

A Message from the Director of the Administrative Department

Tackling ESG Issues While Achieving Business Growth

The rapid evolution of digital technology, population aging and decline, climate change, and an array of other social issues are bringing about significant change in markets and customer needs. Further, there is a growing tendency among customers worldwide to favor the products of companies that use sustainable materials and manufacturing processes.

One of our overriding management goals is the creation of products that are loved by customers. Wacoal has realized this goal by devoting itself to creating products that earn the long-term loyalty of customers. As part of these efforts, we have developed unique quality standards in the course of our long history. In such ways, we have provided products loved by customers and established an approach to business management that is based on mutual trust. I believe that we need to elevate both these features of our business even further so that we meet the needs of customers who want to make a greater contribution to the realization of a sustainable society. Given that business management based on mutual trust is equivalent to business management that is responsive to ESG (environmental, social, and governance) requirements, the implementation of business management based on mutual trust will contribute to the sustainable development of society and Wacoal.

For example, the Company has yet to tackle certain ESG-related issues in its supply chain processes, from raw material procurement through to manufacturing and sales. We have been strengthening activities to fulfill social responsibilities in this regard since adopting the Wacoal Group CSR Procurement Guidelines in October 2017. However, our monitoring does not yet cover all our contract manufacturers. Accordingly, we will continue working with contractors to heighten the transparency of our supply chain. Also, in 2018 we received a significant amount of criticism for using expressions in advertising that were not in the spirit of diversity. For this reason,

we need to raise compliance awareness with respect to the expressions used in our advertising and communications activities.

For a company such as Wacoal that emphasizes business management based on mutual trust, initiatives to tackle ESG issues are extremely important for heightening relationships of trust not only with customers but also with society. Therefore, we will enhance the quality of all processes in our supply chain by maintaining a strong awareness of compliance.

Also, in building strong relationships of mutual trust and sustaining growth, it is essential that we develop the capabilities of individual employees, our greatest management resource. Personnel development is an ESG task of





fundamental importance to Wacoal. With that in mind, we will foster personnel who will continue to implement our management philosophy. At the same time, we will realize an appealing corporate culture by establishing systems and environments in operations worldwide that are even more employee friendly and that boost employee motivation. To ensure the realization of the aforementioned measures as well as business management based on mutual trust and transparency, we will steadily upgrade and implement corporate governance.

Wacoal must ensure that it sustains growth and remains a necessary presence in society throughout the remainder of the Company's first century and beyond by continuing to develop a vision founded on ESG requirements and to

advance cohesive Companywide initiatives accordingly. Together with our more than 20,000 employees, I intend to further develop ESG-focused management initiatives so that we can create differentiated economic and social value.

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