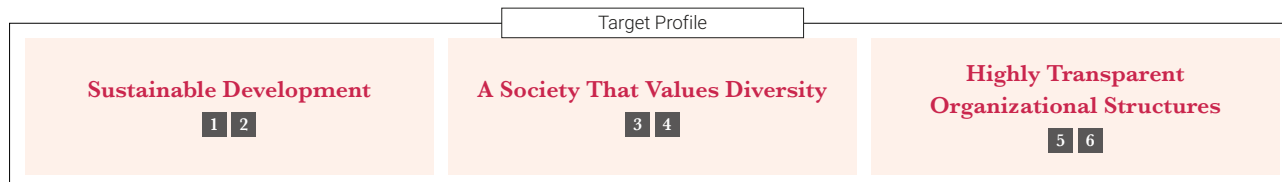


Material Issues in Wacoal's Business Activities

Since its founding, Wacoal has emphasized business management based on mutual trust. Describing the type of relationship that we want to have with all stakeholders and society, mutual trust is at the core of our vision and business activities. For Wacoal, in other words, sound business activities are inseparable from earning the trust and meeting the expectations of society and are the starting point of the Company. Through concerted Groupwide efforts to address six material issues and build mutual trust with society, we will enhance enterprise value and contribute to the development of society as a whole.

Material issues	Principal measures	Progress	
1 Contribute to society by helping women to express their beauty	2 Provide safe, dependable, high-quality products and services	Advance the use of innovative technology to realize sustainability <ul style="list-style-type: none"> • Building a customer information database • Introducing 3D body scanners and AI-enabled customer services in stores 	P.36~
		Create innovative products that solve customer issues and heighten levels of customer satisfaction <ul style="list-style-type: none"> • Developing brassieres that are both comfortable and figure enhancing • Strengthening the entry-level (teenage) customer group • Strengthening the rollout of products that cater to a variety of physiques 	—
		Establish capabilities for the supply of competitive products and materials <ul style="list-style-type: none"> • Establishing bases for the supply of bonded whole-garment products • Reorganizing the underperforming divisions of raw materials factories in Thailand 	—
		Respond to changing distribution channels <ul style="list-style-type: none"> • Developing e-commerce channels actively in respective countries • Improving the profitability of the domestic retail business 	—
		Advance quality assurance efforts continuously (providing unbiased information based on facts) <ul style="list-style-type: none"> • Conducting liaison meetings in relation to quality standards, data management, and other topics with the aim of enhancing quality control capabilities 	—
		Reduce the environmental burden of business activities <ul style="list-style-type: none"> • Reducing greenhouse gas emissions • Conducting the Brassiere Recycling Campaign 	P.49
		Develop information security systems further <ul style="list-style-type: none"> • Conducting an educational program on targeted e-mail attacks 	—
	3 Create a business organization and culture that are fair and in which people are ambitious and enjoy their work	Advance personnel management <ul style="list-style-type: none"> • Developing an overseas training program with the aim of cultivating globally competent personnel • Advancing a system that encourages employees to submit proposals and inviting external instructors to conduct seminars on ideas and their implementation 	P.44~
		Enhance productivity through work-style reform <ul style="list-style-type: none"> • Developing employee-friendly environments through the reform of work styles and methods of taking leave (telecommuting, leave systems, etc.) 	
		Promote the empowerment of women and enable various work styles <ul style="list-style-type: none"> • Acquiring certification as a special subsidiary for WACOAL I NEXT CORP, which was established with the aim of promoting the employment of persons with disabilities and creating opportunities for them to make important contributions 	
		Promote health and productivity management <ul style="list-style-type: none"> • Advancing Wacoal GENKI Project 2020 (receiving selection as a Health & Productivity Stock for four consecutive years) 	
	4 Ensure breast care support for women around the world	Promote breast care activities at operating bases worldwide <ul style="list-style-type: none"> • Providing donations matching the number of products tried on by customers as part of activities supporting the early detection of breast cancer • Developing the Breast Cancer Examination Support Project and the Remamma Project 	P.46~
		Collaborate with NPOs and NGOs to contribute to the development of social infrastructure and communities <ul style="list-style-type: none"> • Supporting the training of Pink Ribbon advisors • Helping increase the percentage of women receiving screening for breast cancer in Kyoto, Wacoal's local area 	
	5 Build CSR procurement partnerships founded on mutual trust and cooperation	Develop CSR procurement capabilities and systems <ul style="list-style-type: none"> • Establishing the CSR Procurement Committee under the Corporate Ethics and Risk Management Committee 	P.48~
		Develop supply chain management <ul style="list-style-type: none"> • Analyzing the self-evaluations of contract manufacturers, providing feedback to respective companies, and submitting revision and improvement plans • Conducting on-site audits 	
		Disclose a list of contract manufacturers <ul style="list-style-type: none"> • Disclosing the contract manufacturers of Wacoal Corp., Peach John Co., Ltd., and Lecien Corporation 	
	6 Continue the enhancement of corporate governance	Improve profitability and enhance capital efficiency <ul style="list-style-type: none"> • Improving the operational efficiency and profitability of the domestic wholesale business and retail business of Wacoal Corp. 	P.24
		Continue to develop corporate governance (including risk management and compliance systems) <ul style="list-style-type: none"> • Discontinuing defensive measures against takeovers • Developing governance systems pursuant to corporate governance guidelines • Conducting training with the aim of ensuring Companywide compliance awareness 	P.50~
		Ensure the Board of Directors and the Audit & Supervisory Board are highly effective <ul style="list-style-type: none"> • Continuing to conduct effectiveness evaluations and taking improvement measures 	
		Promote disclosure and communication <ul style="list-style-type: none"> • Holding proactive dialogues that include executives • Reporting to in-house divisions on opinions and requests received through dialogue with shareholders and other investors 	

Six Material Issues With a view to developing with society and helping it become sustainable, Wacoal has identified six material issues that are particularly relevant to its businesses. (For details on the processes through which, as well as the basis upon which, we selected material issues, please see *Integrated Report 2018*.)



Measures going forward	Value for stakeholders	Impact on the Wacoal Group
<ul style="list-style-type: none"> Build and strengthen digital marketing on a global basis Accelerate the introduction of 3D body scanners and AI-enabled customer-consultation services in stores 	<ul style="list-style-type: none"> Providing products and services that meet the diverse needs and values of customers Building relationships between customers and Wacoal that are deeper, broader, and longer 	<ul style="list-style-type: none"> Acquiring opportunities to create new businesses and opportunities to generate profit Realizing sustained growth through the expansion and improvement of the business portfolio Enhancing work efficiency through the utilization of IT Strengthening brand power
<ul style="list-style-type: none"> Develop new products based on accumulated personal data Introduce high-value-added products that transcend boundaries between Japan and other countries 		
<ul style="list-style-type: none"> Strengthen the Group's production plans and management systems Establish a material managers' global meeting tasked with promoting the introduction of common materials 		
<ul style="list-style-type: none"> Collaborate with major e-commerce websites depending on the characteristics of countries and regions or strengthen in-house e-commerce websites Conduct growth investment and develop business foundations with the aim of strengthening small-scale operations in certain countries and regions 		
<ul style="list-style-type: none"> Review the in-house system for the examination of labeling expressions with a view to eliminating serious quality problems Enhance compliance awareness in relation to advertising and communication expressions 	<ul style="list-style-type: none"> Strengthening the foundations of mutual trust with customers and all other stakeholders 	<ul style="list-style-type: none"> Enhancing business foundations Strengthening the relationship of mutual trust with society Reducing environmental burden and avoiding environmental risk
<ul style="list-style-type: none"> Take steps to eliminate plastic from packaging Reduce the disposal of unsold products 		
<ul style="list-style-type: none"> Advance data security and privacy protection further 		
<ul style="list-style-type: none"> Introduce a new personnel training system with an emphasis on specialization, global viewpoints, and continuous career growth Rebuild personnel recruitment methods (analyzing and implementing mid-career hiring and year-round hiring) 	<ul style="list-style-type: none"> Providing environments in which diverse personnel can work with vitality and realize their talents 	<ul style="list-style-type: none"> Enhancing corporate competitiveness through the empowerment of diverse personnel Maintaining sound labor-management relations Enhancing labor productivity Enhancing employees' work-life balance
<ul style="list-style-type: none"> Advance manpower management to enhance productivity 		
<ul style="list-style-type: none"> Extend the scope of the shorter working hours system for employees raising children (from April 2019, enable the extension of the system until the end of the third grade of elementary school, subject to certain conditions) Promote health literacy and encourage healthy habits among all employees 		
<ul style="list-style-type: none"> Consider new breast care activities 		
<ul style="list-style-type: none"> Collaborate with NPOs and NGOs to support cancer education for elementary and junior high school students 	<ul style="list-style-type: none"> Creating a society in which people do not lose their happiness and aspirations as a result of breast cancer 	<ul style="list-style-type: none"> Increasing trust-related assets (customer assets)
<ul style="list-style-type: none"> Educate and heighten the awareness of procurement managers and suppliers 		
<ul style="list-style-type: none"> Continue to conduct on-site audits Extend the coverage of CSR-focused procurement activities 	<ul style="list-style-type: none"> Avoiding or mitigating the negative effects of business activities through collaboration with business partners and suppliers Providing sustainable products, including sustainable production processes 	<ul style="list-style-type: none"> Realizing mutual development with business partners and suppliers Maintaining and guaranteeing the reliability of products
<ul style="list-style-type: none"> Disclose the contract manufacturers of Ai Co., Ltd. 		
<ul style="list-style-type: none"> Enhance profitability through business activities and reduce working capital (reform the businesses of domestic subsidiaries and other underperforming areas) Reduce strategic shareholdings 	<ul style="list-style-type: none"> Strengthening the foundations of mutual trust with customers and all other stakeholders Optimizing the distribution of value to all stakeholders 	<ul style="list-style-type: none"> Realizing business management based on mutual trust Acquiring growth opportunities and reducing business risks Reducing equity cost Receiving appropriate evaluations from the market
<ul style="list-style-type: none"> Develop compensation systems that increase the effectiveness of plans and develop succession plans further Prepare business continuity plans Ensure awareness of compliance and understanding of the management philosophy at subsidiaries in Japan and overseas 		
<ul style="list-style-type: none"> Continue to conduct effectiveness evaluations and improve evaluation methods and processes 		
<ul style="list-style-type: none"> Create further opportunities for dialogue with stakeholders, including individual investors Hold meetings on ESG initiatives 		