and with the aim of nurturing a corporate culture conducive to the growth of each individual and fostering a new type of talent who are autonomous in their actions and can realize our management philosophy, we provide and conduct training programs that support the development of employees' careers and professional skills.

Under the Wacoal Terakoya personnel development system, which began operating in April 2019, we are providing employees with more opportunities to put themselves forward for training by increasing and enhancing training programs outside the rank-based training curriculum. For example, to support employees' autonomous career development and continuous learning, we conduct joint training with other companies that helps trainees master business skills. Also, we offer training designed to develop globally competent personnel.

In addition, we conduct human resources development based on the skills required in particular fields. For example, we provide training on maintaining and enhancing the quality of Wacoal products as well as programs aimed at promoting customer satisfaction by heightening employees' consultative capabilities. Other key initiatives include passing on our highly competitive manufacturing techniques and enhancing quality and productivity on a global basis by providing support and direction through technical experts dispatched from Japan to overseas factories.

### Improvement of Employee Engagement and Well-Being

In VISION 2030, we have set forth our aim to "evolve and grow into a "Global Wacoal" by capitalizing on quality and our heightened sensibility to provide each customer with physical and emotional beauty and enrichment." To achieve this aim, it is essential that we increase the job satisfaction of our employees, who are important stakeholders, and improve the productivity of the organization as a whole.

Wacoal considers increased job satisfaction and employee happiness to be the driving forces behind high productivity and is working to improve employee engagement and well-being. The Company also conducted an employee engagement survey in November 2021, which received responses from 4,462 employees (approximately 90% of all employees), including those in sales positions. Positive ratings were received for the Company, products and services offered, and co-workers, while interdepartmental communication and the legitimacy of evaluations were rated negatively. Among the material issues we aim to resolve by 2030, we have identified "employees" as an area of critical focus, and endeavor to achieve growth in each of our employees and establish a highly rewarding organization. We aim to further improve employee engagement and well-being by analyzing the results of this survey in more detail, setting KPIs for 2030, developing various measures for the promotion and implementation of the WACOAL Way, and promoting workstyle reform and health management.

#### Message from the General Manager of the Personnel Department

**Aiming to foster a corporate culture that provides job satisfaction and transforming into a company that enables each and every employee to demonstrate their individuality and strengths**



**Shinsuke Fukazawa**  
General Manager of  
Personnel Department  
Wacoal Corp.

The results of the engagement survey conducted in fiscal 2022 showed that loyalty to the Company and affinity for its brands were high, while there was significant dissatisfaction with interorganizational communication and the current evaluation system. The Personnel Department takes these results seriously and has reaffirmed the importance of fostering a culture in which employees can experience personal growth and job satisfaction. In the area of human resources development, we will implement measures to enhance employee career autonomy and increase job satisfaction under the new medium-term management plan. Measures include providing support for personnel in acquiring the business skills necessary to develop new fields, and expanding the Job Challenge and Outside Career Challenge systems, which allow employees to personally request transfers, to increase opportunities for employees to develop their careers on their own initiative. Through these measures, we strive to nurture human resources who can spur innovation. From the perspective of organizational development, the Company will continue to increase the diversity of its human resources while building a highly productive organization with a small but exceptionally skilled workforce. In order to lay the foundation for these efforts, we are planning to begin work as soon as possible on creating new systems and mechanisms for fair evaluation and treatment of employees and for the appointment of leaders who can continue to boost the organization's appeal. To foster an even more supportive corporate culture that encourages employees to step forward on their own initiative, we will transform our corporate culture by increasing the transparency and diversity of our human resources management through measures such as clarifying evaluation criteria and enabling employees to independently develop their careers.

We will also promote initiatives focused on diversity and inclusion. The percentage of women in managerial positions at Wacoal Corp. is 27.3% (as of the fiscal year ended March 31, 2022). We consider it an important management issue to create an organization in which all employees can play an active role regardless of gender or other personal characteristics, in order to reflect diverse values in our decision-making. To establish an environment in which all employees can play a more active role while leveraging their personal strengths and individual characteristics, we are implementing flexible workstyles that suit employees' life plans and values and will continue to support women in building their careers.



### Project to Promote Awareness of the WACOAL Way and the Project to Improve Women's QOL

One of our employee-related material issues is building an organization that can demonstrate great results through co-creation and collaboration, and one of our concrete initiatives to achieve this is fostering an organizational culture in which people from various positions can cooperate and achieve their missions. In April 2022, the Project to Promote Awareness of the WACOAL Way was launched to examine what is required of the Wacoal Group to increase the number of employees who can act with clarity on what the Company should be and its Mission, and a concrete action plan is being formulated. Promoting awareness of the WACOAL Way encourages employees to become more conscious of their role in the Company and instills a sense of responsibility, which in turn leads to improved morale within the Company.

Furthermore, we have identified the "Promotion of co-creation innovation to solve social issues" as a material issue related to society, and one of our concrete initiatives to achieve this is our contribution to women's quality of life through ongoing dialogues with stakeholders. The Project to Improve Women's QOL (quality of life), which was launched in April 2022, is exploring initiatives to improve women's quality of life from a broad range of perspectives, ranging from the revision of employee systems to customer support.

### Health and Productivity Management

One of the material issues set forth in VISION 2030 is the continuous improvement of employees' health and health awareness. Our goal under the newly formulated Wacoal GENKI Project 2025 for promoting health management is to improve the physical and mental well-being of employees, leading to increased productivity and improved employee engagement.

We will continue to promote health maintenance through the ongoing implementation of various countermeasures to address lifestyle diseases, cancer, and mental health while further developing a working environment that enables employees to make self-initiated efforts to improve their health, thereby encouraging changes in behavior and attitudes toward the subject of health improvement itself. We are also stepping up our efforts to address health issues that are specific to women. Furthermore, Wacoal Holdings Corp. has been selected as an Excellent Enterprise of Health & Productivity Management (White 500) for six years in a row since 2017.



### Wacoal GENKI Project 2025

Concrete initiatives		Targets	KPIs		FY2021 (results)
Physical and mental health	Physical health	Improvement in the physical health of employees	1. Percentage of employees at risk of lifestyle diseases	Less than <b>25%</b>	<b>29.0%</b>
			2. Percentage of follow-up examinations taken by employees at high risk	<b>100%</b>	<b>87.6%</b>
	Mental health	Improvement in the mental health of employees	Number of employees absent due to mental health issues × the number of days absent	Fewer than <b>10,000</b>	<b>14,798</b>
			Percentage of employees recording high levels of stress in stress check	Less than <b>5%</b>	<b>7.9%</b>
	Health literacy	Independent employee health management through improved health literacy	Percentage of employees who are able to utilize information to determine plans and actions to improve their health	More than <b>70%</b>	<b>59.5%</b>
	Changes in behavior and attitudes toward health	Changes in behavior and attitudes toward health improvement	Employees practicing positive behaviors in the five categories of diet, exercise, sleep, alcohol consumption, and smoking	To be set by category	—
Women's health	Improvements in health issues specific to women		Percentage of female employees receiving examinations for breast cancer and uterine cancer	<b>100%</b>	Breast cancer <b>90.8%</b> Uterine cancer <b>76.7%</b>
			Increase in the number of employees with an understanding of symptoms specific to women	*	—
			Percentage of employees whose work performance is negatively impacted due to symptoms specific to women	Less than <b>10%</b>	<b>13.5%</b> (Results of the fiscal 2021 survey)
Productivity	Increase in number of employees working with a high level of productivity		Improvement of productivity indices (absenteeism and presenteeism)	Reduce by <b>10%</b>	—
Engagement	Increase in number of enthusiastic employees who proactively carry out their work		Increase in positive responses to employee engagement survey	Increase by <b>10%</b>	—

\* To be set according to the results of the fiscal 2022 survey



# Value Creation Process

The Group will maximize and optimize the various assets that it has developed—including physical, financial, trust-related,\* and organizational assets—and advance medium- to long-term growth strategies to resolve material issues and enhance enterprise value even further. Through rigorous, customer-focused value chain reform as well as the evolution of our value creation process, we will continue bringing products and services that enrich society to the market.

\* Wacoal defines "trust-related assets" as assets that are comparable to human assets or customer assets because they increase or decrease depending on relationships of trust with the Company. Trust-related assets differ from organizational assets, which are entrenched in our organization and are not dependent upon such relationships as employment or business transactions.

## Material Issues

**Customers**

Maximize the value provided to customers

**Employees**

Achieve the growth of each of our employees and establish a highly rewarding organization

**Environment**

Preserve the environment globally for future generations

**Society**

Realize a society in which everyone plays an active role in their own way

**Governance**

Enhance governance toward the realization of sustainable growth

## Management Strategy



Founding Principle Relationships founded in mutual trust



## How Wacoal Works to Create a Sustainable Society

Committing to the enrichment of the lives of people around the world

### MISSION

Help people look and feel their best

Helping people realize their individuality, and their inner beauty, rather than uniform external beauty

Striving to solve various social issues such as the environment and human rights



Output  
value provided through  
our businesses)

Products and  
services that enrich our  
customers' daily lives

Safe, reliable,  
high-quality products  
and services

Maximization of value provided  
and creation of new value

Products and  
services underpinning  
the well-being of our  
customers

Products and  
services that pay  
due respect to the  
environment and  
human rights



## Assets and Competitive Advantages Developed

### Tangible Assets

#### Physical Assets

- Group factories in Japan and overseas
- Appealing sales areas and a rich product lineup

#### Financial Assets

- Abundant capital
- Strong financial foundations

### Intangible Assets

#### Trust-Related Assets

- Extensive and diverse groups of specialists
- Trusted brands and relationships with customers
- Social contribution through businesses
- Favorable business partnerships

#### Organizational Assets

- Abundant physique measurement data and accumulated knowledge of the Human Science Research & Development Center
- Original design and manufacturing technologies and quality control system
- The beauty advisor training system





# VISION 2030

# MEETING EXPECTATIONS





W A C O A L  
I N T E G R A T E D  
R E P O R T  
2 0 2 2

# FULFILLING COMMITMENTS





---

## A Message from the President

---

**We will realize the goals of our medium- to long-term management strategy framework VISION 2030 by embarking upon ambitious new initiatives.**



---

### Hironobu Yasuhara

Representative Director,  
President and CEO  
Wacoal Holdings Corp.

---

#### Review of the Previous Medium-Term Management Plan

---

By transforming society and day-to-day life, the global COVID-19 pandemic significantly affected the wholesale and retail businesses of the Wacoal Group. In response, we positioned the period of the previous medium-term management plan, which ended March 31, 2022, as a phase for

accomplishing structural reform to restore robust profitability. As well as stepping up the pace of business structural reform, we concentrated on continuing to advance our customer experience strategy. Thanks to these efforts, we made significant progress in the advancement of such digital technology strategies as strengthening the e-commerce business and utilizing customer data. Nonetheless, the benefits of the investments accompanying

these strategies were insufficient to support our business performance.

At the same time, changes in the structure of consumption predating the pandemic forced the Group to reform a business model that had once been a strength. Therefore, during the period of the previous plan, we launched new customer services, including the introduction to Japan's market of a new measurement service that uses 3D body scanners.



Originally, we intended to use the period of the previous plan to verify whether our digital technology-based initiatives were producing the benefits envisioned and to refine them as required before embarking upon a new three-year plan. Due to the constraints on store activities that resulted from the pandemic, however, we were unable to fully verify the effects of these initiatives. Overseas, meanwhile, new issues emerged in our e-commerce businesses in China and the United States during the previous two fiscal years. In the period of the new medium-term management plan, we will carefully address such issues that have been carried over from the previous plan.

The reform of subsidiaries and other underperforming businesses is still in progress. Although Peach John Co., Ltd., has successfully transformed into a highly profitable company through structural reform and the growth of e-commerce, the business environments and performances of many subsidiaries remain unfavorable due to the prolonged pandemic. Going forward, we will take a hard look at whether such subsidiaries have the potential to turn earnings around and to perform meaningful roles when the business environment recovers.

Over the past several years, the market has changed dramatically. Even when the pandemic is contained, a return to former patterns of consumer behavior is unlikely. Also, we cannot make clear predictions about how society will change. What is certain, however, is that the market will continue changing. The pandemic heightened Group employees' shared awareness of this ongoing change, which represents an extremely significant shift in mindset. Going forward, we will view market changes as opportunities for self-reform and work to transform into a highly adaptable corporate group.

#### VISION 2030 and Its Road Map

We established VISION 2030, our medium- to long-term management strategy framework, by clarifying our target profile and backcasting from long-term goals. Our 2030 goal is to evolve and grow into a "Global Wacoal" by capitalizing on quality and our

heightened sensibility to provide each customer with physical and emotional beauty and enrichment.

VISION 2030 comprises three main components—a management strategy, material issues, and the Guidelines for the Actions of Officers and Employees—as well as a road map indicating how the Group will realize these components. To heighten the effectiveness of VISION 2030, the road map sets out key performance indicators (KPIs) to be reached by fiscal 2031 and establishes interim targets in three-year increments as milestones on the way to achieving these KPIs.

Simply building on and expanding current businesses will not enable us to reach our fiscal 2031 management targets, namely, sales revenue of ¥270.0 billion and a business profit ratio and ROE of 10.0%. Also, our home market in Japan is experiencing a marked decline in population, and this trend is expected to accelerate after 2030. Therefore, in Japan over the next few years we need to expand our customer base. In other words, we must increase our market share. At the same time, the Wacoal Group must increase the range of products and services it can offer customers, thereby raising the average spending per customer. In addition, we will heighten our growth potential and profitability by strengthening the e-commerce business and by creating new points of contact through ambitious initiatives aimed at capturing growth opportunities in the metaverse market.

Meanwhile, overseas businesses will play an even more important role than domestic businesses in realizing VISION 2030. As markets in countries where we already have a presence, such as the United States, the United Kingdom, China, and other Asian countries, are likely to become larger, we will continue expanding businesses in these markets while ensuring profitability. In addition, we will open up new markets in Europe and India.

In accordance with VISION 2030, "beauty," "comfort," and "health" will be the watchwords as we tackle new business fields with our sights set on the future. An emphasis on these concepts is nothing new for us. We have rededicated ourselves to them because we will create businesses and realize

our new Mission only by focusing management resources on fields in which we are uniquely qualified to provide products and services. Our purpose in society is to contribute to beauty, comfort, and health by developing and increasing a lineup of new products and services supported by the quality and heightened sensibility that differentiate us.

#### Role and Priority Measures of the New Medium-Term Management Plan

The first milestone on the way to the realization of VISION 2030 is the new medium-term management plan, covering fiscal 2023 through fiscal 2025. The role of the new plan is to lay solid foundations for the realization of VISION 2030. In accordance with the plan's core strategies, domestic businesses will shift to a resilient corporate structure, overseas businesses will accelerate global growth, sustainability initiatives will promote efforts that address material issues, and the pursuit of financial targets will generate ROE that exceeds capital cost.

With respect to our domestic business, we must quickly resolve the high-cost structure that has again become apparent amid the pandemic and strengthen our adaptability. We will improve profitability by continuing the cost structure reform measures begun under the previous medium-term management plan, such as the management of personnel plans, and by reforming workstyles and manufacturing structures. Another issue that has been pointed out by investors and other external stakeholders is the weakness of the Wacoal Group's marketing capabilities. In the past, the Group heightened its brand profile through television commercials as well as advertisements in magazines and other mass media. However, as our current strategy for domestic businesses is to build personal relationships with customers, we need to improve our digital advertising capabilities so that we can precisely target particular types of customers while reliably verifying the effectiveness of such targeting. To strengthen our marketing capabilities, we completed the integration of customer data during the previous plan, and we are in the



## A Message from the President

process of establishing capabilities that will enable us to analyze and utilize this data with the aim of increasing customer lifetime value. By effectively utilizing customer data while attracting greater numbers of new customers and fostering customer loyalty, we will grow sales.

Overseas businesses will roll out unique services that integrate offline and online services to differentiate the Wacoal Group from competitors and heighten brand recognition. In conjunction with these initiatives, we will increase profitability through improvement in the profitability of subsidiaries in Asia and Intimates Online, Inc., in the United States.

With regard to production and supply, we expect that the pandemic and heightened geopolitical risks will drive up raw material and transportation costs. In addition, constraints accompanying the pandemic could lead to unavoidable destabilization of our production and supply. Accordingly, we will reorganize our supply system globally to heighten productivity, and we will take measures to stabilize plant operations.

Over the coming three fiscal years, we will steadily advance the core strategies I outlined earlier to achieve concrete results. Aiming for sales revenue of ¥220.0 billion, business income of ¥16.0 billion, and ROE of 6.0% as must-achieve targets, the Wacoal Group will forge ahead in a cohesive effort to achieve a recovery in business performance.

### Enhancement of Management Effectiveness

The most important factor in ensuring that the new plan produces results is reforming the awareness of each Wacoal Group employee. I believe that all officers and employees—from frontline sales personnel through to middle management and the senior management team—must have a strong determination to break away from our current situation as well as a

sense of ownership. However, simply declaring "Let's change our mindset!" does not change people. Changing mindsets requires changes in behavior.

To coincide with the launch of the new plan, we revised the management structure of Wacoal Holdings Corp. to clarify the responsibilities of business managers in Japan and overseas. By clarifying management responsibilities, we will accelerate reforms and increase the effectiveness of management. We are also continuously improving the system for the compensation of officers. Following on from the previous fiscal year's introduction of a transfer-restricted stock compensation plan, we have already revised the ratio of monetary compensation to stock compensation for officers in the current fiscal year. In addition, the newly formulated Guidelines for the Actions of Officers and Employees form one of the three main components of VISION 2030. Prepared by the members of the teams that formulated the Wacoal Group's new Mission and material issues, these guidelines reflect an awareness of what is lacking in the Group at present as well as a desire to change the behavior of each officer and employee.

To increase the effectiveness of the aforementioned guidelines, setting different targets in day-to-day operations and rebuilding the evaluation system are essential. For example, simply changing the focus of performance targets from sales to profit should significantly change the behavior of employees. Such a reform will not only improve the profitability of the Group but also elevate the fundamental level of the workforce's capabilities. Reformed goals and evaluations that change behavior and thereby improve business results will both heighten employee motivation and help revitalize the organization. We have already begun revising the goals for our daily operations, and we will comprehensively advance these initiatives to increase the effectiveness of management.

### Sustainability Initiatives

In April 2022, the Group became a signatory to the United Nations Global Compact, an international framework for the realization of a sustainable society. By adhering to the 10 principles set forth by the compact in the four areas of human rights, labor, the environment, and anti-corruption and continuing to conduct business activities that reflect the expectations of international society, we will help realize a sustainable society and enhance our enterprise value. The expectations of international society and our customers are increasing, particularly with regard to human rights and the environment. Given our corporate social responsibility, we need to strengthen measures aimed at the Groupwide resolution of issues.

Regarding human rights, in April 2022 we revised the Wacoal Group Human Rights Policy to conform with the United Nations Guiding Principles on Business and Human Rights. We have already begun using a management cycle to accurately assess the compliance of and continuously correct and improve the Wacoal Group CSR Procurement Guidelines. Going forward, based on the concept of human rights due diligence that is compliant with the aforementioned principles, we will strengthen measures focused on reducing and preventing adverse impacts on human rights and promoting respect for human rights.

As for the environment, in September 2021 we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures, and we began disclosure based on the recommendations in June 2022. Also, the Sustainability Committee is currently discussing specific processes for reducing greenhouse gas emissions. As interest in sustainability grows, consumers are increasingly seeking





The most important factor in ensuring that the new plan produces results is reforming the awareness of each Wacoal Group employee.

high-quality products that can be used over the long term and products that pay due respect to the environment. Through the provision of high-quality products—one of our fortes—we will advance environment-friendly initiatives in tandem with consumers.

#### The Group Philosophy's New Structure

Last but not least, in conjunction with the announcement of VISION 2030, we have redefined the Group Philosophy, creating the WACOAL Way. As a corporate group advancing sustainability-focused management that addresses social issues while realizing sustainable growth, we needed to establish a new mission in relation to society.

On the other hand, Our Promise, Our Culture, and Our Value have been passed down since the Wacoal Group was founded more than 70 years ago and therefore have always been the touchstones of business management. These elements of the WACOAL Way have been treasured for such a long time because they have a universality

that is not found anywhere else. Accordingly, the new framework positions the existing elements, now Our Promise, Our Culture, and Our Values, as the components of our Founding Principles while separately establishing our new Mission. Together, the new and old elements form the WACOAL Way.

The reputation of the Wacoal Group will depend on its implementation and realization of the new Mission. In other words, whether the new Mission we have set out actually gives customers a sense of real change will be critical. The provision of products and services that help solve the issues faced by each customer and that, as such, earn customer satisfaction is of the utmost importance. Ultimately, the degree to which we achieve this task will converge with our level of business performance. Conducting businesses that do not produce favorable results is merely a form of complacency. I believe that this customer-focused approach to business is the essence of sustainable ESG-driven management.

By ensuring that everyone, from frontline employees through to senior

management, fulfills their roles and responsibilities in respective positions, the Wacoal Group will continue enhancing its enterprise value and achieving sustainable growth as a corporate group that has a clear purpose in society. As we take on fresh challenges, I would like to ask all of our stakeholders for their continued support.

September 2022

Hironobu Yasuhara  
Representative Director,  
President and CEO  
Wacoal Holdings Corp.



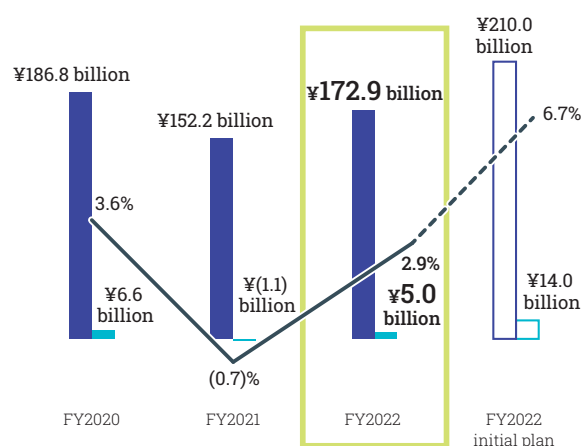
## Review of the Previous Medium-Term Management Plan

During the period of the previous medium-term management plan, which covered fiscal 2020 through fiscal 2022, the Wacoal Group recorded disappointing business results due to the severe impact of the global COVID-19 pandemic. Moreover, in addition to triggering such major changes in the behavior and lifestyles of consumers as the spread of telecommuting and the increased use of various online services, the pandemic has changed the values of consumers and their attitudes toward health. As a result of the Group's inability to fully adapt to these unexpected changes, many tasks have been carried over to the new medium-term management plan.

### Review of Previous Medium-Term Management Plan

#### Consolidated Net Sales / Operating Profit (Loss) / Operating Profit Ratio

■ Net sales ■ Operating profit (loss) — Operating profit ratio



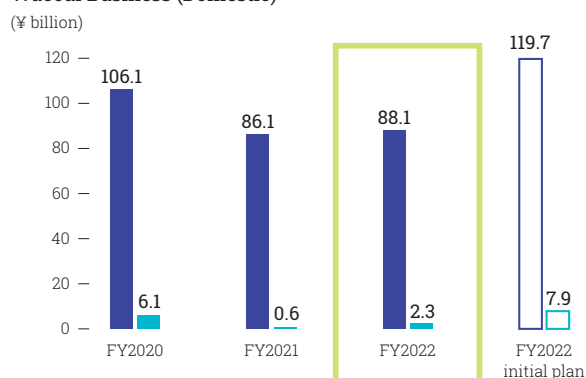
	FY2020	FY2021	FY2022	FY2022 initial plan
Net income attributable to Wacoal Holdings Corp. (¥ billion)	3.5	7.0	4.6	12.0
Return on equity	1.6%	3.3%	2.1%	6.0%
Cash generated (¥ billion) (Net income* + Depreciation cost + Reduction in strategic shareholdings)	27.8	10.8	14.4	3-year 70.0 or more
Reduction in strategic shareholdings (¥ billion) (Book value as of the end of FY2019)	13.6	2.6	3.5	20.0
Dividends per share (yen)	60	40	50	—

\* Estimated in real terms without taking into account impairment losses of intangible assets, securities, or valuation gains and losses

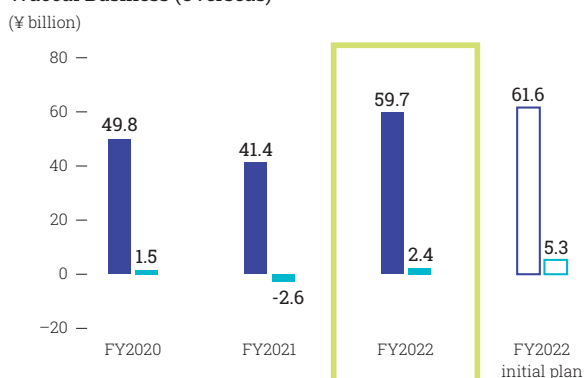
#### Business Results by Segment

■ Net sales ■ Operating profit (loss)

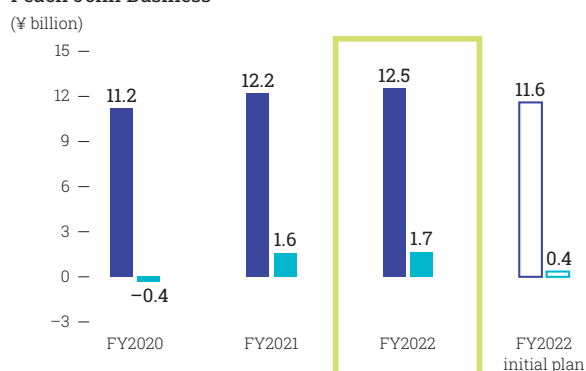
##### Wacoal Business (Domestic)



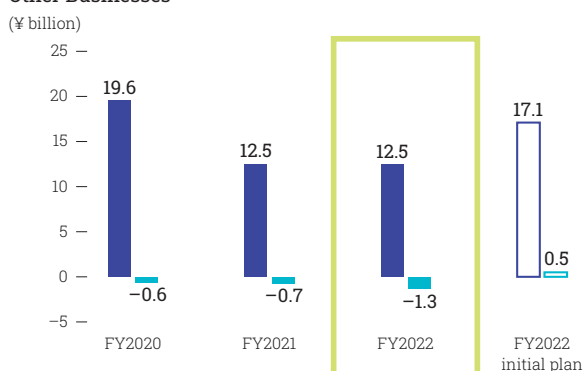
##### Wacoal Business (Overseas)



##### Peach John Business






##### Other Businesses





## Achievements under Previous Medium-Term Management Plan

	Primary Policy 1	Primary Policy 2	Primary Policy 3
Evaluation	<p><b>Show Strong Growth Domestically and Internationally</b></p> 	<p><b>Verify Unprofitable Businesses' Future Potential and Carry Out Structural Reform</b></p> 	<p><b>Strengthen Efforts to Create Social Value</b></p> 
Result and Issues	<p><b>Wacoal Business (Overseas)</b></p> <ul style="list-style-type: none"> <li>Sales in the United States and Europe reached record highs. The e-commerce business, where we have focused our efforts, achieved robust growth.</li> <li>Competition with emerging brands intensified in China.</li> </ul> <p><b>Wacoal Business (Domestic)</b></p> <ul style="list-style-type: none"> <li>Issues related to profit structure and sales channel structure were brought to light by a sluggish performance.</li> </ul>	<p><b>Peach John Business</b></p> <ul style="list-style-type: none"> <li>The company became highly profitable thanks to structural reform.</li> </ul> <p><b>Other Businesses</b></p> <ul style="list-style-type: none"> <li>Workforce rightsizing, plant closures, and other structural reforms were begun. However, the business environment deteriorated due to the impact of the pandemic.</li> <li>Tasks were carried over to the new medium-term management plan.</li> </ul>	<p><b>The Environment</b></p> <ul style="list-style-type: none"> <li>We disclosed medium- to long-term targets for reducing greenhouse gases</li> </ul> <p><b>Society</b></p> <ul style="list-style-type: none"> <li>For CSR procurement, we disclosed everything up to the list of factories to which our major overseas affiliates outsource.</li> </ul>

## Business Issues

<p><b>Domestic Business</b></p> <p><b>Eliminate the rigid high-cost structure and transform into a resilient company</b></p> <ul style="list-style-type: none"> <li>Eliminate rigid high-cost structures that are easily affected by sales revenue trends</li> <li>Acquire new customers via stronger marketing</li> <li>Provide new value to customers and create new businesses</li> <li>Stabilize management within our domestic subsidiaries and verify businesses' ability to continue and decide whether to let them do so or change them</li> </ul>	<p><b>Overseas Business</b></p> <p><b>Further increase profitability and continuous growth, centered on e-commerce</b></p> <ul style="list-style-type: none"> <li>Respond to a lag in the <i>LIVELY</i> brand's growth caused by saturation in the U.S. e-commerce market and targeted advertising regulations</li> <li>Achieve growth in new countries and regions with large potential markets, such as India and Germany</li> <li>Realize the regrowth of e-commerce by heightening brand awareness in China's market and strengthen brand strategy to acquire an expanding population of middle-class customers</li> </ul>
<p><b>Production and Supply System Challenges</b></p> <p><b>Renovate our global supply system to improve productivity</b></p> <ul style="list-style-type: none"> <li>Soften the blows from soaring raw material and shipping costs by making production and shipping operations more efficient</li> <li>Work to stabilize factory operations as COVID-19 spreads</li> <li>Reorganize supply capabilities on a global basis to further enhance productivity</li> </ul>	<p><b>Sustainability</b></p> <p><b>Promote co-creation innovation that solves social issues as opportunities for growth</b></p> <ul style="list-style-type: none"> <li>Convert initiatives for increasingly complex and diverse social issues into opportunities for future growth by promoting innovation based on co-creation</li> <li>Strengthen responses to increasingly severe human rights and environmental issues, such as climate change</li> <li>Strengthen our ability to respond to change by increasing the number of employees that can clearly define and act on the Company's target profile and Mission</li> </ul>

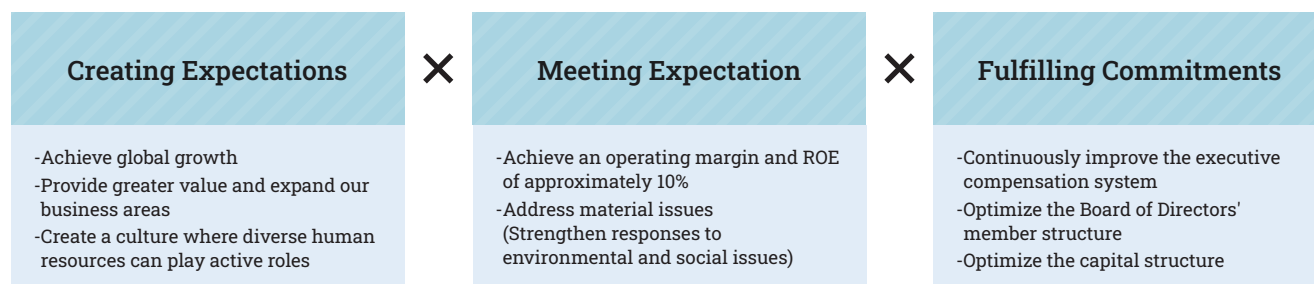


# VISION 2030

## Create New Value from an Innovative Perspective and Achieve Sustainable Growth

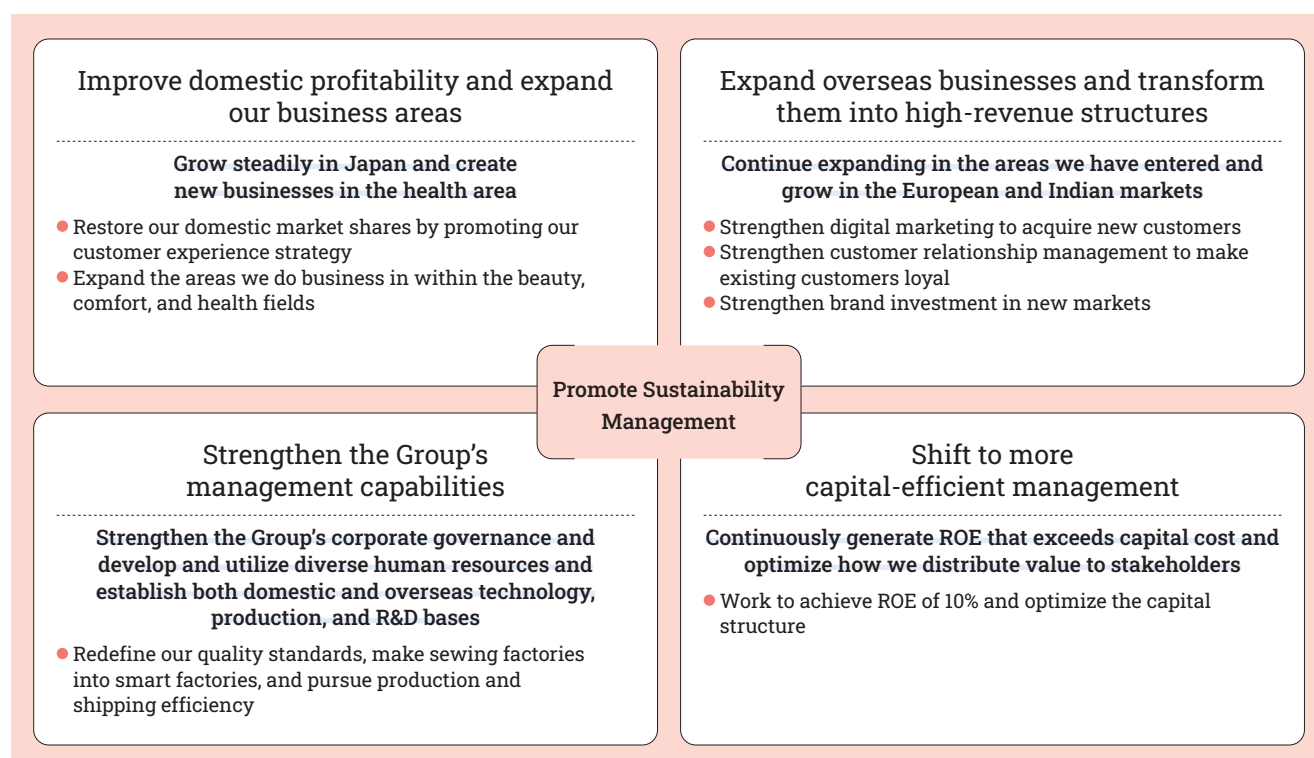
With the aim of putting the WACOAL Way into practice, we have formulated VISION 2030 by backcasting from long-term goals while keeping in mind the issues of our business, customer values, and changes in society and the environment. Based on this vision, our 2030 goal is to evolve and grow into a "Global Wacoal Group" by capitalizing on quality and our heightened sensibility to provide each customer with physical and emotional beauty and enrichment. We will achieve sustained growth and enhance corporate value through the following initiatives.

### Main Goals of Initiatives



### VISION 2030 Management Strategies

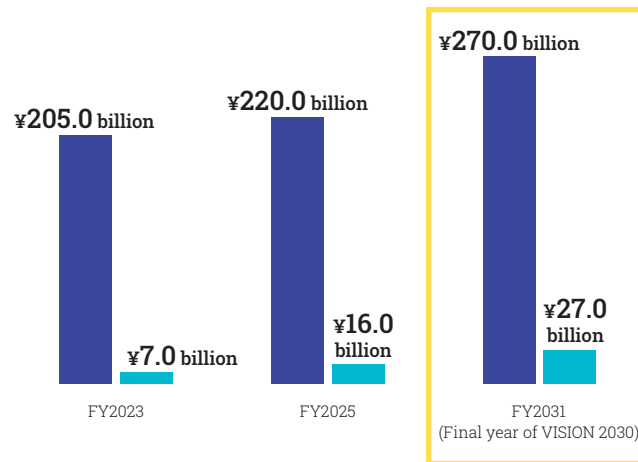
VISION 2030 consists of three elements: a management strategy, material issues, and the Guidelines for the Actions of Officers and Employees. Our management strategy includes four priority strategies: improve domestic profitability and expand our business areas, expand overseas businesses and transform them into highly profitable structures, strengthen the Group's management capabilities, and shift to more capital-efficient management. Through the implementation of these strategies, we will expand our businesses, increase profitability, and strengthen our management foundations. At the same time, we will advance sustainability-driven management that simultaneously addresses social issues and achieves continuous growth.





## VISION 2030 Plan

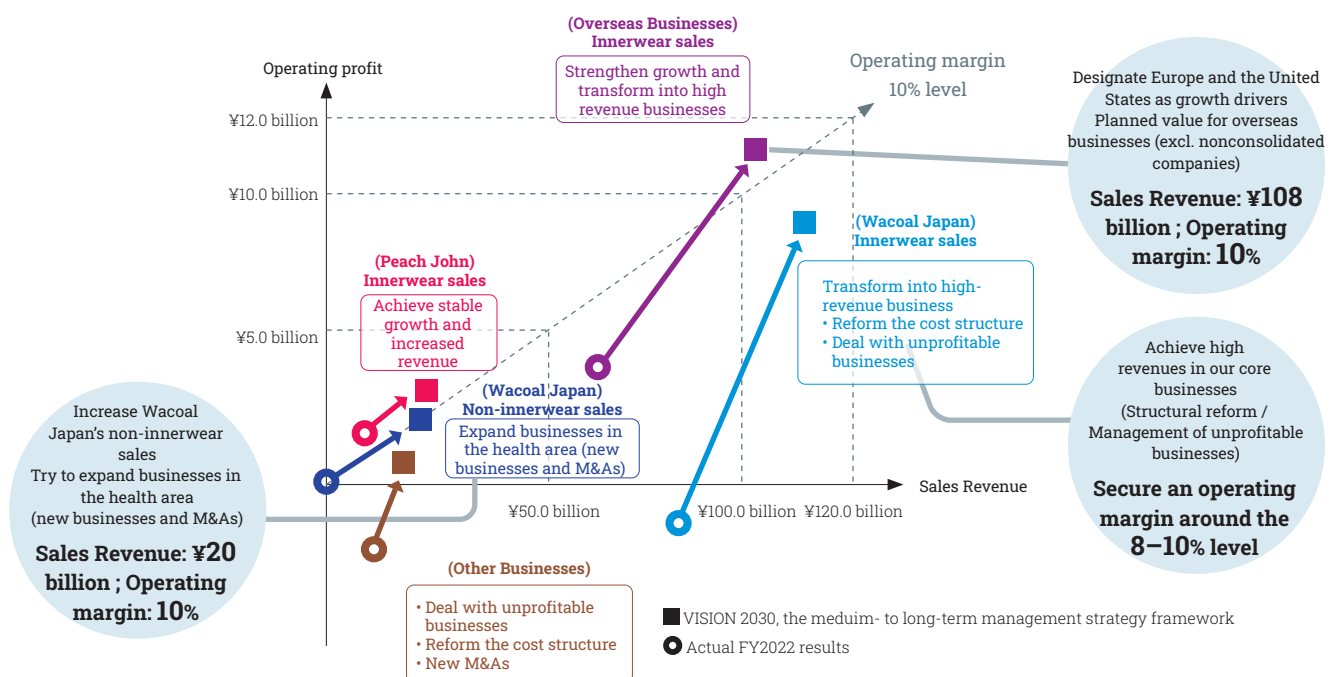
■ Sales Revenue ■ Business Profit



(¥ billion)

	FY2023 plan (First year of medium-term management plan)	FY2025 plan (Final year of medium-term management plan)	FY2031 plan (Final year of VISION 2030)
Sales Revenue	205.0	220.0	270.0
Domestic Business (vs. Sales Revenue)	134.9 65.8%	133.2 60.5%	162.0 60.0%
Overseas Business (vs. Sales Revenue)	70.1 34.2%	86.8 39.5%	108.0 40.0%
(Reference) Sales Revenue including equity-method affiliates	—	—	340.0
Business Profit	7.0	16.0	27.0
Business Profit ratio	3.4%	7.3%	10.0%
Net income attributable to owners of parent	5.5	12.5	21.0
ROE	—	6.0%	10.0%
Shareholders' equity	—	210.0	210.0

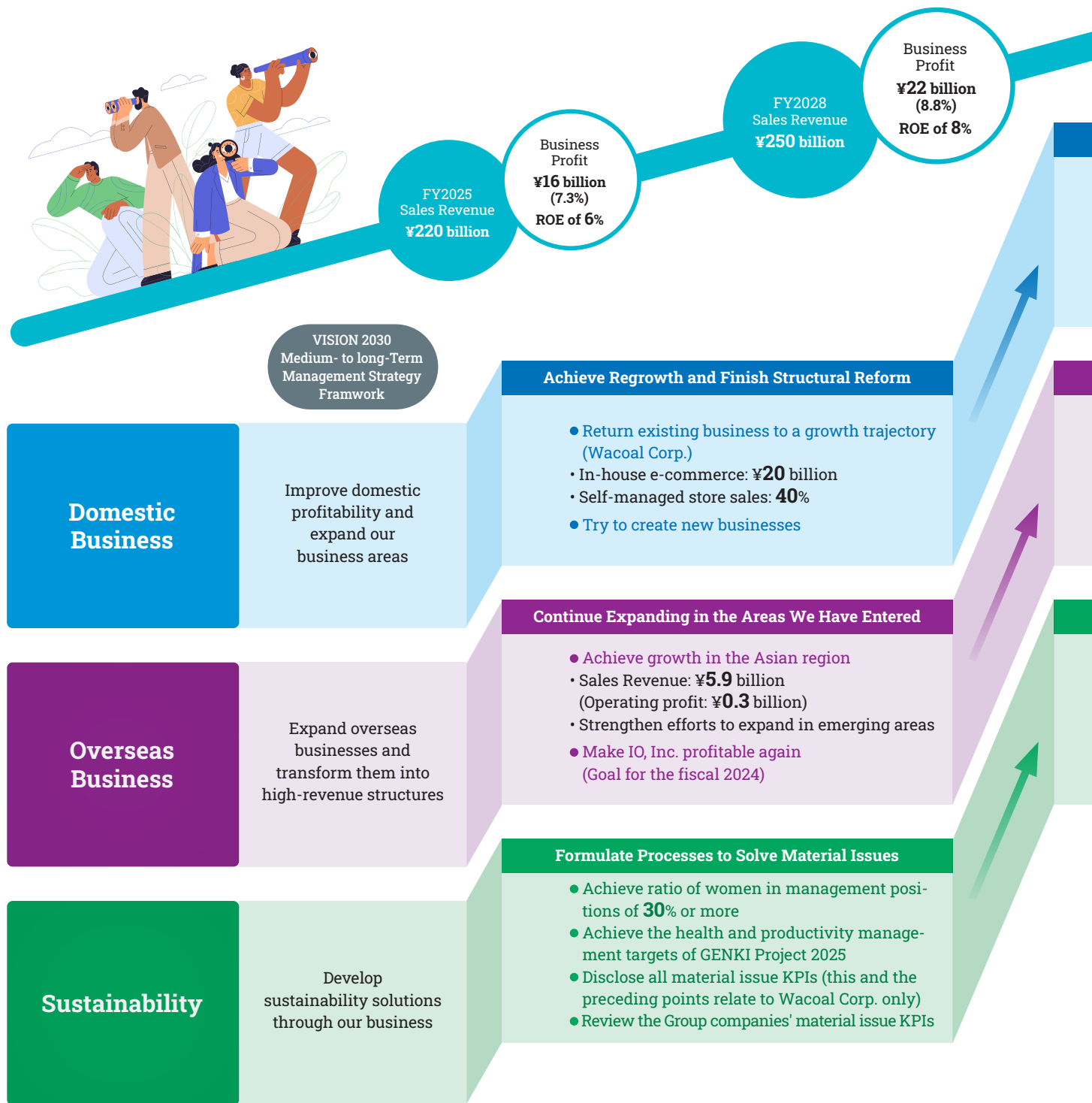
## VISION 2030 Business Portfolio





# VISION 2030

## Road Map





FY2031  
Sales Revenue  
¥270 billion

Business  
Profit  
¥27 billion  
(10%)  
ROE of 10%

#### Create New Businesses in the Health Area

- Return existing business to a growth trajectory (Wacoal Corp.)
- Existing businesses' sales revenue: **¥110 billion**
- Operating margin: **8%**
- Domestic market share **30%** (Approx. 6% growth compared with FY2021)
- Grow new businesses (Sales revenue: ¥20 billion)

#### Grow in the European and Indian Markets

- Achieve growth in overseas businesses
- Sales Revenue: **¥108 billion**  
(¥7 billion in the Indian market,  
¥3 billion in the German market)
- Operating margin: **10%**
- Overseas sales ratio: **40%**

#### Strengthen Efforts Done Together with Stakeholders

- Achieve zero in-house emissions (Domestic offices)
- Use **50%** environment-friendly materials (Wacoal Corp.)
- Achieve zero product waste (Wacoal Corp.)
- Reduce supply chain emissions (Scope 3) by **20%** (Wacoal Business (Domestic))

#### Domestic

Strive to continuously provide greater value and achieve discontinuous growth

- Utilize 3D physique measurement data, R&D results, and employee ideas
- Promote active M&As and collaboration with other companies

#### Overseas

Accelerate Global Growth

- Realize growth in countries where we already have a presence (the United Kingdom, the United States, and China)
- Advance initiatives to achieve widespread brand awareness in India and Continental Europe
- Realize transformation into a high-revenue structure

Evolve and grow into a “Global Wacoal” by capitalizing on quality and our heightened sensibility to provide each customer with physical and emotional beauty and enrichment

### Creating Expectations

- Achieve global growth
- Provide greater value and expand our business areas
- Create a culture where diverse human resources can play active roles



### Meeting Expectations

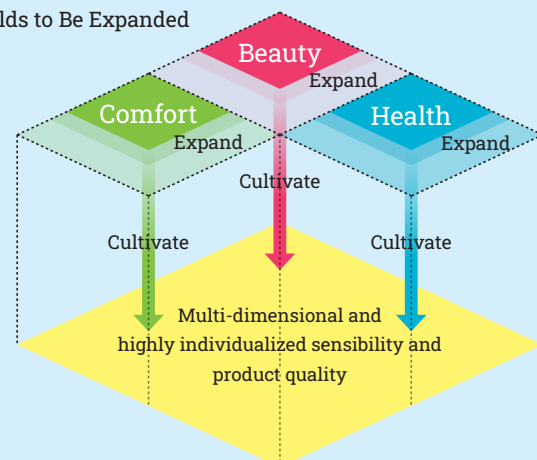
- Have an operating margin and ROE approximately 10%
- Address material issues  
(Strengthen responses to environmental and social issues)



### Fulfilling Commitments

- Continuously improve the executive compensation system
- Optimize the Board of Directors' member structure
- Optimize the capital structure

#### Fields to Be Expanded



We will cultivate and expand the beauty, comfort, and health areas with new products and services backed by quality and our heightened sensibility



## New Medium-Term Management Plan (Fiscal 2023–Fiscal 2025)

The period from fiscal 2023 to fiscal 2025 will be critical for laying foundations that will enable us to realize the goal of VISION 2030, which calls on us to evolve and grow into a “Global Wacoal Group” by capitalizing on quality and our heightened sensibility to provide each customer with physical and emotional beauty and enrichment. As a manufacturer that markets brands globally, we will help enhance the day-to-day lives of many people and transform into a highly profitable entity capable of sustained growth by concentrating on the following initiatives of the medium-term management plan.

### Main Goals of Initiatives



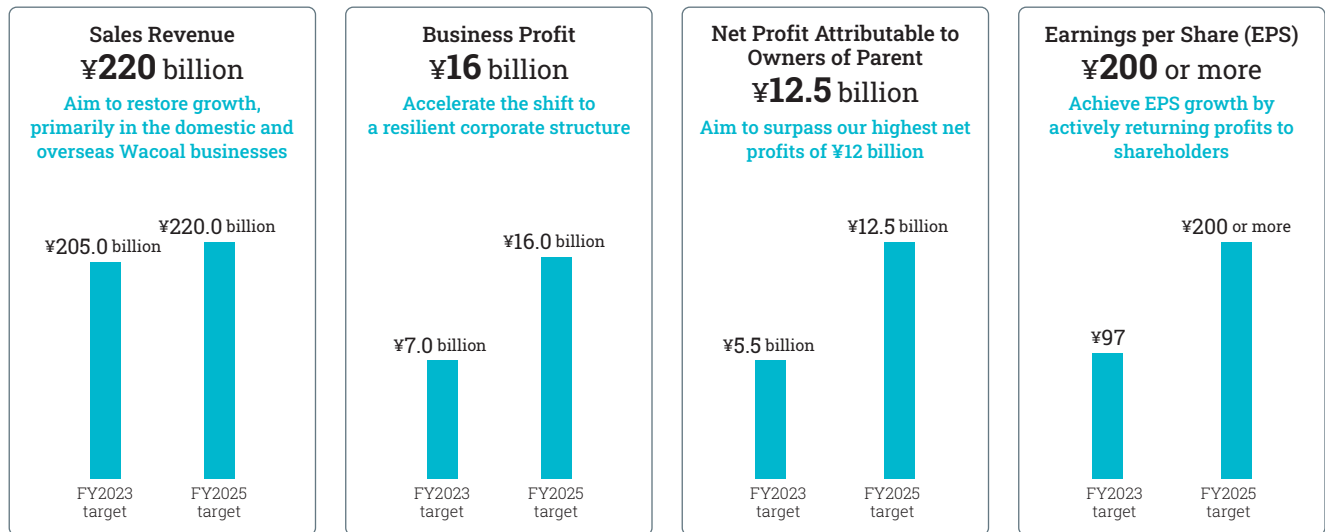
### Core Management Strategies

The domestic business will increase sales and become highly profitable by continuing to move forward with its customer experience strategy and to implement structural reforms. Meanwhile, the overseas business will ensure strong growth by accelerating digital transformation in countries and regions where the Group has a well-established presence while stepping up the development of markets with significant growth potential, such as Germany and India. We also aim to strengthen Group management capabilities. To this end, we will continue efforts to improve the efficiency of production bases, thereby building a system that can adapt to dramatic changes in the business environment. In conjunction with these initiatives, we will continue to strengthen our governance capabilities so that we can steadily advance our growth strategy and achieve targeted results. The Group will also develop and acquire personnel who can create new value. In addition, by shifting to more capital-efficient business management, we will cement our management foundations. Through the aforementioned initiatives, we will advance sustainability-driven management that both tackles social issues and achieves sustained growth.

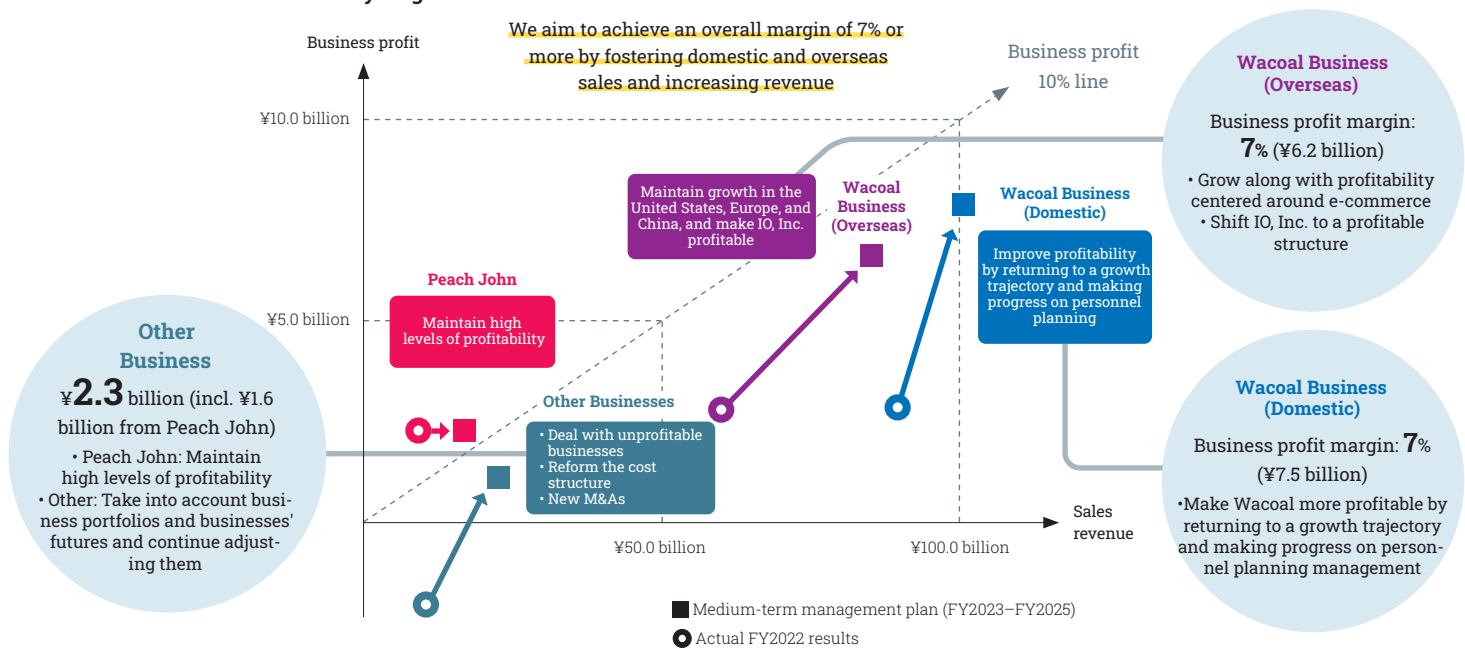
<b>Domestic Businesses</b> Shift to a Resilient Corporate Structure	<b>Wacoal</b> <ul style="list-style-type: none"> <li>Promote customer experience strategy and marketing innovation (Achieve regrowth)</li> <li>Continue reforming the cost structure (Improve profitability)</li> </ul>	 → P52–
	<b>Domestic Subsidiaries</b> <ul style="list-style-type: none"> <li>Deal with unprofitable businesses (Improve profitability)</li> </ul>	–
<b>Overseas Businesses</b> Accelerate Global Growth	<ul style="list-style-type: none"> <li>Increase customer experience value by combining our online and offline operations</li> <li>Acquire new customers via stronger digital marketing</li> <li>Increase loyalty of existing customers by utilizing data and strengthening customer relationship management</li> </ul>	 → P56–
<b>Sustainability</b> Promote Efforts That Address Material Issues	<ul style="list-style-type: none"> <li>Put the WACOAL Way into practice and enhance competitiveness to augment human capital and bolster the organization's capabilities</li> <li>Strengthen responses to increasingly severe human rights and environmental issues</li> <li>Promote innovation based on co-creation to generate social value</li> </ul>	–
<b>Financial Affairs</b> Generate ROE That Exceeds Capital Cost	<ul style="list-style-type: none"> <li>Improve profitability and capital efficiency</li> <li>Increase the transparency of corporate governance</li> <li>Eliminate serious compliance violations</li> </ul>	 → .60–



## Medium-Term Management Plan Targets



## Business Profit Plans by Segment



## Financial Indicators

	FY2023 plan (First year of medium-term management plan)	FY2025 plan (Final year of medium-term management plan)	3-year total
Operating profit	¥6.5 billion	¥16.5 billion	–
ROE	–	6.0%	–
Reduction in strategic shareholdings	–	–	¥10.0 billion or more
Dividends per share	¥80	–	–
Total dividends	–	–	About ¥20.0 billion
Share buybacks (FY2023 implementation)	¥10.0 billion	–	¥10.0 billion
Growth investments or additional returns (Share buybacks)	–	–	¥20.0–¥30.0 billion
Investments in existing businesses	¥6.0 billion–¥7.0 billion	¥6.0 billion–¥7.0 billion	About ¥20.0 billion



**We will advance our customer experience strategy, develop new businesses, and shift to a resilient corporate structure.**



### **Tomoyasu Ito**

Representative Director, Vice President  
and Executive Officer  
Wacoal Holdings Corp.

Representative Director,  
President and CEO  
Wacoal Corp.

### **Three Years That Highlighted Wacoal Corp.'s Issues**

In the final fiscal year of the previous medium-term management plan, which ended March 31, 2022, the Wacoal Business (Domestic) recorded net sales and operating income significantly below target. These regrettable business results reflect the long-term impact of the COVID-19 pandemic, which has changed lifestyles both in Japan and overseas. The extraordinary conditions produced by the pandemic, which could not have been predicted when the previous plan was being formulated, highlighted issues in the business structure of Wacoal Corp., including weak relationships with individual customers, a high-cost structure, and a standard business model based on distribution channels. Going forward, we will deepen relationships with customers through our customer experience strategy and shift to a resilient corporate structure.

Before the pandemic, we recognized some of the aforementioned issues, and we were working on improvements. Nonetheless, the pandemic exposed our weaknesses. On the other hand, one achievement under the previous plan was that we advanced business structural reforms with a sense of urgency because the environmental changes and sense of crisis accompanying the pandemic deepened employees' understanding of existing initiatives, such as our customer experience strategy, cost structure reforms, and a customer-oriented approach to lifetime value and personalization.



### Review of Fiscal 2022

Throughout fiscal 2022, ended March 31, 2022, sales at brick-and-mortar stores were lackluster due to constraints on activities, including the issuance of state of emergency declarations and measures to prevent wide-spread infection. Further, these conditions prompted some business clients to curb their purchasing, thereby delaying the recovery of our sales. Meanwhile, e-commerce net sales were 3.0% above the high sales level of the previous fiscal year, when we captured stay-at-home demand. This year-on-year increase stemmed from the success of activities to communicate with existing customers based on our customer experience strategy. However, we struggled to acquire new customers.

In April 2021, with the aim of flexibly adapting to changes in distribution structures, we shifted from a sales system centered on conventional sales channels to one centered on regions. This reorganization has integrated products, brands, and customer information and advanced our customer experience strategy, which cultivates deeper, broader, and longer relationships with customers, but the new organization has yet to reach its full potential. Issues that we have carried over to the new medium-term management plan include creating points of contact not only with existing customers but also with future users of Wacoal's products and services, ensuring that the new organization functions properly, and developing brand communication that inspires customers.

A new issue that emerged in fiscal 2022 is the fragmentation of supply chains. Until now, we have used a self-contained business model in which all supply chains are in-house, except for fabric manufacturing. This model has enabled the timely delivery of high-quality products to customers. Recently, however, due to the prolonged global pandemic, Vietnam Wacoal Corp., which operates some of our main sewing factories, halted operations for about three months,

delaying the supply of products. These delays made apparent the vulnerability of a business model that used to be a strength. Fiscal 2022 convinced me of the urgent need to review the speed and flexibility of decision-making with respect to such matters as how to use our supply chains organically when a global crisis of this type occurs and, if we cannot use them, how to use external resources. To accelerate decision-making, in April 2022 we changed to a system that empowers executive officers and general managers with high levels of expertise in their fields of responsibility to make decisions on their own authority. By promptly analyzing the causes of issues and implementing countermeasures, we will build a stronger organizational structure.

While reforming the structure of our organization, we have also focused on reforming cost structures, and these efforts are producing results. As a percentage of sales, the optimization of personnel expenses through the management of personnel plans has not reached the target level due to the delayed recovery in sales. On a monetary basis, however, this optimization has progressed largely as planned. I believe that this achievement is attributable to the efforts of individual employees.

### VISION 2030 and a New Mission

In June 2022, the Wacoal Group announced VISION 2030, which is a medium- to long-term management strategy framework, and a new mission. The latter and material issues were mainly formulated by younger employees under the leadership of executive officers. As the owner of the project, I participated in a range of discussions and supported the drafting efforts.

Ultimately, we decided to change the structure of the Group Philosophy for the first time since our founding, thereby defining the new Mission that the Group should fulfill in modern society. Specifically, we repositioned the existing elements of the Group Philosophy—Our Mission, Our Culture,

and Our Value—and reestablished them as Our Promise, Our Culture, and Our Values under the Founding Principles.

The aim of formulating the new Mission is to enhance the capabilities of individuals, increase the power of the whole organization, and, as a consequence, raise the enterprise value of the entire Wacoal Group by aligning and creating a sense of ownership with respect to the goals of the senior management team and those of all Group employees. I want the new Mission to give Wacoal employees working in regions worldwide a renewed sense of having shared aspirations. Going forward, we will focus on ensuring that all employees fully understand the new Mission and fostering a culture in which collaboration aimed at realizing ambitious initiatives is a matter of course.

### Return to Growth and Construction of a Resilient Corporate Structure

Ending in fiscal 2025, the new medium-term management plan covers an important three-year period when we will lay the foundations for realizing the goals set for the Wacoal Business (Domestic) in VISION 2030, which calls on us to improve domestic profitability and expand our business fields. To this end, under the plan the core strategy of the Wacoal Business (Domestic) will be to shift to a resilient corporate structure, and we are determined to once again achieve growth and improve profitability.

In realizing the return to growth, we will continue advancing our customer experience strategy and step up marketing, which we view as a weakness. We will provide customer experience value that reflects diversifying consumer priorities by establishing deeper, broader, and longer relationships with each customer. More specifically, we will enhance store value through the provision of such differentiated services as *3D smart & try*, establish product lineups and develop stores in accordance with regional characteristics, increase the coordination of online and offline operations, strengthen e-commerce through the



## Business Strategy—Wacoal Business (Domestic)

upgrading of websites, and conduct effective marketing by analyzing and utilizing customer data obtained from brick-and-mortar stores and e-commerce platforms.

Further, to increase our brand power and product development capabilities, we have already completed a phase of brand consolidation and put in place a system that concentrates on the nine core brands. As I mentioned, we face issues related to brand marketing and communication. Therefore, we will steadily address these issues and develop robust brands that are in step with changes in customer values and consumer behavior.

Beginning from the current fiscal year, we are reorganizing sections under the umbrella of the Marketing Management Division, with the aim of bolstering marketing functions and promoting our customer experience strategy—areas in which the department will be responsible for advancing initiatives. At the same time, we will actively develop new products that embody respective brand stories and match the sensibilities of customers.

To increase enterprise value over the medium to long term, we will also pursue three types of new business development. The first type will explore new business formats through research at the Human Science Research & Development Center and through industry–academia collaborations. We have already begun working on the development of these types of businesses, and in the areas of beauty, comfort, and health we expect to be able to demonstrate the results of these efforts by next spring. Second, we will develop new business fields by extending the applications of 3D body scanners. While continuing to develop Wacoal products and services that utilize the measurement data from 3D body scanners, we will take on the challenge of creating new businesses through collaborations with other companies. The third type of business

development will be led by the Future Business Development Department, which we have established to solicit and commercialize in-house business ideas. The new department has already collected some highly feasible proposals. Moreover, we have launched new projects that bring together personnel from completely different departments who have proposed similar ideas. Although they have not yet resulted in commercial products, these initiatives are making tangible progress and promise to produce benefits going forward. I am confident that these three types of business development will further enhance customer experience value by fostering relationships with customers based on completely new points of contact.

In conjunction with the aforementioned efforts, we will improve profitability by continuing the steady reform of cost structures through management of personnel plans and other measures.

### A More Adaptable Organization

In an era of volatility, uncertainty, complexity, and ambiguity, the Wacoal Group must realize the forward-looking evolution of its corporate culture in order to continue providing the value expected by customers as well as succeed both in addressing social issues and advancing businesses. We recognize that diversity is the key to generating and giving concrete form to ideas that create new value. A good example is the *3D smart & try* measurement service enabled by 3D body scanners. A solution to customers' issues was arrived at through discussion and collaboration that included external stakeholders, and which transcended the boundaries separating the divisions that are engaged in human science research, planning, and sales. Diversity was also of critical importance in realizing the service. If we adopt this multifaceted approach when

considering the management of store operations and the issue of area marketing, I believe that we will be able to identify solutions. New ideas will emerge if we can change from the personnel of a single department considering what measures to take for a particular store to considering from a variety of perspectives the presence and roles of stores in a particular area. In other words, the aim of our reorganization is to share information across divisional boundaries and promote the creation of new value by incorporating diverse perspectives. Another important factor is time awareness. We want to evolve into an organization that is more focused on what, when, and how measures should be taken as well as the time frames within which results have to be produced.

Group personnel are still in the habit of trying to come up with answers within divisions, and customer issues are becoming more complex and varied. In resolving such issues and achieving results, personnel must be able to establish interdivisional collaborations and find other willing participants. With this in mind, we are committed to actively fostering leaders who combine curiosity with consideration. At the same time, we will focus on creating a nonhierarchical organization that enables many different personnel to participate in the resolving of issues.

The three years of the new medium-term management plan will be extremely important, not only in relation to achieving VISION 2030 but also in terms of meeting the high expectations of Wacoal's stakeholders. Without slackening the pace of reforms, all employees will make a concerted effort to build a resilient corporate structure that heightens the effectiveness of initiatives and returns the Wacoal Group to a growth trajectory.



## Customer Experience Strategy

## We will capitalize on digital technologies to build deeper, broader, and longer relationships with customers.

To achieve further growth, Wacoal Corp. is developing and advancing a customer experience strategy, which increases lifetime value by utilizing digital technologies to build deeper, broader, and longer relationships between customers and Wacoal Corp.

In fiscal 2022, we completed the integration of customer data that had been held separately by respective sales channels. As a result, we now have a more accurate understanding than ever before of customer psychology and behavior as they pertain to which customers find value in which *Wacoal* products, brands, and services as well as where purchases are made. Moreover, we can now provide information on our products, brands, and services based on the characteristics of each individual customer.

By utilizing the aforementioned customer data and digital technologies, we are reconstructing our entire value chain—from product development through to sales—from the customer's perspective, thereby enhancing customer experience value and our relationships with our customers. In this way, we will increase lifetime value by attracting new customers and heightening the loyalty of existing customers.

### Initiatives to Build a Customer-Focused Value Chain

#### Sales (Brick-and-Mortar Stores and Websites)

##### Advancing an area strategy

Promoting brand deployment and sales channel development according to customer characteristics in each region

##### Enhancing store value

Stepping up the rollout of *3D smart & try* and *Ava.Counseling Parler* (avatar-enabled counseling)

##### Strengthening e-commerce

Utilizing customer data to bolster the linkage of e-commerce with stores and enhancing the convenience of websites and apps

#### Research and Development

##### Developing products that meet current customer needs

Designing products that effectively appeal to customer psychology and changes therein

##### Creating highly functional and personalized products based on customer data

Developing products and services that utilize purchasing and measurement data

##### Advancing research and development that results in the provision of new value to customers

Developing products and services that exceed customer expectations

#### Marketing

**Moving forward with the building of a customer-focused value chain**  
Increasing coordination throughout the value chain to enable analysis and utilization of customer data

##### Distributing personalized information to customers

Providing information corresponding to the needs and characteristics of individual customers

##### Realizing a cross-brand and cross-sales channel marketing strategy

Strengthening our brand marketing strategy that laterally spans the organization

#### Product Planning and Production

##### Cultivating core brands

Fostering brands that effectively appeal to customer psychology and to which customers become strongly attached

##### Optimizing product mixes based on customer data

Forming brand portfolios and product mixes that reflect diversifying customer needs

##### Planning and manufacturing products that provide new value to customers

Providing products that exceed customer expectations

### Key Performance Indicators of the Customer Experience Strategy

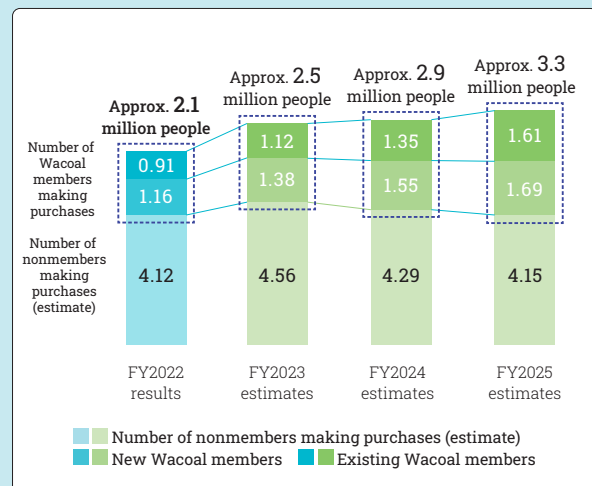
Based on the above, we have set out key performance indicators so that we can better track our progress in advancing our customer experience strategy. These indicators include the number of Wacoal members, the number of Wacoal members making purchases, and sales to Wacoal members (customer data that is derived from statistics on trends among Wacoal members); self-managed sales as a percentage of sales; and the number of app downloads, which strengthen e-commerce and relationships with customers.

	FY2022 results	FY2023 estimates	FY2024 estimates	FY2025 estimates
Wacoal sales (incl. internal sales)	¥82.8 billion	¥104.4 billion	¥108.0 billion	¥110.0 billion
Self-managed sales (in-store + in-house e-commerce)	¥34.0 billion 41.0%	¥41.0 billion 39.3%	¥45.0 billion 41.7%	¥51.0 billion 46.3%
Self-managed sales (in-house e-commerce only)* Ratio to sales	¥11.0 billion 13.3%	¥14.0 billion 13.4%	¥17.5 billion 16.2%	¥23.0 billion 20.9%
Sales to members (based on retail prices)	¥34.3 billion	¥44.8 billion	¥53.2 billion	¥62.3 billion
Wacoal members (number of registered members)	7.35 million people	8.40 million people	9.40 million people	10.30 million people
Wacoal members (who have made purchases in the last 5 years)	4.40 million people	5.10 million people	5.80 million people	6.60 million people
Number of members making purchases Ratio to Wacoal members	2.10 million people 28.6%	2.50 million people 29.8%	2.90 million people 30.9%	3.30 million people 32.0%
Number of WACOAL CARNET (app) downloads	2.00 million	3.00 million	4.00 million	5.00 million

\* Mail-order catalog sales included

### Targets for the Numbers of Wacoal Members Making Purchases during the Period of the New Medium-Term Management Plan

(Unit: Million people)





### Acceleration of strategies aimed at customer experience enhancement together with further strengthening of the e-commerce business will drive the Wacoal Group's growth.



---

**Masaaki Yajima**

Director, Executive Corporate Officer  
and Head of Global Operations Div.  
Wacoal Holdings Corp.

---

#### Fiscal 2022 Performance Evaluation

---

Although the COVID-19 pandemic affected the Wacoal Business (Overseas) in fiscal 2022, ended March 31, 2022, due to the easing of restrictions on activities Wacoal Europe Ltd. and Wacoal America, Inc., recorded significant recoveries in the sales of e-commerce platforms and brick-and-mortar stores. Consequently, the business posted net sales and operating income that surpassed pre-pandemic levels to set new records. Further, in Asia, excluding China, progress

in improving profitability outweighed the pandemic's impact, resulting in businesses narrowing their deficits or realizing profitability.

Meanwhile, U.S. subsidiary Intimates Online, Inc., saw its deficit increase due to a deterioration in the efficiency of the *LIVELY* brand's marketing, attributable to a hike in social networking service advertising expenses and regulatory restrictions on targeted advertising. As for businesses in China, profit declined because the e-commerce business struggled amid intensified competition with emerging brands. Thus, our

businesses in both the United States and China face issues that need to be addressed.

---

#### Fiscal 2022 Achievements and Future Strategies

---

Partly reflecting efforts begun before the pandemic to strengthen the e-commerce business throughout the Group's overseas businesses, in-house and external e-commerce net sales are steadily rising in the United States and Europe. Further, in Southeast Asia—where the percentage of net sales accounted for by e-commerce net sales



has been low—this percentage is steadily rising thanks to the Global Division's drive to introduce a common e-commerce platform across Asia. I believe that e-commerce will be the key to growth in the region going forward.

Based on an overriding customer experience strategy, we will accelerate growth globally by enhancing customer experience value through the combination of online and offline operations, by acquiring new customers through increased digital marketing, and by earning the loyalty of existing customers through the utilization of data and the reinforcement customer relationship management.

#### United States

Wacoal America maintained high sales levels at both brick-and-mortar and e-commerce stores due to a recovery in consumption accompanying the resumption of economic activities and a pickup in brick-and-mortar store visits. At the same time, the subsidiary augmented core systems with a view to further growing e-commerce. For example, we invested in the development of the *mybraFit*<sup>™</sup> digital measurement application and the introduction of a logistics system for the delivery of individual items. We will leverage these investments to grow profits from the current fiscal year onward. Although still in the red due to a reduction in the cost-effectiveness of advertising that is stemming from regulatory restrictions on targeted advertising, Intimates Online will return to profitability by strengthening management collaboration with the Group through Wacoal America and rapidly establishing alternative advertising and promotion methods. Moving Intimates Online into the black by fiscal 2024 is a mission that must be accomplished.

Another task is adaptation to logistics disruptions and rising costs. Since the second half of fiscal 2022, transportation costs and raw material costs have continued to rise, and the pressure on profits is becoming a serious problem. As they have been unable to absorb these cost increases solely through improvements in production and logistics operations, Wacoal

America and Intimates Online have already raised prices. We will continue to carefully monitor cost hikes and take additional countermeasures as required.

#### Europe

With the easing of pandemic-related restrictions, Wacoal Europe achieved a V-shaped recovery and secured an operating margin above 10.0%. The subsidiary has long had an operational structure suited to achieving high levels of profitability. As well as continuing products (mainstay products accounting for around 70.0% of its product lineup, Wacoal Europe uses a business model that does not deploy in-store sales personnel. Another factor contributing to the significant recovery has been an increasing trend toward body positivity\* and the accompanying growth in demand for products in larger sizes—a category in which Wacoal Europe has particular competence.

Wacoal Europe will achieve growth by introducing the *3D smart & try* body scanner system to the United Kingdom and offering customer experience value that seamlessly integrates online and off line services. Further, we will consider introducing these integrated services to France and other European countries. As for Germany's market, where we anticipate scope for growth, we will launch our own e-commerce website, and in advancing measures to open up this market we will keep M&As in mind as an option. My impression is that all age groups in Europe are very interested in finding the types and sizes of innerwear best suited to their own physiques. With this in mind, I believe the introduction of *3D smart & try* provides an opportunity to elevate brand value and appeal among customers of all ages.

\* A social movement that advocates shifting from a society that expects women to conform to certain physical standards, even if achieving this can be harmful, to a society in which diversity in appearance is viewed positively and women feel more confident in their physiques

#### China

In China's e-commerce market, which for us has been the driver of the

country's overall market, we are continuing to struggle due to intensified competition with emerging brands and a decline in our positioning. In a large-scale sale on Singles' Day, November 11, the combined sales of Wacoal and four other major innerwear manufacturers were less than the sales of one emerging manufacturer. I view this disappointing performance as a major sign of being unable to keep up with changes in the market.

To achieve a turnaround in e-commerce sales, we will tap demand by advancing a new strategy for products that reflects the characteristics of e-commerce customers. As well as regular advertising, we will also actively incorporate live commerce that utilizes key opinion leaders, also known as influencers. Tmall currently accounts for approximately 90.0% of our sales through third-party e-commerce websites. However, we will increase sales through other e-commerce websites by coordinating with Jingdong and WeChat.

With respect to brick-and-mortar stores, as personnel expenses associated with beauty advisors account for about 20.0% of personnel expenses, reforming this high-cost structure is an urgent task. Accordingly, we will explore ways of heightening the efficiency of store management. Also, we will pursue growth by supplementing our operations in department stores through the increased development of directly managed stores, which operate in malls and other locations.

#### Asia

Partly due to the COVID-19 pandemic, the business results of our subsidiaries in Asia were unfavorable. Moreover, business development in the region has been primarily focused on brick-and-mortar stores. The consequent delay in developing e-commerce exacerbated lackluster performances.

In accordance with the new medium-term management plan, we will increase sales revenue and improve profitability by reorganizing sales capabilities to reflect the characteristics of each market, by expanding e-commerce, and by enhancing the efficiency of businesses. With the aim of improving business efficiency, in



## Business Strategy—Wacoal Business (Overseas)

April 2022 we established an organization in Singapore to oversee sales in Asia. This new organization will lead efforts to improve business efficiency throughout Asia by providing management support to each subsidiary in the region and promoting the formulation and implementation of common measures.

With regard to the delay in developing e-commerce, the development of an e-commerce platform that can be used by all subsidiaries was completed during the previous medium-term management plan. Subsidiaries in Malaysia and other countries have already begun using the platform. Going forward, we will expedite sales growth through the introduction of the e-commerce platform to other subsidiaries as well as through the standardization of products offered in the region.

### Medium- to Long-Term Growth Strategies

Based on VISION 2030, which was announced in June 2022, we will position the European and U.S. markets as growth drivers; realize sustained growth in Europe, the United States, and China; open up new markets; and establish high-profit structures in all regions. Through these strategies, we aim to achieve sales revenue of ¥108.0 billion and an operating margin of 10.0% by fiscal 2031.

In existing markets, we will primarily grow by accelerating digital transformation. Through stepped-up marketing that capitalizes on digital technologies, we will heighten brand recognition and attract more new customers. In addition, the Wacoal Group will earn the loyalty of existing customers by using customer data to strengthen customer relationship management, thereby increasing the lifetime value of customers in each country and region. For the overseas business as a whole, the numerical target is to increase e-commerce sales revenue to 50.0% of sales revenue.

Among new markets, we will focus efforts on India and Germany because

we view them as markets with a great deal of potential for sales growth. By fiscal 2031, we expect to realize sales revenue of roughly ¥7.0 billion in India and about ¥3.0 billion in Germany.

The purchasing power of India's wealthy is likely to increase even further, and the country's market is expected to expand even further. On the other hand, as tariffs are extremely high, our price competitiveness is weak in India. Therefore, we are exploring ways of raising the domestic procurement percentage to 25.0%, which would mitigate this issue. We will move forward at a rapid pace with our sights set on realizing sales revenue of ¥7.0 billion, which is a key performance indicator set in VISION 2030.

In Germany, as I mentioned, we will develop the country's market while establishing and advancing in-house e-commerce. At the same time, we will actively consider M&As with partners that offer opportunities to expand in business fields beyond those of Wacoal Europe, such as products targeting Generation Z customers and services dedicated to e-commerce.

### Role of the Global Division

Thorough localization is a differentiating feature as well as the greatest strength of the Wacoal Group's overseas businesses. We have achieved growth by having local employees lead the development and marketing of products optimally suited to the customers living in each country and region. Meanwhile, the Global Division has been responsible for sharing information on the products and sales promotion methods developed by respective overseas subsidiaries.

Going forward, the division will play an increasingly important role in supplementing the weaknesses of overseas subsidiaries and thereby facilitating expansion of e-commerce businesses and promotion of the customer experience strategy. Also, the division's role is not only to connect markets but also to propose new business models for growth. As Japan's consumer market continues to shrink

amid rapid population decline, the Wacoal Group must make the Wacoal Business (Overseas) a growth driver. To win out in rapidly changing overseas markets, making timely decisions and translating them into action will be essential. For this reason, we clarified the chain of command and expedited decision-making by transferring the management of the Global Division from Wacoal Corp. to Wacoal Holdings Corp. in April 2022.

### Value Provided by a "Global Wacoal"

In the current fiscal year, we established a new common global corporate message: "Comfortable inside. Confident outside." This corporate message expresses our desire to enrich lives around the world; help customers achieve self-realization that is free from uniform assumptions about external beauty; and address social, environmental, and human rights issues. To both remain needed by and realize a mission aligned with the expectations of modern society, the Wacoal Group will embark upon a cohesive, global initiative to advance sustainability-focused management and thereby enhance enterprise value. By ensuring that its employees worldwide are fully aware of this new corporate message, the Wacoal Group, including the Wacoal Business (Overseas), will make a concerted effort to increase the pace of initiatives aimed at further growth. Through these initiatives, and in accordance with the vision of our founder Koichi Tsukamoto, we will realize a "Global Wacoal."



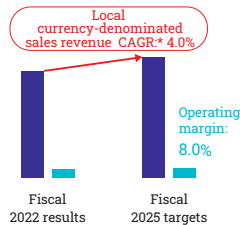
■ Net Sales ■ Business Income

## Wacoal America, Inc.

(Wacoal International Corp.)

Sales Revenue (Fiscal 2022)

**¥21.1 billion**  
(including internal sales)



### Priority Strategies

In recent years, the U.S. women's innerwear market has seen a significant shift in customer sentiment due to such trends as body positivity. In addition, the transition to e-commerce has advanced apace due to the COVID-19 pandemic. Against this backdrop, Wacoal America, Inc., swiftly recovered from the impact of the pandemic thanks to the success of an early focus on in-house e-commerce and stable customer endorsements of the value offered by the company's brands, namely, high quality and a perfect fit.

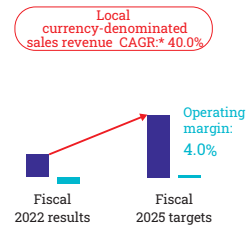
The new medium-term management plan calls for e-commerce-led growth through aggressive investment in digital marketing. We have already made progress in this regard, including the introduction of a digital fitting app. Going forward, we will achieve profitable growth by improving the convenience of our website even further and developing and strengthening logistics capabilities.

## Intimates Online, Inc.

(Wacoal International Corp.)

Sales Revenue (Fiscal 2022)

**¥4.5 billion**  
(including internal sales)



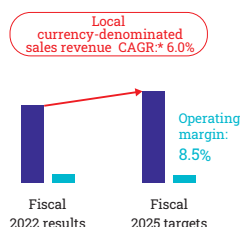
### Priority Strategies

Intimates Online, Inc., is engaged in developing *LIVELY* brand operations. After joining the Wacoal Group in July 2019, despite the pandemic, the company grew vigorously as a result of active investment in advertisements on social networking services. Since fiscal 2022, however, the company's performance has temporarily leveled off prior to its next growth phase. This lull reflects the decelerating growth of the in-house e-commerce business, attributable to the lower marketing efficiency that has resulted from soaring advertising costs and stricter digital privacy restrictions. Given that turning around the current situation will take some time, in the first quarter of fiscal 2023 we decided to switch from an aggressive investment strategy to one that, for a certain period, will give priority to enhancing profitability. By coordinating with Wacoal America to enhance management efficiency and by utilizing highly cost effective sales promotion methods, we will improve profitability as soon as possible.

## Wacoal Europe Ltd.

Sales Revenue (Fiscal 2022)

**¥16.3 billion**



### Priority Strategies

Although large overall, the women's innerwear market in Europe is characterized by a lack of major companies, with respective companies only accounting for relatively small market shares. Also, the pandemic has rapidly increased the pace of a transition from brick-and-mortar stores to e-commerce platforms. In this environment, Wacoal Europe will take advantage of in-house e-commerce and *3D smart & try* to advance a customer experience strategy. By introducing this 3D measurement service to Europe—where customers rarely measure their physiques—Wacoal Europe will heighten brand recognition and customer experience value, thereby achieving sales growth while maintaining the current high profit levels. At the same time, we will seek growth through the opening up of Germany's market and other markets with significant potential for growth.

## Wacoal China Co., Ltd.

Sales Revenue (Fiscal 2022)

**¥11.7 billion**  
(IFRS-based calculation for year ended March 31, 2022)



### Priority Strategies

In China, the women's innerwear market continues to see strong growth as the country's middle-income population expands. Particularly in the fast-growing e-commerce market, brands from emerging countries are increasing their presence with affordable products and powerful marketing. In this environment, Wacoal China Co., Ltd., is bolstering rollouts of brands and products that reflect the attributes of its customers and sales channels. While continuing to increase the development of high-value-added products as one of our advantages, we will strengthen coordination between online and offline operations and enhance customer relationship management to attract new customers and heighten the loyalty of existing customers. As for e-commerce, which continues to struggle due to emerging brands, we will achieve renewed growth and reach our targets by implementing a new strategy for products that is focused on customer characteristics.

\* Compound annual growth rate



# We will implement rigorous measures to transform into a highly profitable company and forge ahead with the generation of ROE that exceeds the capital cost.

### Review of the Previous Medium-Term Management Plan

During the previous medium-term management plan, which covered fiscal 2020 through fiscal 2022, our business results were disappointing and fell short of many numerical targets that were key performance indicators, such as net sales, operating margin, and ROE targets. We failed to reach targets primarily because the COVID-19 pandemic affected our operations across the board. Moreover, the failure of the Wacoal Business (Domestic) to sufficiently adapt to the environmental changes caused by the pandemic was especially regrettable and an outcome from which we need to learn lessons.

Particularly in fiscal 2022, as a consequence of being unable to fully adapt to changes in customer values and consumption behavior, Wacoal Corp. recorded operating losses for the second consecutive fiscal year. By contrast, in the United States and Europe, store visits recovered as restrictions on activities eased, and in Japan, Peach John Co., Ltd., surpassed its pre-pandemic net sales and operating income levels by offering products that resonated with consumers and by creating buzz through marketing initiatives. With a view to strengthening relationships with customers and catering flexibly to changes in purchasing behavior, Wacoal Corp. shifted the overall orientation of its organization from sales channels to sales regions in April 2021. Although we have made some progress in integrating customer bases and realizing reciprocal customer referrals between sales channels, the most pressing task is to expedite the establishment of capabilities that deliver the products customers want, when and where they want them, regardless of whether



**Akira Miyagi**

Director, Vice President,  
Executive Officer and CFO  
Wacoal Holdings Corp.

the sales channel in question is a department store, general merchandise store, directly managed store, or an e-commerce website.

### Progress of Profit Structure Reform

The Wacoal Group is progressing as planned with profit structure reform,

which is aimed at transforming into a resilient corporate group through cost reductions of ¥10.0 billion during fiscal 2023. Among the main profit structure reform initiatives, the first entails reducing expenses at Wacoal Corp., which met cost targets set for fiscal 2022 by strengthening cost control and by curbing personnel



expenses through the management of personnel plans.

The second initiative involves reorganizing and reforming the structures of underperforming businesses.

Thanks to structural reforms and e-commerce growth, Peach John has become highly profitable. Other domestic subsidiaries, meanwhile, did not improve their profitability in accordance with the previous medium-term management plan due to deterioration in the business environment. Nonetheless, respective subsidiaries have changed their cost structures by reforming operations through workforce reorganization and plant closures. As a result, these subsidiaries will be able to generate profits when the business environment improves to a certain extent. Beginning from the current fiscal year, we will continue improving profitability by reorganizing our businesses in light of their future prospects and our business portfolio.

Our third profit structure reform initiative is improving the sales margin by steadily reducing the number of brands and stock keeping units. However, we must closely monitor inflationary and exchange rate trends as well as other cost-increasing factors that have emerged recently but were not anticipated when preparing the structural reforms.

#### **VISION 2030 and the New Medium-Term Management Plan**

VISION 2030, a medium- to long-term management strategy framework, calls on the Wacoal Group to achieve sales revenue of ¥270.0 billion, an business profit ratio of 10.0%, and ROE of 10.0% by fiscal 2031. Further, in our new three-year medium-term management plan, we have established the achievement of sales revenue of ¥220.0 billion, an business profit ratio of 7.3%, and ROE of 6.0% by fiscal 2025 as milestones on the way to realization of the vision.

During the period of the new plan, we will lay the foundations for realizing VISION 2030 by launching an all-out effort to transform ourselves into a highly profitable company. Specifically, we will focus on restoring Wacoal Corp. to growth and profitability, leveraging e-commerce to expand

overseas businesses, moving U.S. subsidiary Intimates Online, Inc., into the black, and improving the profitability of other businesses.

Among these measures, restoring Wacoal Corp. to growth and profitability is of particular importance. With the aim of achieving renewed growth, the company will take advantage of the new functions of its organization, which has been revamped to enhance responsiveness to changes in customers and markets. At the same time, the company will advance its original customer experience strategy, using digital technologies to innovate store services and link online and offline operations. We expect that the investments in IT systems and logistics facilities made as part of our customer experience strategy during the previous plan will contribute to sales revenue during the period of the new plan, and we will continue investing in future growth. Over the past three fiscal years, we have responded to sluggish sales by controlling costs to keep marketing costs down. However, strengthening our brand power and customer communications calls for stepped-up marketing investment. Even amid the COVID-19 pandemic, Peach John achieved significant growth by bringing products that reflected consumer needs to market and conducting trend-conscious customer communications. One conclusion to be drawn from this outstanding performance is that Peach John's marketing savvy has yet to spread throughout the Wacoal Group.

To return to profitability, we will continue advancing cost structure reforms, including the management of personnel plans. Specifically, we will reduce total personnel expenses as a percentage of net sales from fiscal 2022's 33.6% to 25.0% or lower by fiscal 2025. Although at first glance this may seem an ambitious target, the percentage is more than achievable if viewed based on the level of sales revenue prior to the pandemic. As well as thoroughly revising duties to lower employee numbers and to optimally deploy employees, we are seconding some employees to other companies. The aim of secondments is not simply to reduce employee numbers but rather

to provide employees with useful opportunities to hone their skills and gain experience working at other companies.

In the medium to long term, while stabilizing the profit structures of existing businesses, we plan to venture into new business fields in Japan and expand our businesses overseas in countries and regions that we have not yet entered in earnest, such as India and Germany. Naturally, while supporting growth through the use of M&As and other means as required, we will also steadily progress toward the realization of VISION 2030.

#### **Capital Policy**

Initially, our capital policy under the previous medium-term management plan was to maintain a sound balance sheet, enhance shareholder returns, and improve ROE. However, in reaction to the COVID-19 pandemic, we gave first priority to securing liquidity on hand and stabilizing our financial base. Accordingly, we borrowed ¥40.0 billion, suspended the purchasing of treasury stock, and lowered year-end dividends. In addition, by securing cash inflows from gains on the sale of strategic shareholdings and sales of real estate, we were able to maintain a three-year total payout ratio of more than 100.0%, even while investing in the acquisition of U.S. subsidiary Intimates Online and the establishment of e-commerce distribution centers. However, ROE remained low.

Under the new plan, we will concentrate on increasing profitability and enhancing asset and capital efficiency. Improving profit margins is essential to the achievement of higher ROE. As profit margins are expected to steadily recover, we will enhance capital efficiency through such measures as providing shareholder returns. Also, by fiscal 2025 we will generate ROE that exceeds the cost of capital—a premise for the creation of enterprise value.

Guidelines for the financial strategies set out in the new medium-term management plan are as follows. First, as in the previous medium-term management plan, we will continue actively reducing strategic shareholdings. Further, our medium- to



## Financial Strategy

long-term benchmark for strategic shareholdings is 15.0% of net assets or less. With respect to shareholder returns, as we did during the previous plan, we hope to maintain a three-year total payout ratio of 100.0%. Also, we will flexibly purchase treasury stock to improve capital efficiency. In the absence of appropriate growth investments, we will provide additional returns to further improve capital efficiency.

Our approach to cash allocation during the period of the new medium-term management plan will be as shown in the chart at the bottom of page 63. Specifically, we plan the allocation of cash flows generated by business activities and asset efficiency improvement and of cash generated by the effective utilization of borrowings to existing investments, growth investments, and shareholder returns. As for growth investments, we will invest in

IT and digital technologies to promote our customer experience strategy, and we will explore opportunities to invest in new businesses. As well as planning to pay total dividends of ¥20.0 billion over a period of three years, in May 2022 we announced that we intend to purchase treasury stock of ¥10.0 billion in fiscal 2023. In addition, plans call for growth investments of between ¥20.0 billion and ¥30.0 billion in new businesses. As mentioned above, however, if there are no suitable investment candidates, we will provide additional returns to improve capital efficiency.

### Enhancement of Enterprise Value through ESG Initiatives

In enhancing enterprise value, environmental, social, and governance (ESG) initiatives are of course also important. For the Wacoal Group, ESG-related growth opportunities include

such initiatives as the advancement of CSR-focused procurement, the reduction of waste, and the marketing of products that meet the needs of many different customers. Further, the establishment of traceable supply chains and other ESG-focused narratives that underpin and differentiate brands and products will be an important factor in increasing market shares and revenues.

In addition to promoting the aforementioned ESG initiatives, we must gain public recognition of them to effectively increase enterprise value. With this in mind, through customer services at stores, marketing activities, and investor relations efforts, we will proactively inform customers, consumers, shareholders, and investors about our advancement of ESG initiatives, thereby heightening trust. From a financial perspective, such communication activities will also curb the

## Financial Policies during the Medium-Term Management Plan (Fiscal 2023–Fiscal 2025)

### Primary Management Policies

Work on becoming more profitable as our highest priority and also aim to boost our ROE by improving both asset and capital efficiency

Prioritize investment in future growth and actively return profits to shareholders to improve our capital efficiency

#### ROE

**6.0%**

- Generate ROE that exceeds capital cost
- Work on becoming more profitable and aim to boost our ROE by improving both asset and capital efficiency

#### Reduce strategic shareholdings by

**¥10 billion or more**

- Continue actively reducing strategic shareholdings
- Aim for strategic shareholdings to make up 15% or less of our net assets in the medium to long term

#### Shareholders' equity

**¥210 billion**

- Continue investing in growth and improving profitability and capital efficiency in order to boost our ROE
- Consider utilizing interest-bearing debt from the viewpoint of improving our corporate value

#### Improve the 3-year cumulative total return ratio to get to

**100% or more**

- Pay out stable dividends at approx. a 50% or higher payout ratio
- Flexibly buy back shares to improve capital efficiency



volatility of our share price. This will lower capital costs, contributing to enterprise value growth over the medium to long term.

#### Responsibilities as CFO

In the current fiscal year, we launched our new medium-term management plan. Especially with respect to the domestic business, we are very much aware that this will be a year of competition for survival. While doing everything in our power to cater to customers and markets so that we get back on a growth trajectory, we will rigorously tackle the issues left over from the previous plan.

Allow me to reiterate that, in terms of capital policy, we will utilize cash flows generated and procured through business activities, better asset efficiency, and financing for existing investments, growth investments, the

purchase of treasury stock, and the provision of other shareholder returns with the aims of growing businesses, improving capital efficiency, and increasing ROE.

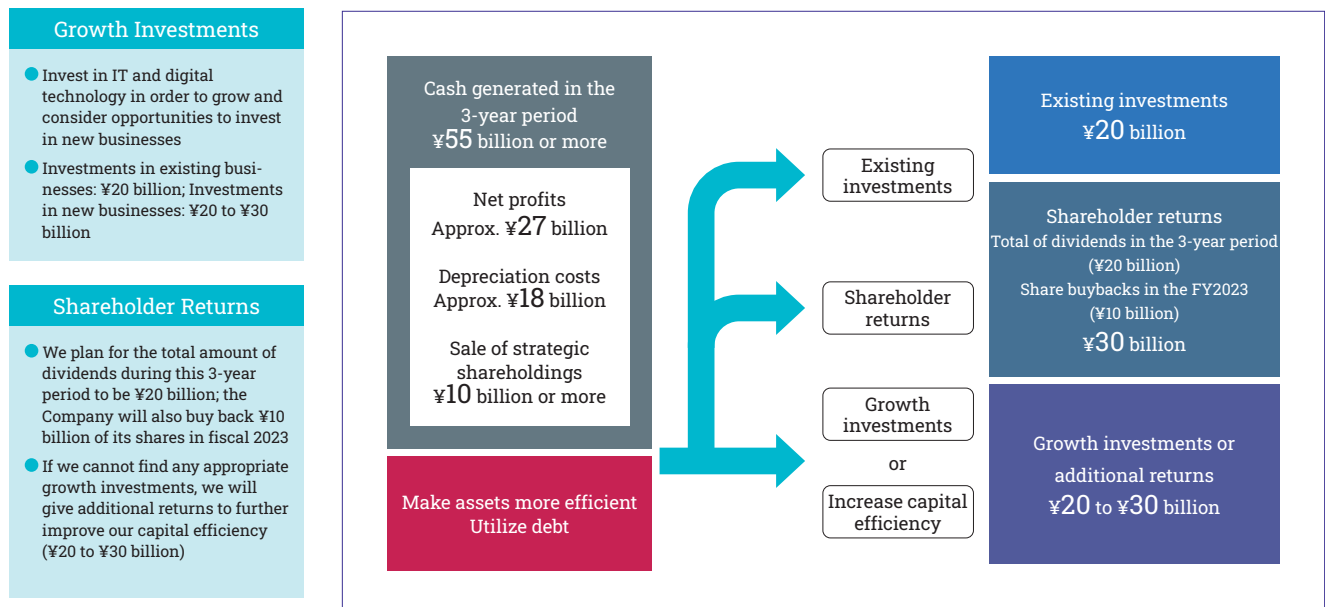
Since the early 2000s, the Company's price book-value ratio (PBR) has averaged below 1.0 times. As CFO, the most important key performance indicator that I have set for myself is to restore the slumping PBR to a level above 1.0 times as soon as possible by heightening the Group's profitability and capital efficiency.

Further, in formulating VISION 2030, the Group's governance-related material issues were identified as the implementation of highly transparent management, the strengthening of the risk management system, and the continuous improvement of profitability and capital efficiency. Accordingly, we will continuously strengthen Groupwide governance to address

these material issues, thereby bolstering the foundations of the organization and facilitating sustained growth. In addition, with a view to enhancing the effectiveness of the Board of Directors, we will continue reforming the system for the compensation of officers and optimizing the composition of the Board of Directors in terms of ensuring expertise, independence, and diversity.

Although the business environment is expected to remain challenging, we will fully engage with our stakeholders and make appropriate forward-looking decisions so that we can advance decisively toward realizing the goals of the new medium-term management plan and VISION 2030.

#### Plan for Investments and Shareholder Returns (Fiscal 2023–Fiscal 2025)



#### Initiatives to Improve Management Effectiveness

Push for Group Management and Make the Group More Capable

- Establish a highly effective business management system in order to achieve our medium- to long-term targets
- Start reviewing the compensation system to make the Board of Directors more effective



---

## A Discussion among Three External Officers

# Reforms Essential for the Realization of VISION 2030

---

The Wacoal Group has reached a major turning point. We have established a new business management structure and formulated a medium- to long-term management strategy framework and a medium-term management plan. Recently, three external officers discussed the challenges that the Group must overcome to realize its vision, the key points for putting the WACOAL Way into practice, and the roles external officers must perform to increase the effectiveness of business management.



**Tsunehiko Iwai**  
External Director



**Madoka Mayuzumi**  
External Director



**Minoru Shimada**  
External Audit &  
Supervisory Board Member



### More Female Officers Urgently Required

**Mayuzumi:** Based on my own experience and attributes, I see my role as to enhance corporate value over the medium to long term by providing opinions from the three perspectives of culture, women, and consumers. In particular, as an external director I endeavor to be ever aware of the perspective of women, who make up the majority of stakeholders, to view matters from both inside and outside the Group, and to "step on the brakes" when needed. For example, the Group is currently focusing efforts on the *3D smart & try* automated measurement service, which collects customer data from 1.5 million points in the space of five seconds. Given the nature of this data, thoroughgoing information security measures are essential. Further, I also try to raise issues that may be difficult for men to fully appreciate, such as health issues unique to women and the particular problems women have experienced during the pandemic.

I also wonder if the final decisions of a women's underwear manufacturer can be properly made solely by those who do not wear the products. At present, I am the only female officer on the Board of Directors, but there should be more female in-house officers on the Board, an issue that I have been pointing out for some time.

**Shimada:** When I mention the subject on the executive side, the response is: "We would like to appoint more female officers, but it will take another three or four years." But this is not the case at all. We must promote women now. In fact, I know of some very talented women in the Group. Of course, ability in frontline operations is different from management aptitude, but that goes for men too. As is often remarked, the position creates the person. If a person is appointed at an early stage to the position of general manager, they will grow beyond expectations. Wacoal Corp. currently aims to increase the percentage of female managers from 27.0% to 30.0% or more. However, ensuring that 50.0% of managerial positions and 30.0% of executive positions are

occupied by women would be more appropriate targets to pursue.

**Mayuzumi:** The lack of female role models within the Group makes fostering female in-house officers challenging. To avoid the appointment of token female officers, I think we need to decisively appoint a fixed number of women to the Board of Directors from the very outset. At the same time, we should introduce additional measures, such as career breaks and sabbatical leave, which are becoming common among companies in Europe. The Wacoal Group must proactively take the lead in closing Japan's gender gap, which languishes at around 120th place in the world rankings, and advance initiatives that are progressive enough to attract media attention.

**Iwai:** I completely agree. This issue needs to be discussed more deeply at meetings of the Board of Directors.

### External versus In-House Logic

**Iwai:** Along with Mr. Shimada, I was appointed at the Ordinary General Meeting of Shareholders held in June 2018. My previous position was at a cosmetics manufacturer, which, like

Wacoal, is a manufacturer focused on women's beauty. Partly because that position included responsibility for technology, my understanding is that in my capacity as an external director I am expected to provide opinions on the technical and quality-related aspects of manufacturing as well as opinions on compliance. Therefore, I never hesitate to speak up on these and other matters at Board meetings. I believe that this is how a board of directors should be. The Wacoal Group also has a corporate culture that allows such uninhibited discussions.

Of the two "gas" and "brake" functions of management, I place particular emphasis on the former. I try to support the executive side by providing advice on how best to move forward.

**Shimada:** Although an external Audit & Supervisory Board member, I am involved in activities that are beyond the scope of a corporate auditor in the narrow sense of the term. For example, I also participate in two committees in which you both participate: the Executive Nomination Advisory and Executive Compensation Advisory committees. Although I am an observer, in reality I express frank opinions in the same way as other members do.

Wacoal needs to advance  
progressive initiatives and  
proactively take the lead in  
closing Japan's significant  
gender gap.





## A Discussion among Three External Officers

I originally worked in the banking industry, and subsequently, I also served as the president of an operating company for a number of years. As a result of this background, I try to examine the Wacoal Group's management from the perspective of a business manager. In other words, I am more focused on my role as an external officer than as a corporate auditor. As is the case in the banking industry, if you spend a long time in the same environment, you inevitably become steeped in the common sense of that environment. With the passage of time, Wacoal's perception of common sense and that of society are diverging. I think one of our roles as external officers is to draw attention to such divergences.

**Iwai:** I have been told that the discussions at meetings of Wacoal Holdings' Board of Directors have become much livelier since Mr. Shimada and I joined them. What is important, however, is the degree to which such discussions are incorporated into daily operations. Our statements at Board meetings will be meaningless if in-house logic continues to hold sway in frontline operations.

**Shimada:** I would like to call for a further change in mindset on the part of in-house officers. Although discussions at Board meetings have become livelier, they have yet to become in-depth deliberations on the issues we raise. There is a tendency to try to smooth over certain agenda items. I believe Board meetings should be a venue for spirited debate that stems from the participation of members who have a variety of standpoints.

**Iwai:** Several years ago, my former company underwent a major transformation when it appointed a president from outside. Looking at the Wacoal Group today, my impression is that it resembles my old company on the eve of reform. They have absolute confidence in their manufacturing, and a part of them believes that since the Group makes such good products, there can be no reason for them not to sell well. But this is not an era in which products can be sold without brand marketing. Believing that a product will sell because it is good is an outmoded and complacent attitude.

Related to this point, I am concerned that there is a lack of discussion on manufacturing at Board

meetings. For example, if a new brand is to be launched, there ought to be frank exchanges of opinions at Board meetings regarding the brand story. Such discussions will also enhance brand marketing.

**Mayuzumi:** Unfortunately, the Board did not have an opportunity to discuss the development process of the new high-end brand *Yue*, which debuted in the 2021 fall–winter season. As Mr. Iwai said, precisely because of the issues with Wacoal's brand marketing capabilities, brand-related matters should be discussed in more depth.

### Beginning of Reform: Will the Mountain Move?

**Iwai:** The Wacoal Group's current situation is truly reflected in the numbers. While Europe and the United States are growing, Japan and China are struggling. I see the issues in China as being related to temporary factors such as lockdowns. Aside from China, the problem is Japan. Whenever I make this point, the answer is that the issues in Japan are attributable to lower demand resulting from a declining population, but business results prove otherwise. Despite being in the same country and in the same business environment, Wacoal Corp. has recorded operating losses for two consecutive fiscal years, while Peach John Co., Ltd., has posted high levels of operating profit.

Peach John has a fabless business model that is not vertically integrated. While outsourcing manufacturing, the company competes in the arena of ideas by focusing on such areas as planning, marketing, and advertising. Analysis of the company's stunning success clearly demonstrates the importance of brand marketing. Regrettably, despite having the example of Peach John near at hand, Wacoal Corp. has not made progress in transforming its marketing.

Wacoal Corp. also needs to rethink its approach to quality control. While adhering to a system that demands 100% perfection is admirable, the



All that remains to be seen is how far employees can reform their own behavior with a view to realizing the new Mission. I believe that everything depends on this.



company should examine whether this approach is incurring extra costs. I think the time has come to rebuild the quality control system so that it meets the needs of the times. This reconstruction should include greater flexibility in the management of acceptable quality levels.

**Mayuzumi:** I would like to point out two medium- to long-term issues.

First, as a company providing products intrinsically related to the human body, I would like to see an emphasis on human physicality. In the current digital age, metaverses and other virtual worlds are attracting the limelight. On the other hand, the value of flesh-and-blood experiences and reality will never disappear. In fact, the importance of such experience may, paradoxically, come to the fore. To put it another way, fusions of the digital and the real are possible. With this in mind, I have high expectations of the physique-focused research that the Human Science Research & Development Center is conducting in collaboration with other companies.

The second issue relates to environmental, social, and governance imperatives, especially environmental and social initiatives. The Group should accelerate initiatives focused on ethical consumption, fair trade, organic products, and local production for local consumption, and I would like to see the Group actively tell the outside world about such initiatives. Wacoal Group is focusing on socially responsible procurement activities that involve working with contract manufacturers to improve their working environments. Last year, the Group began disclosing a list of its major overseas contract manufacturers. The Group is also promoting traceability in its procurement activities. However, the public is hardly aware of such activities. This is related to another of Wacoal's problems, namely that it is not adept at communication.

**Shimada:** At Board meetings and other forums I have made three main recommendations. First, the Company needs to produce specific management

indicators that satisfy investors and meet their expectations. Second, the Company should present a growth strategy aimed at advancing scrap-and-build measures in loss-making divisions and maximizing the use of human, material, and financial resources. My third recommendation is for structural reform of business management that entails clarifying management responsibility, strengthening global management centered on Wacoal Holdings, and appointing female officers. The appointment of qualified outside and inside officers to further enhance the effectiveness of governance is also essential.

To quite a large degree, these recommendations have been reflected in the recently formulated VISION 2030. I commend the transfer of the Global Division to Wacoal Holdings, the establishment of the Sustainability Committee, and the formulation of the Guidelines for the Actions of Officers and Employees. The question is how to ensure that everyone puts their heart and soul into these new systems and guidelines going forward, rather than their establishment marking the end of the matter.

Carly Fiorina, an American businesswoman, famously said, "Preserve the best, reinvent the rest." This mantra calls on us to maintain the best traditions while boldly changing those that are out of step with the times. I fear that Wacoal Group officers and employees may lack a sense of crisis in this regard. The Group has been comfortable with its high shareholders' equity ratio, and net sales have remained at around the ¥200.0 billion mark for a long time. Such low growth is unacceptable for a listed company, and in the coming era steady decline is surely awaiting the Group if it continues to follow precedent and affirm the status quo. To put into practice founder Koichi Tsukamoto's vision of aiming to become a "Global Wacoal," the Group must undergo root-and-branch self-reform.

Our duty as external officers is to encourage an awareness of the need for reform among members of the senior management team. However,

only in-house managers can inculcate an awareness of the need for reform throughout the organization and ensure that the Group's 20,000 employees own the reform. I hope that the Group steadily advances reform and changes mindsets while reporting on the progress of these efforts to external officers.

**Iwai:** Three years ago, when the previous medium-term management plan was formulated, net sales of ¥300.0 billion and an operating margin and ROE above 10.0% were established as targets for fiscal 2028. However, the word "vision" was not used at all, nor was any specific process established. Subsequently, I emphasized that the previous plan did not convey a clear message at all. In this context, I think that VISION 2030 has certain merits.

In relation to the clarification of management responsibility mentioned by Mr. Shimada earlier, I think that the clear delineation of the responsibilities of the president and CEO (Group CEO), Hironobu Yasuhara, as well as the responsibilities of three directors, namely, the vice president and executive officer, Tomoyasu Ito; the vice president, executive officer, and CFO Akira Miyagi; and the executive corporate officer, Masaaki Yajima, is extremely significant. Also, the establishment of the titles CEO and CFO is the first step toward a "Global Wacoal." I hope that these three directors will work hard together and lead the Wacoal Group.

**Shimada:** Despite having a very conservative personnel policy, the bank that I used to work for recently made an unexpected appointment to the position of president, which attracted a lot of attention because such an appointment would have been unthinkable not long ago. This appointment illustrates that the banking industry feels itself to be on the edge of a precipice. I hope that the Wacoal Group's senior management team shares this sense of crisis and promotes women and mid-career hires to officer positions.



## A Discussion among Three External Officers

**Mayuzumi:** I have been observing the Wacoal Group for eight years since I became an advisor. Frankly, my impression is that the Group is conservative, as evidenced by the fact that I have been the only female director for a long time. Such conservatism is not necessarily a bad thing; however, the Group has reached a point where it must change. As a result of the amendment of Japan's Corporate Governance Code, Mr. Iwai and Mr. Shimada have joined the Board of Directors, which has increased the liveliness of discussions. I sense that the Wacoal Group is finally beginning to change.

### Organizational Reform through Internalization of the WACOAL Way and Middle-Up-Down Management

**Iwai:** Recently, the Group defined its new Mission and updated the WACOAL Way. I was involved in the formulation of the new Mission as an advisor and offered a range of advice.

The Wacoal Group has a history stretching back more than 70 years. While inheriting corporate DNA that has been part of the organization since its founding, the Group must establish a new iteration of this legacy in lively modern language. Without a new expression of its fundamental commitments, the Group will not be able to move forward as a corporate group. All that remains to be seen now is how far employees can reform their own

behavior with a view to realizing the new Mission. I believe that everything depends on this.

**Shimada:** Since such goals and commitments are inevitably abstract, the key to embedding them in the organization lies with the Guidelines for the Actions of Officers and Employees, which were prepared in conjunction with the restructuring of the WACOAL Way. I would like officers and general managers to repeatedly discuss with their subordinates what must be done now based on these guidelines. Rather than simply saying, "Here are the behavior guidelines," thorough discussion and reinforcement are necessary. Such real communication is sure to foster leaders who will spearhead reform.

**Mayuzumi:** Ensuring that the WACOAL Way becomes ingrained in employees and permeates the entire organization is important. The philosophy's position at the core of operations will enable employees to quickly assess situations and act in accordance with the philosophy, almost without being aware of it. This is the degree to which the philosophy must penetrate the organization and become internalized by employees.

Such inculcation also relates to risk management. Responding to each risk based on separate rules would be an endless task. In other words, unless risk management is driven by

principles rather than rules, risks will not be reduced and organizational reform will not progress.

There is a famous study that focuses on the "kata" routines of thought and behavior practiced at one of Japan's flagship automakers. Such routines are the essence of Japanese culture and can only be mastered through repetition. I would like the Wacoal Group, as a Kyoto-based manufacturer, to set an example by taking the lead in developing kata routines.

**Shimada:** I think the two projects established under the Sustainability Committee are particularly meaningful. The first of these is the Project to Promote Awareness of the WACOAL Way. The middle managers participating in this project will rigorously incorporate the new Mission and behavior guidelines throughout the organization while seeking reform by placing pressure on the senior management team from below. If this middle-up-down management takes root, the Wacoal Group is sure to change.

The other significant project is the Project to Improve Women's QOL (quality of life). Both projects should actively include personnel who put themselves forward and express a desire to be part of the projects. As the QOL project is tasked with enhancing the status and roles of women in society, women sympathetic to these goals should be selected as participants.

**Iwai:** I agree with you entirely. After all, 90.0% of Wacoal Corp. employees are women.

**Shimada:** To paraphrase a female character in a television drama upon encountering the glass ceiling, I think setting 50.0% as a target for female managers would be a good idea. Alternatively, the Group could aim to have women account for 30.0% of officers as soon as possible.

**Mayuzumi:** Whether for the position of CEO or other officer positions, the Group should make it possible to "skip a





grade." Without such a level of commitment, I do not think the Group can say to society, "We have changed."

#### Enhancement of the Wacoal Group's Enterprise Value

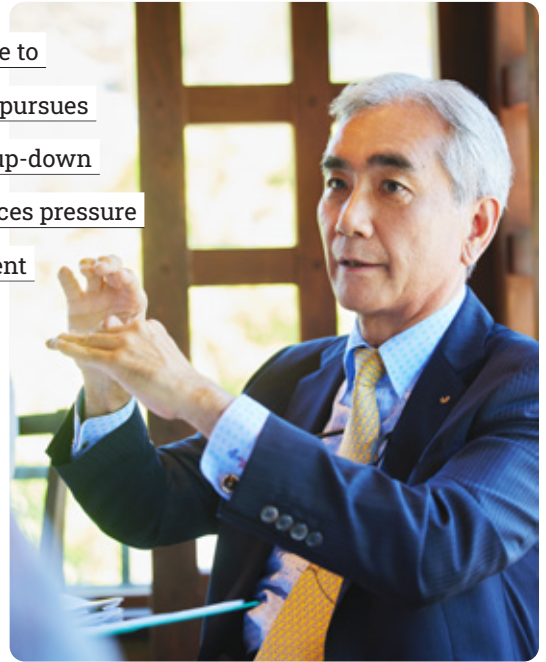
**Iwai:** Looking at the world today, I have a real sense that shareholder capitalism is approaching a major turning point. Public interest capitalism or "new capitalism" is an approach that emphasizes all stakeholders, including employees and customers. I would like all Wacoal Group employees to proactively think about how to change the Group. That is the essence of public interest capitalism.

In addition, while shareholder returns are important, fundamentally the ideal financial strategy is one that increases enterprise value and shareholder value by investing in growth. With this in mind, I would very much like to continue supporting such proactive initiatives as the 2019 acquisition of Intimates Online, Inc.

**Mayuzumi:** In improving the Wacoal Group's enterprise value, I believe that laying foundations both inside and outside the Group is indispensable. Internally, the Group needs a framework for principle-based behavior, increased diversity in Board of Directors, and an organizational culture that empowers women, as I mentioned earlier. Other in-house efforts should focus on the elimination of unconscious bias, which we should be wary of precisely because it is unconscious. Given the results of public surveys, the Wacoal Group seems unlikely to be free of such bias. Also, the Group needs a culture that does not conceal or repeat failures. I hope that the Group continues rigorously laying such foundations.

On the other hand, the establishment of foundations outside the Group means creating a new culture. For example, for the femcare business define to succeed, the concept of femcare must first become widely

The Wacoal Group is sure to  
change if it embeds and pursues  
reform through middle-up-down  
management, which places pressure  
on the senior management  
team from below.



recognized so that femcare products are used as a matter of course. France has such a culture, but Japan does not. Another type of culture lacking in Japan is a "madame" culture. French culture views mature women as attractive. On the other hand, I think there is still a tendency in Japan to be overly concerned about age. Against this cultural backdrop, many women in Japan suddenly become "old ladies" after reaching a certain age and become indifferent to their own appearance. If an "attractive madame" culture is fostered, mature women may begin enjoying fashion and taking a greater interest in innerwear. The development of such a culture will also require a change in the values of society as a whole.

At one time, the idea of transforming women's physiques through apparel did not exist in Japan. By introducing Western innerwear to the country, the Group's founder Koichi Tsukamoto revolutionized Japan's apparel culture. I hope that the Wacoal Group creates a new culture with a comparable impact.

**Shimada:** The management team's role is to put spirit into such tools as the new Mission, VISION 2030, and new organizations. Therefore, changing the mindset of in-house officers is a prerequisite for realizing day-to-day communication that spreads a reform-focused attitude Groupwide.

Another requirement is the utilization of personnel as a management resource. To repeat, the Group needs to bring forward the promotion of women to middle management and increase the percentage of women in management positions.

We must steadily accumulate achievements one at a time. Such efforts will earn the further trust of investors and other stakeholders and enhance enterprise value over the medium to long term. As external officers, we will do our utmost to help realize a new Wacoal Group.



# Management Team

As of June 29, 2022

## Directors



Representative Director, President and CEO  
**Hironobu Yasuhara**

Mar. 1975 Joined the Company  
Apr. 1997 Director and General Manager of Wacoal China Co., Ltd.  
Apr. 2005 Corporate Officer/General Manager of Wing Brand Business Department of the Company  
Jun. 2006 Director and Managing Corporate Officer, General Manager of Wing Brand Business Department of Wacoal Corp.  
Apr. 2010 Director and Senior Managing Corporate Officer, and General Manager of Wacoal Brand Business Department of Wacoal Corp.  
Apr. 2011 Representative Director, President and Corporate Officer of Wacoal Corp.  
Jun. 2011 Director of the Company  
Jun. 2013 Senior Managing Director of the Company  
Jun. 2016 Vice President and Director of the Company  
Apr. 2018 Representative Director and Chairman of Wacoal Corp.  
Jun. 2018 Representative Director and President of the Company  
Apr. 2020 Representative Director, President and CEO of the Company (present)



Representative Director, Vice President and Executive Officer  
**Tomoyasu Ito**

Apr. 1983 Joined the Company  
Apr. 2006 General Manager of Sales Planning Division, Wacoal Brand Operations  
Apr. 2007 President of Studio Five Corp.  
Apr. 2011 General Manager of Innerwear Merchandising Division, Wacoal Brand Operations  
Apr. 2014 Director, Corporate Officer, Head of Wacoal Brand Operations  
Apr. 2015 Director, Managing Corporate Officer, Head of Wacoal Brand Operations  
Apr. 2016 Director, Senior Managing Corporate Officer, Head of Wacoal Brand Operations  
Apr. 2018 Representative Director, President and CEO of Wacoal Corp. (present)  
Apr. 2020 Director, Vice President Corporate Officer of the Company  
Jun. 2020 Director, Vice President Corporate Officer of the Company  
Jun. 2022 Representative Director, Vice President and Executive Officer of the Company (present)



Director, Vice President, Executive Officer and CFO  
**Akira Miyagi**

Mar. 1984 Joined the Company  
Oct. 2007 Manager of Business Management and Administration of Wacoal Brand Operation Division of Wacoal Corp.  
Apr. 2011 Director and Deputy General Manager of Wacoal China Co., Ltd.  
Apr. 2014 General Manager of Corporate Planning of the Company  
Apr. 2017 Corporate Officer of Wacoal Corp.  
Jun. 2018 Director and General Manager of Corporate Planning of the Company  
Jun. 2019 Managing Director and General Manager of Corporate Planning of the Company  
Apr. 2020 Director and Managing Corporate Officer in charge of Group Finance  
Jun. 2021 Director and Managing Corporate Officer in charge of Group Business Management  
Jun. 2022 Director, Vice President, Executive Officer and CFO of the Company (present)



Director and Executive Corporate Officer  
**Masaaki Yajima**

Mar. 1984 Joined the Company  
Jun. 2004 Director and President, Wacoal International Hong Kong Co., Ltd.  
Apr. 2007 Leader of Sales Group, International Headquarters, Wacoal Corp.  
Sep. 2008 Director and Deputy General Manager, Wacoal China Co., Ltd.  
Apr. 2009 Director and General Manager, Wacoal China Co., Ltd.  
Apr. 2011 Corporate Officer, Wacoal Corp.  
Jun. 2015 Corporate Officer and General manager of Technology & Production Division, Wacoal Corp.  
Jun. 2016 Director, Corporate Officer and General Manager of Technology & Production Division, Wacoal Corp.  
Apr. 2018 Director, Managing Corporate Officer and General Manager of Wholesale Division, Wacoal Corp.  
Apr. 2021 Director, Managing Corporate Officer and General Manager of Global Division, Wacoal Corp.  
Apr. 2022 Director and Executive Corporate Officer, Wacoal Corp.  
Jun. 2022 Director, Executive Corporate Officer and Head of Global Operations Div. of the Company (present)



External Director  
**Madoka Mayuzumi**

Aug. 1996 Launched and organized monthly haiku magazine *Gekkan Hepburn*  
Jan. 2001 Member of National Language Subdivision of Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology  
Dec. 2004 Member of Council for the Promotion of Cultural Diplomacy, Cabinet Secretariat  
Apr. 2010 Japan Cultural Envoy for Agency for Cultural Affairs  
May 2013 Member of Forum to Realize Culture and Arts-Oriented Nation held by Minister of Education, Culture, Sports, Science and Technology  
Apr. 2014 Member of Cultural Policy Subdivision of Council for Cultural Affairs, Ministry of Education, Culture, Sports, Science and Technology  
Apr. 2014 Advisor of the Company  
Jun. 2015 External Director of the Company (present)



External Director  
**Shigeru Saito**

Nov. 1979 Joined TOSE CO., LTD.  
General Manager of Development Department  
Oct. 1985 Director of TOSE CO., LTD.  
Feb. 1987 Representative Director and President of TOSE CO., LTD.  
Sep. 2004 Representative Director and President, and CEO of TOSE CO., LTD.  
Dec. 2015 Appointed Representative Director and Chairman, and CEO of TOSE CO., LTD. (present)  
Jun. 2017 External Director of the Company (present)



External Director  
**Tsunehiko Iwai**

Apr. 1979 Joined Shiseido Co., Ltd.  
Apr. 2002 General Manager of Product Commercialization, Planning Department, Shiseido Co., Ltd.  
Apr. 2008 Corporate Officer, General Manager of Technical Department, Shiseido Co., Ltd.  
Jun. 2014 Director, Corporate Executive Officer in charge of Research & Development, Production and Technical Affairs, Shiseido Co., Ltd.  
Jan. 2016 Representative Director, Executive Vice President, Chief Technology & Innovation Officer, Shiseido Co., Ltd.  
Mar. 2018 Senior Advisor, Shiseido Co., Ltd.  
Jun. 2018 External Director of the Company (present)



## Audit & Supervisory Board Members



Audit & Supervisory Board Member  
**Shinichi Kitagawa**

Mar. 1985 Joined the Company  
Apr. 2008 Director and General Manager of Accounting and Administration Division of Studio Five Corp.  
Apr. 2009 Director and General Manager of Business Control Division of Studio Five Corp.  
Apr. 2013 IR/Public Relations Officer of the Company  
Apr. 2018 General Manager of Accounting Department of the Company  
Jun. 2020 Audit & Supervisory Board Member of the Company (present)  
Jun. 2021 Audit & Supervisory Board Member of Wacoal Corp. (present)



Audit & Supervisory Board Member  
**Katsuhiro Okamoto**

Mar. 1986 Joined the Company  
Apr. 2010 Materials Control Manager of Technology/Production Division of Wacoal Corp.  
May 2012 Representative Director and President of Hokuriku Wacoal Sewing Corp.  
Apr. 2014 Representative Director and President of Kyusyu Wacoal Manufacturing Corp.  
Apr. 2016 General Manager of Innerwear Merchandising Supervisory Division, Wacoal Brand Operations of Wacoal Corp.  
Apr. 2018 Corporate Officer, General Manager of Wacoal Brand Innerwear Products Supervisory Division, Wholesale Division of Wacoal Corp.  
Jun. 2021 Audit & Supervisory Board Member of Wacoal Corp. (present)  
Audit & Supervisory Board Member of the Company (present)



External Audit & Supervisory Board Member  
**Hiroshi Shirai**

Nov. 1977 Joined Pricewaterhouse  
Aug. 1982 Registered as Certified Public Accountant  
Jul. 1992 Joined Aoyama Audit Corporation  
Aug. 2007 Joined Deloitte Touche Tohmatsu  
Jun. 2010 Vice Chairman of The Japanese Institute of Certified Public Accountants Kinki Chapter  
Sep. 2011 Left Deloitte Touche Tohmatsu  
Oct. 2011 Established Shirai Public Accounting Firm, Managing Partner (present)  
Jun. 2015 Audit & Supervisory Board Member of the Company (present)



External Audit & Supervisory Board Member  
**Mitsuhiro Hamamoto**

Oct. 2000 Admitted to the Bar Joined the Law Office of Tadashi Yamada  
Oct. 2004 Joined the Kikkawa Law Office  
Apr. 2008 Partner at the Kikkawa Law Office  
Jun. 2017 Audit & Supervisory Board Member of the Company (present)  
Feb. 2019 Managing Partner of Hamamoto Law Office (present)



External Audit & Supervisory Board Member  
**Minoru Shimada**

Apr. 1977 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)  
Jun. 2004 Corporate Officer, General Manager of Corporate Banking Group No.1, Corporate Banking Division No.4, The Bank of Tokyo Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)  
May 2005 Corporate Officer, Manager of New York Branch  
Apr. 2008 Managing Corporate Officer, General Manager of Corporate Banking Group, Nagoya Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)  
Jun. 2010 Representative Director and Vice President, SOTSU CORPORATION  
Jun. 2011 Representative Director and President, NAIGAI Construction Co., Ltd.  
Jun. 2012 Representative Director and President, SOTSU CORPORATION  
Representative Director and President, Sotsu Amenity Service Corporation  
Jun. 2018 Director and Chairman, SOTSU CORPORATION  
Audit & Supervisory Board Member of the Company (present)  
Jun. 2020 Full-time Advisor, SOTSU CORPORATION



### Major Concurrent Positions

[https://www.wacoalholdings.jp/ir/public\\_item/soukai/files/soukai\\_notice2206081\\_1.pdf](https://www.wacoalholdings.jp/ir/public_item/soukai/files/soukai_notice2206081_1.pdf)



## Corporate Governance

The basic policy and purpose of the Wacoal Group's corporate governance is to continuously enhance enterprise 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 Guidelines**  
[https://www.wacoalholdings.jp/en/group/files/governance\\_guideline202112en.pdf](https://www.wacoalholdings.jp/en/group/files/governance_guideline202112en.pdf)

### Corporate Governance Structure

We have chosen an Audit & Supervisory Board system, which enables the Board of Directors and the Audit & Supervisory Board to supervise and audit the execution of operations to maintain corporate governance in Group companies as a holding company.

#### 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 respective 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 seven directors, three of whom are external directors and one of whom is a woman, 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.

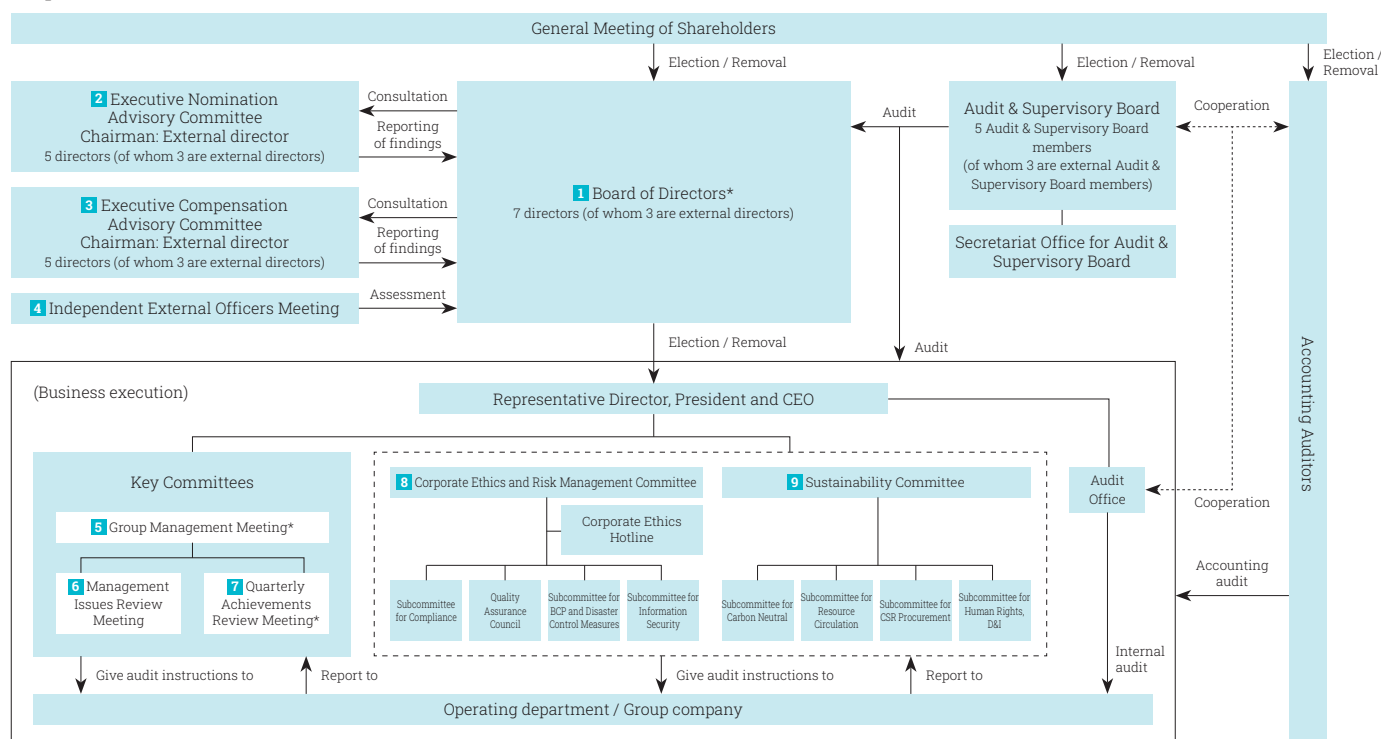
Comprising five Audit & Supervisory Board members, three of whom are external members, the Audit & Supervisory Board aims to strengthen their supervision and auditing of business management.

Further, the Group has established the Group Management Meeting, which comprises directors and principal members and conducts discussions that include analysis of Group management strategies and other important management issues and prior deliberation of matters for consideration by the Board of Directors.

#### Overview of the Corporate Governance Structure (as of June 29, 2022)

Format	Audit & Supervisory Board system
Number of directors	7
Of whom, external directors	3
Term of directors	1 year
Number of Audit & Supervisory Board members	5
Of whom, external Audit & Supervisory Board members	3
Number of independent officers	6
Participation of external directors in determination of remuneration	Yes
Organizations to assist in decision-making	Executive Nomination Advisory Committee and Executive Compensation Advisory Committee
Key committees	Group Management Meeting, Management Issues Review Meeting, and Quarterly Achievements Review Meeting
Results-linked remuneration	Yes

### Corporate Governance Structure



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










## Overview and Composition of the Board of Directors, Advisory Committees, and Other Meetings

Name	Description	Number of meetings convened in FY2022
1 Board of Directors	Based on its regulations, the Board of Directors convenes regular meetings every month and convenes extraordinary meetings as required. It makes decisions on management policy and strategy and other important business-related matters as well as on matters stipulated by statutory laws and regulations or the Company's articles of incorporation.	14
2 Executive Nomination Advisory Committee	An advisory body to the Board of Directors, the committee is chaired by an independent external director and comprises three external directors and two internal directors. In principle, the committee convenes annually on the day of the January meeting of the Board of Directors, considers the nomination or promotion of directors, and submits proposals to the Board of Directors for approval. The attendance and approval of all committee members are required to pass resolutions.	6
3 Executive Compensation Advisory Committee	An advisory body to the Board of Directors, the committee is chaired by an independent external director and comprises three external directors, one internal director, and one executive officer. In principle, the committee convenes on the days of the April, July, and February meetings of the Board of Directors, considers the compensation of directors, and submits proposals to the Board of Directors for approval. The attendance and approval of all committee members are required to pass resolutions.	5
4 Independent External Officers Meeting	Primarily comprising independent officers, this meeting evaluates the Board of Directors by exchanging opinions. Further, the details of these evaluations are reported to the Board of Directors and then disclosed through a corporate governance report.	3
5 Group Management Meeting	Comprising directors and key members of the management team, the meeting considers items related to the Group's management strategy and other important management issues and conducts prior examinations of agenda items to be discussed by the Board of Directors.	22
6 Management Issues Review Meeting	This meeting is convened as required to analyze medium- to long-term Companywide strategies and important management issues and to prepare drafts of management strategies and medium- to long-term plans.	16
7 Quarterly Business Results Review Committee	Convening three times a year, this committee checks business results and the progress of measures. Also, if targets are not achieved, the committee considers improvement measures and revises targets as required.	3
8 Corporate Ethics and Risk Management Committee	With the representative director, president and CEO acting as the administrative manager and the director of the Administrative Department acting as the chairperson, the committee comprises internal directors, the directors of operating companies, and executive officers. The committee promotes the establishment of a compliance system, consideration of compliance issues that have a serious impact on the Wacoal Group, enhancement of awareness and enlightenment on corporate ethics, and the effective control of any management risks to the Wacoal Group.	7
9 Sustainability Committee	With the representative director, president and CEO acting as the administrative manager and the representative director, vice president and executive officer acting as the chairperson, the committee comprises internal directors, the directors of operating companies, and executive officers. For the Group as a whole, the committee discusses strategies related to sustainability activities and monitors the progress of initiatives.	Established in April 2022






## Diversity of the Board of Directors and the Audit &amp; Supervisory Board

## Directors

Name	Independence (external directors only)	Expertise and experience beneficial to the Company								
		Corporate management (Experience and Insight)	Law and compliance	Finance and accounting	Sustainability and diversity and inclusion	Personnel development and organizational development	International insight	Digital transformation	Marketing	Technology and production quality control
 Hironobu Yasuhara		●					●		●	●
 Tomoyasu Ito		●			●	●			●	
 Akira Miyagi		●	●	●		●	●			
 Masaaki Yajima		●					●		●	●
 Madoka Mayuzumi	●				●	●				
 Shigeru Saito	●	●					●	●		
 Tsunehiko Iwai	●	●	●		●				●	●

Note: The above overview does not represent the entirety of directors' expertise and experience.

## Audit &amp; Supervisory Board Members

Name	Independence (external directors only)	Expertise and experience beneficial to the Company								
		Corporate management (Experience and Insight)	Law and compliance	Finance and accounting	Sustainability and diversity and inclusion	Personnel development and organizational development	International insight	Digital transformation	Marketing	Technology and production quality control
 Shinichi Kitagawa		●		●		●		●		
 Katsuhiro Okamoto		●					●			●
 Hiroshi Shirai	●			●			●			
 Mitsuhiro Hamamoto	●		●			●				
 Minoru Shimada	●	●		●			●		●	

Note: The above overview does not represent the entirety of Audit & Supervisory Board members' expertise and experience.



### Measures to Strengthen the Effectiveness of Corporate Governance

As shareholders have entrusted it to do, the Company's Board of Directors aims to maximize corporate value by reaching optimal decisions based on impartial judgment and by supervising the execution of business operations. With a view to further improving these roles through the deliberation of issues and the evaluation of the current status of the Board, the Company evaluates the effectiveness of the Board as a whole every year and endeavors to continuously improve the Board's functions and effectiveness. The Board also advances improvement measures to address issues identified by the evaluation. In the evaluation of the following fiscal year, the current status of the Board and the progress of improvements made since the previous fiscal year are verified.

#### Evaluation Process

##### (1) FY2021

Interviews on evaluations of the effectiveness of the Board of Directors were held at a meeting of independent external directors and external Audit & Supervisory Board members. After issues had been identified, improvement proposals were discussed and the findings were reported to the Board of Directors.

##### (2) FY2022

With the aim of further improving the effectiveness of the Board from the perspectives of enhancing stakeholder trust (creating social value) and improving organizational performance (increasing enterprise value), the Company changed to a questionnaire-based method for the analysis and evaluation of the Board's performance. This method entailed the utilization of a third-party organization, which provided assistance with questionnaire preparation, analysis,

benchmarking against other companies, identification of issues, and action plans. All directors and Audit & Supervisory Board members were asked to complete a questionnaire, and after analyzing the questionnaire responses, improvement proposals were compiled. Details of the responses and proposals were presented to the Independent External Officers Meeting and then reported to the Board. The aggregated results of the questionnaire confirmed that the Company's Board is generally functioning properly and effectively, with an overall average score that is above the benchmark.

#### Evaluation Items in the Questionnaire

(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

#### Assessments of the Effectiveness of the Board of Directors and Improvement Measures

	FY2021	FY2022
Issues identified	<ol style="list-style-type: none"> <li>1. Further improve the efficiency of the Board of Directors by improving the content of the materials distributed in advance of Board of Directors' meetings and accelerating the timing of their distribution</li> <li>2. Reconsider the agenda, meeting frequency, participating members, and management methods of the Executive Nomination Advisory Committee, the Executive Compensation Advisory Committee, and the Independent External Officers Meeting</li> <li>3. Increase contact points among executive management, such as executive officers and general managers</li> </ol>	<ol style="list-style-type: none"> <li>(1) Enhance and augment the content of agenda items, follow-up reporting on resolved matters, and the process for analyzing medium- to long-term strategies</li> <li>(2) Establish a common understanding of the roles expected of external directors</li> <li>(3) Clarify the role of the Executive Nomination Advisory Committee and heighten the transparency of the review process for succession, appointment, and dismissal</li> <li>(4) Enhance input provided to external directors and external Audit &amp; Supervisory Board members through store tours, increased contact with employees, and training</li> </ol>
Improvement measures	<ol style="list-style-type: none"> <li>(1) Revised the composition of documents for and the administration of meetings of the Board of Directors and brought forward the timing of the distribution of the documents before the meetings</li> <li>(2) Convened meetings as needed depending on agenda items and revised agenda items (compensation system, evaluation system, succession plan, and appointment and dismissal criteria); in addition, began revising the method of evaluating the Board of Directors</li> <li>(3) Increased opportunities for receiving reports from executive officers and general managers and created opportunities for discussion of business strategies</li> </ol>	<ol style="list-style-type: none"> <li>(1) Begin revision of meeting administration and the setting of agenda items, including setting progress reports on important matters as regular agenda items and revising the scope of delegation to executive officers of decisions related to business execution</li> <li>(2) Examine the ideal composition of the Board of Directors in light of the medium- to long-term strategy, refer to the strategies of the medium-term management plan to categorize the skills required of external directors and revise the skills matrix</li> <li>(3) Revise the administrative schedule and administrative methods of the Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee, clarify the roles of the two committees, and make their administration more transparent</li> <li>(4) Promote an increase in contact with employees through such methods as store tours</li> </ol>

### External Directors and External Audit & Supervisory Board Members

The Company has three external directors and three external Audit & Supervisory Board members. The Company appoints external directors who have made wide-ranging contributions to the fields of art and culture in Japan and overseas or who have extensive experience and knowledge of corporate management. By providing objective, neutral advice based on their extensive business experience and specialized knowledge in a range of fields, external directors enhance the appropriateness of directors' decision-making.

Further, the Group appoints as external Audit & Supervisory Board members certified public accountants who have a high level

of expertise with regard to finance and accounting, attorneys who are independent from the Company, and individuals who have many years of experience of working in financial institutions and extensive knowledge of corporate management. While retaining a high degree of independence, external Audit & Supervisory Board members draw on their expertise to undertake strict auditing of the legality of directors' decision-making and operational execution.



#### Criteria to Ensure the Independence of Outside Officers

[https://www.wacoalholdings.jp/group/files/governance\\_outsidedirectors\\_en.pdf](https://www.wacoalholdings.jp/group/files/governance_outsidedirectors_en.pdf)

#### 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
Madoka Mayuzumi	As a haiku poet, Madoka Mayuzumi has made wide-ranging contributions to the fields of art and culture in Japan and overseas. Her expertise and experience is expected to contribute to our efforts to realize business management that emphasizes diversity, making her an appropriate external director for the Group.	Sustainability, diversity and inclusion, personnel development, and organizational development	14/14
Shigeru Saito	It is anticipated that Shigeru Saito will enhance management supervisory functions by providing input from various perspectives based on his extensive knowledge and experience as a representative director of another company.	Corporate management, international insight, and digital transformation	14/14
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.	Corporate management, law, compliance, sustainability, diversity and inclusion, organizational development, marketing, technology, and production quality control	14/14
External Audit & Supervisory Board members	Reason for election	Attendance at Board of Directors' meetings and Audit & Supervisory Board meetings	
		Board of Directors' meetings	Audit & Supervisory Board meetings
Hiroshi Shirai	Specialized knowledge of accounting and finance as a certified public accountant make Hiroshi Shirai an appropriate external Audit & Supervisory Board member for the Group.	14/14	15/15
Mitsuhiro Hamamoto	Mitsuhiro Hamamoto's experience and specialized knowledge as an attorney make him an appropriate external Audit & Supervisory Board member.	14/14	15/15
Minoru Shimada	Minoru Shimada can be expected to contribute to our audit and supervisory structure by using his extensive experience in the financial sector and his knowledge as a business manager, as well as his overseas experience.	14/14	15/15



## 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. Convening monthly to coincide with the meetings of the Board of Directors, the Audit & Supervisory Board also holds extraordinary meetings as required. Audit & Supervisory Board members make decisions on matters concerning policies on the preparation of audit reports and the implementation of audits, methods of examining the statuses of business performance and assets, and other matters related to business execution, in accordance with the regulations of the Audit & Supervisory Board. In addition, the Company assigns an independent, dedicated secretariat to the Secretariat Office for the Audit & Supervisory Board to assist in their duties.

At meetings of the Audit & Supervisory Board, external Audit & Supervisory Board members communicate and coordinate extensively with full-time Audit & Supervisory Board members.

For example, the latter provide the former with reports on the status of audits of operations and the details of discussions at important meetings. External Audit & Supervisory Board members also receive various types of reports from the independent auditor and departments engaged in internal control as well as audit internal control systems, including the appropriateness of financial reporting. With a view to heightening the effectiveness of audits, external Audit & Supervisory Board members engage in a range of other activities. For example, they attend important meetings other than those of the Board of Directors in light of discussions of the Audit & Supervisory Board and visit subsidiaries to conduct audits and investigative interviews.

## Internal Control

The Office of Corporate Auditors reports directly to the representative director, president and CEO and conducts internal audits pursuant to internal audit regulations. The office audits compliance with laws and regulations and the appropriateness of the execution of duties at the Company and subsidiaries in Japan and overseas, evaluates the effectiveness of internal control, and periodically reports the results of these activities to the representative director, president and CEO (Group CEO).

Further, the Office of Corporate Auditors comprises nine personnel and holds monthly report verification meetings with Audit & Supervisory Board members. These meetings primarily verify reports on the main points of meetings that Audit & Supervisory Board members attend and report on the activities of the Office of Corporate Auditors. The Company has established a system for sharing documents and other information required for audits. To facilitate efficient, effective audits, both parties coordinate through such measures as mutual exchanges and the verification of audit working papers.

## Compensation of Officers

Under the Company's system for the compensation of officers, compensation comprises basic compensation, which is fixed; bonuses linked to the Company's performance in each fiscal year; and transfer-restricted stock compensation, which provides medium- to long-term incentives. Given that they are not involved in the execution of duties, independent external directors and Audit & Supervisory Board members only receive fixed basic remuneration.

Further, in July 2022 the Company revised the ratios of stock compensation to basic compensation so that stock compensation accounts for a larger percentage of the compensation of officers as they rise in rank. The breakdown of rank-based percentages reflecting said change will be within the ranges shown below. Further, this breakdown assumes calculation methods for performance-based bonuses that are in accordance with standard values.

■ Basic compensation ■ Performance-based bonuses  
■ Transfer-restricted stock compensation

60%–68% 18% 14%–22%

### Roles and Activities of the Executive Compensation Advisory Committee

As an advisory body to Board of Directors, the Executive Compensation Advisory Committee discusses and resolves matters related to directors' compensation and the directors' compensation system from an independent, objective perspective. A majority of the members of the Executive Compensation Advisory Committee, which is chaired by independent external director Tsunehiko Iwai, are independent External Directors. To enhance transparency, external Audit & Supervisory Board members also attend meetings of the Executive Compensation Advisory Committee as observers.

December 21, 2021: Partial revision of the system for the compensation of officers (revision of the breakdown of basic compensation, performance-based bonuses, and stock compensation)  
January 25, 2022: Partial revision of the system for the compensation of officers (part II)  
February 28, 2022: Partial revision of the system for the compensation of officers (part III) and verification of data on the level of compensation of officers and basic compensation amounts  
March 28, 2022: Basic compensation amounts in fiscal 2023  
April 27, 2022: Performance-based bonuses of officers

### Roles and Agenda Items of the Board of Directors

The Board of Directors deliberates and resolves matters related to the compensation of officers based on recommendations received from the Executive Compensation Advisory Committee.

June 29, 2021: Basic compensation amounts for fiscal 2022  
June 29, 2021: Issuance of transfer-restricted stock compensation  
May 13, 2022: Amounts of performance-based bonuses of officers  
May 31, 2022: Basic compensation amounts and determination of the compensation of individual directors for fiscal 2023  
June 29, 2022: Issuance of transfer-restricted stock compensation

### • Basic Compensation

The amount of basic compensation is designed to set a single rate for each position in principle and is fixed as a monthly payment. With reference to the results of a compensation survey conducted by an external organization, every year the Company verifies the range of appropriate levels of compensation for companies in the same industry as well as for companies of a similar size and then sets a level of compensation commensurate with the Company's business results and size. Further, a resolution of the Ordinary General Meeting of Shareholders convened on June 29, 2005, set upper limits of ¥350 million for the aggregate annual basic compensation of all directors (excluding employee salaries of directors who concurrently serve as employees) and ¥75 million for the aggregate annual basic compensation of all Audit & Supervisory Board members.



### • Performance-Based Bonuses

To increase the degree of linkage between bonuses and consolidated business performance, the aggregate amount of performance-based bonuses is determined for each fiscal year based on the percentage achievement of a reference value of consolidated operating profit and, to a lesser extent, based on certain other business results (consolidated net sales, consolidated income before taxes, etc.). The payment will be made once in the month in question after the total amount has been approved at the Ordinary General Meeting of Shareholders for the relevant fiscal year.

### • Transfer-Restricted Stock Compensation

The Company has introduced a compensation plan under which transfer-restricted stock is allotted to directors (hereinafter referred to as "eligible directors") with the aim of enabling eligible directors

to share the risk of share price fluctuations with shareholders and to motivate eligible directors to contribute more than ever to increasing the share price of the Company and enhancing its enterprise value. To promote shared priorities with shareholders over long periods, eligible directors who are allotted transfer-restricted stock may not cancel the restriction on transfer of the allotted shares during the period from the date of delivery of the transfer-restricted stock until the date of retirement from the position of director, Audit & Supervisory Board member, or executive officer of the Company or any of its subsidiaries as determined by the Board of Directors of the Company.

Further, an upper limit on annual transfer-restricted stock compensation of ¥70.0 million has been established pursuant with a resolution of the 73rd Ordinary General Meeting of Shareholders, convened on June 29, 2021.

### Compensation of Officers in FY2022

Classification	Total amount of remuneration, etc. (¥ million)	Total amount of remuneration, etc., by type (¥ million)			Number of eligible recipients
		Basic compensation	Performance-based bonuses	Share-based stock options	
Directors (excluding external directors)	277	232	—	44	5
Audit & Supervisory Board members (excluding external members)	39	39	—	—	3
External directors and external Audit & Supervisory Board members	50	50	—	—	6

### Reviewing the System for the Compensation of Officers with a View to Strengthening Its Effectiveness

The Executive Compensation Advisory Committee is engaged in an ongoing review of the entire system for the compensation of officers. Going forward, the committee will consider the following matters:

- The mix of basic compensation, performance-based bonuses, and medium- to long-term incentives (review of monetary amounts and percentages)
- The calculation method for performance-based bonuses (strengthening linkage with the numerical targets of the medium-term management plan)

### Policy on Strategic Shareholdings and Standards for Exercising Voting Rights

The purpose of the Company's strategic 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. The Company determines whether strategic shareholdings are appropriate from a medium- to long-term perspective and whether the attendant benefits and risks of strategic shareholdings commensurate with equity cost are verified, and the findings are periodically reported to the Board of Directors. Based on the verification findings, the Board of Directors analyzes whether strategic shareholdings contribute to the enhancement of the Company's enterprise value over the medium to long term and decides whether to continue or dispose of strategic shareholdings.

Further, during the period of the previous medium-term management plan (April 2019–March 2022), the Group decided to reduce strategic shareholdings by 30.0% (at least ¥20.0 billion). The Board

of Directors examined whether income realized from each stock holding exceeded the Company's capital cost and whether such strategic shareholdings contributed to the enhancement of enterprise value. Based on results of this examination, during said period the Company disposed of and reduced strategic shareholdings in accordance with plans, disposing of a total of 37 stocks, with a value of ¥19.7 billion, for which the significance of ownership had diminished.

### Reference: Shareholdings of Wacoal Corp.

	FY2020	FY2021	FY2022
Number of stocks	84	73	63
Monetary amount (¥ billion)	42.2	50.1	46.0
As a percentage of consolidated total assets	15.2%	15.5%	15.2%

Note: The shareholdings of Wacoal Corp. for which the largest monetary amount is recognized on the balance sheets in relation to investment in equity securities (the monetary amount of equity securities recognized) have been 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, and the director, vice president and managing corporate officer in charge of Group business management 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.

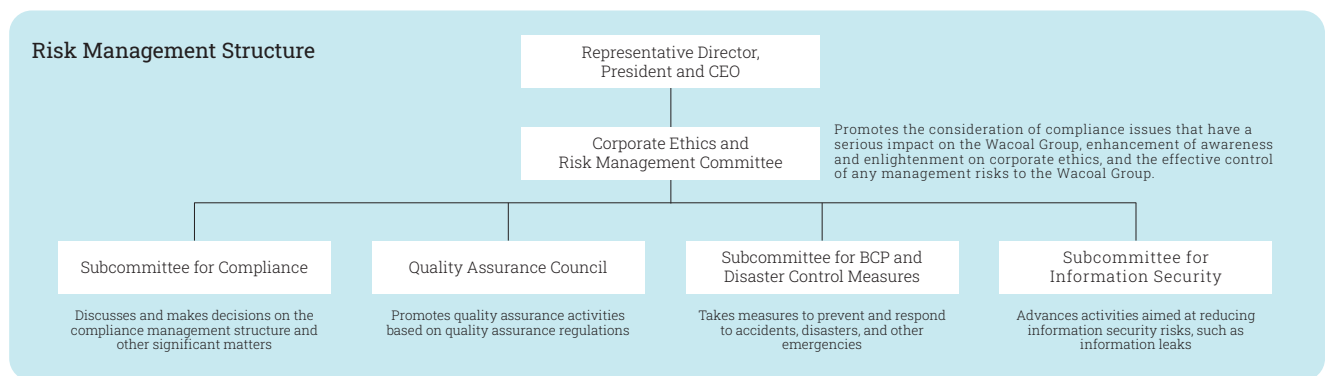


### Risk Management Structure

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 new Subcommittee for Information Security has been established.

### Information Security Subcommittee (Newly Established)

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.



### Risk Management during the COVID-19 Pandemic

Based on our determination to give first priority to the safety of customers, business partners, and Wacoal Group employees and to the prevention of the further spread of COVID-19, we have established the COVID-19 Task Force, which reports to the Corporate Ethics and Risk Management Committee and is chaired by the director and executive corporate officer. Further, we are implementing countermeasures while carefully monitoring the status of the pandemic in Japan and overseas. Specifically, we are determining the methods of work and service provision of in-store sales personnel as well as stores' sales formats according to the status of the pandemic. In addition, in response to national and regional conditions we are flexibly implementing measures for the workstyles of office personnel, including the promotion of online meetings and telecommuting and restrictions on business trips and in-person meetings.

### Basic Policy on Information Disclosure

We see timely disclosure of accurate information as the foundation of mutual trust in relationships with all stakeholders. We are also keenly aware that disclosure is essential for accurate assessments of our enterprise value. We actively disclose information while complying with all related regulatory requirements.

We have identified three basic requirements for information disclosure. First, important information must be disclosed accurately and in a timely manner, regardless of whether it is positive or

negative. Second, information must be expressed in language that is easy for all stakeholders to understand and disclosed using various methods to ensure ease of access and fairness. Third, organizational, personal, physical, and technical steps must be taken to prevent information leakage before timely, appropriate disclosure.



#### Basic Policy on Information Disclosure

<https://www.wacoalholdings.jp/en/ir/management/discloser/>

### Basic Policy on Constructive Dialogue with Shareholders and Other Stakeholders

We have adopted and published a basic policy on constructive dialogue with shareholders and other stakeholders. Dialogue with shareholders and other stakeholders is under the overall control of the director, vice president and managing corporate officer in charge of group business management and is the responsibility of the division in charge of investor relations as well as the Group officers and employees that said division designates. Various factors are considered in relation to requests for meetings with directors, including the proposed subject matter of the meeting and

the affiliations of the person seeking the meeting. In addition to fair, timely, and accurate disclosure about our business management and financial situation to shareholders and other investors in Japan and overseas, we help them gain a better understanding of our viewpoint and approach by actively distributing information about the market environment and our unique strengths.



#### Policy for dialogue with Shareholders / Investor

[https://www.wacoalholdings.jp/en/sustainability/talk\\_with\\_stockholder/](https://www.wacoalholdings.jp/en/sustainability/talk_with_stockholder/)



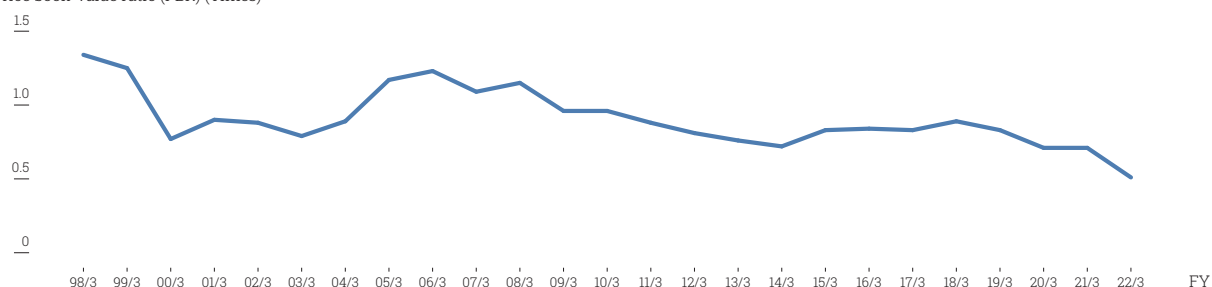
## Establishing Mutual Trust through Dialogues

The Wacoal Group believes that engaging in constructive dialogues toward the enhancement of enterprise value is critical to deepening relationships of mutual trust with all of its stakeholders. However, our price book-value ratio (PBR) has remained below 1.0 times for a number of years, reflecting the fact that we have not been able to meet the expectations of the market. In part, this is because we have not been able to arrange sufficient opportunities for stakeholder engagement in our management activities.

In light of this fact, we have taken a proactive approach to our engagement with all stakeholders, including shareholders and investors, by gaining their valuable input through results briefings and investor relations interviews and reflecting them in our management strategies with the aim of achieving medium- to long-term increases in corporate value and establishing a highly effective management structure.

### The Wacoal Group's Price Book-Value Ratio (PBR)

Price book-value ratio (PBR) (Times)



### Stakeholder Relations

At the Wacoal Group, we define corporate value as the integration of all value gained by customers, employees, shareholders, investors, and other stakeholders. Through our communication with all stakeholders, we strive to maintain solid relationships and build deep mutual trust. Moreover, the details of our investor relations and ESG (environmental, social, and governance) activities are communicated through the efforts of the Corporate Communications Department.

### Communication Activities for Analysts and Institutional Investors (Results)

Activity	FY2020/3	FY2021/3	FY2022/3
Individual meetings with institutional investors and analysts	98 times	126 times	131 times
Results briefings (for analysts and institutional investors)	Twice	4 times	4 times
Business briefings (for analysts and institutional investors)	Once	3 times	3 times
Factory tours (for analysts and institutional investors)	Twice	—	—
Conferences organized by securities companies	Once	Once	Twice
Overseas road shows	Twice	—	—
Briefings for individual investors	3 times	Once	Once
Individual meetings with external directors (for analysts and institutional investors)	—	4 times	—

Activity	FY2020/3	FY2021/3	FY2022/3
Feedback on IR activities (for directors)	Twice a year	Quarterly	Quarterly
Briefings (for employees)	Held briefings on integrated report for general employees	Held briefings on integrated report for management personnel	Holding of sustainability seminars for employees (320 participants)

#### Message from the Corporate Communications Department

The mission of the Corporate Communications Department is to contribute to the enhancement of enterprise value and the continuation and growth of the Wacoal Group by establishing and improving engagement with stakeholders. Under VISION 2030, the Group has launched initiatives for renewed growth. The Corporate Communications Department will continue to play a pivotal role in enhancing enterprise value by incorporating the valuable input of all of our stakeholders into our management strategies. At the same time, we will work to deepen their understanding of the Group's management activities through proactive dialogue and the appropriate disclosure of information to increase their awareness of the ways in which the Group contributes to society by evolving its accumulated strengths and maximizing the value provided.





## Follow-Up Meeting (Small Meeting) on VISION 2030 and the New Medium-Term Management Plan



**Date:** June 15, 2022

**Location:** Tokyo

**Attendees:** Hironobu Yasuhara, Representative Director, President and CEO;  
Tomoyasu Ito, Representative Director, Vice President and Executive Officer;  
Akira Miyagi, Director, Vice President and Executive Officer; and  
Masaaki Yajima, Director and Executive Corporate Officer

**Participants:** 12 participants from 11 companies

## Investors' Views on Vision 2030 and the New Medium-Term Management Plan

#### On the Vision and Plan Overall

- We hope to see the swift adoption of effective measures to realize VISION 2030 and the new medium-term management plan.
- While relieved that awareness of the need for reform is keenly felt among the senior management team, including the president, we are not yet able to determine whether the new plan will be more effective or not in light of Wacoal's record on previous plans.
- The unprecedented resolve indicated in the briefing session material, such as the change to the framework of Wacoal's management philosophy for the first time since its founding, has given us hope that it may finally be ready to truly change.
- The fundamental challenge facing Wacoal lies in its culture of hesitating to change the status quo. I hope the Company will clearly set forth the type of approach it will take to transforming itself, including management personnel and regular employees, and changing its culture. I would also like to verify the extent to which the need for change is recognized among employees and the degree of their commitment to change.

#### On the Domestic Business

- We feel that there is still a lack of clarity on the time frame and concrete measures for the rebuilding of channels for sales growth.
- We would like to see the brand strategy defined more clearly. In particular, we believe that it would be better to recreate the *Wacoal* brand as a high-end brand by redefining it and unifying it on a global basis.
- The fact that we are not seeing satisfactory results despite *Wacoal's* brand power and product appeal is a source of

frustration. We thought that it would have been positive to have an in-depth discussion on where the qualitative value of the physique measurement data held by Wacoal—which must strengthen its marketing—lies, how that differs from other companies, the state of the platform for leveraging such data, and matters that need to be addressed going forward.

- We would like to know how digital transformation initiatives, including *3D smart & try*, will contribute to top-line growth. Although we understood the projections for customer data in the customer experience strategy, we want to know how Wacoal will achieve this strategy and hope the Company will provide a thorough explanation going forward.

#### On the Overseas Business

- We have the impression that it will be some time before the causes of the lag in the growth of Intimates Online, Inc.—such as the deterioration of its marketing investment efficiency resulting from digital privacy regulations—are resolved. We hope that Wacoal will provide ongoing explanations on the measures it will adopt to address such causes going forward.

#### Others

- Wacoal's policy on strategically held shares and initiatives on shareholder returns have given us a sense of its commitment to reform.
- The active involvement of younger employees has recently become a distinguishing feature of companies with favorable business performances. If such employees are increasing in number at Wacoal, we would like to hear about it.

## Wacoal Receives the IR Special Award and the Most Liked! IR Award at the 2021 IR Awards



In recent years, Wacoal has improved its investor relations activities and increased opportunities for dialogue. Senior management have been at the forefront of such efforts, garnering high praise for striving to share information on issues with investors, even amid a challenging operating environment. Wacoal has begun to actively conduct a variety of investor relations activities, including small meetings with the presidents of its operating companies and interviews with external directors. Wacoal has also attracted attention for its Companywide efforts on sustainability, such as the holding of briefings for employees on its integrated report.





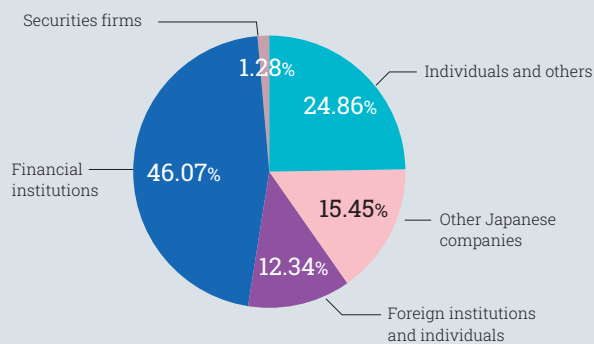
## Investor Information

(As of March 31, 2022)

<b>Stock Listing</b>	Tokyo Stock Exchange
<b>Fiscal Year-end</b>	March 31
<b>Securities Code</b>	3591
<b>Fiscal Year</b>	From April 1 to March 31
<b>Number of Shares Issued</b>	65,589,042 (Treasury Stock: 4,130,773)
<b>Trading Unit</b>	100 shares

<b>Shareholder</b>	Mitsubishi UFJ Trust and Banking Corporation,
<b>Register Agent for</b>	1-4-5, Marunouchi, Chiyoda-ku, Tokyo
<b>Common Stock</b>	100-8212, Japan
	American Depositary Receipts
	Cusip No.: 930004304
	Ratio (ADR:ORD): 1:5
	Market: OTCQX
	Symbol: WACLX
<b>Depository</b>	The Bank of New York Mellon, 240 Greenwich St., New York, NY 10286, U.S.A.
	Tel: 1-201-680-6825
	U.S. toll free: 888-269-2377 (888-BNY-ADRS)
	<a href="https://www.adrbnymellon.com/">https://www.adrbnymellon.com/</a>
<b>Number of Shareholders</b>	20,109

### Ownership and Distribution of Shares



### Major Shareholders

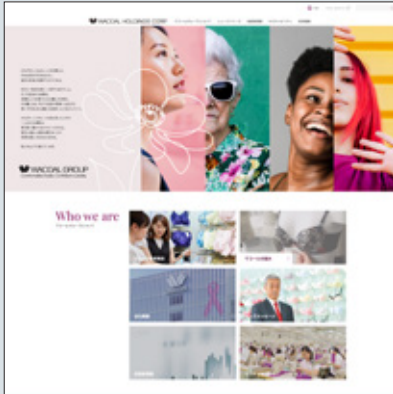
Name	Number of shares held (Thousand shares)	Percentage of shares outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,062	13.12
Custody Bank of Japan, Ltd. (Trust Account)	4,943	8.04
MUFG Bank, Ltd.	3,095	5.04
Meiji Yasuda Life Insurance Company	3,050	4.96
The Bank of Kyoto, Ltd.	2,352	3.83
The Shiga Bank, Ltd.	1,751	2.85
Nippon Life Insurance Company	1,569	2.55
Mitsubishi UFJ Trust and Banking Corporation	1,525	2.48
Asahi Kasei Corporation	1,241	2.02
Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited; Trust Account for the retirement allowance for Toray Industries, Inc.)	1,205	1.96



## Our Corporate Website

### Wacoal Holdings Corp.'s Website

<https://www.wacoalholdings.jp/en>



#### Vision

- Message
- The WACOAL Way
- "VISION 2030"
- Corporate Governance
- Compliance

#### Wacoal's Business

- Wacoal's Strengths
- Value Creation Process
- Material Issues
- Business Field

#### Company Profile

- Wacoal Holdings Corp.
- Wacoal Corp.
- Wacoal Group
- Turning Point

### Sustainability

<https://www.wacoalholdings.jp/en/sustainability/>



#### Sustainability Policy

- The WACOAL Way
- A Message from the President
- Basic Sustainability Policy
- System for Promoting Sustainability
- Material Issues
- Integrated Report
- ESG DATA BOOK

#### Focus Areas of Our Initiatives (ESG Issues)

- CSR Procurement
- Corporate Governance
- Compliance
- Risk Management
- Quality and Safety
- Human Resources Management Based on Diversity and Inclusion
- Environmental
- Social Contribution
- Human Rights
- Engagement with Stakeholders
- ISO26000 Comparison Table

### Investor Relations

<https://www.wacoalholdings.jp/en/ir/>



#### Investor Relations

- Management Information
- Financial Information / Financial Highlights
- Monthly Sales Data
- IR Library
- Dividend and Share Repurchase
- Shareholder Benefits
- Stock Information
- Stock Price Information

#### IR News

- IR News
- IR Schedule
- Disclaimer
- FAQs



For financial information and financial highlights, please visit the Company's website below.

<https://www.wacoalholdings.jp/en/ir/finance/>



