

## Sustainability

In pursuing our mission, which calls on us to *contribute to society by helping women to express their beauty*, and in helping address social issues, we continuously conduct social contribution activities through our mainstay business and remain mindful of the effect of our business activities on the environment and society.

### Our Basic Approach to Sustainability

We believe that meeting the needs and expectations of society and earning its trust are essential for the realization of sound corporate activities and sustained growth. Wacoal procures many different types of resources from society, including land, energy, personnel, and large amounts of raw materials. However, we would be denied access to such resources if we did not have a relationship of trust with society. Accordingly, as we conduct our business activities, we will keep firmly in mind the need to consider and benefit society, without which our markets would not exist.

#### Our Policy on CSR Activities

Wacoal's fundamental social responsibility is to manufacture products that customers love, develop products that meet current needs, and conduct business fairly to pave the way to a better future. In other words, we believe that our basic corporate social responsibility (CSR) is to build relationships of trust with customers and society through the development of businesses in an equitable manner and an uncompromising approach to manufacturing that provides customers with the products they seek.

We advance CSR initiatives based on seven basic principles and seven core subjects, all of which are in accordance with the ISO 26000 standards published in November 2010 (Japan Standards Association, 2010). Our seven basic principles are accountability, transparency, ethical behavior, respect for stakeholders' interests, respect for the rule of law, respect for international codes of conduct, and respect for human rights. The seven core subjects are organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

### Focus Areas of Our Initiatives

#### Support for Breast-Care Activities Worldwide

Breast cancer is the most common type of cancer among women. As a company whose core business manufactures women's innerwear, Wacoal views the increased incidence of breast cancer as a social issue that must be addressed if it is to continue growing. In 14 countries and regions, we conduct breast-care activities that help develop social infrastructure and communities and aim to alleviate the suffering and sadness caused by breast cancer. In these activities, we promote prevention and screening, provide support for patients and their families that includes post-surgery assistance, and encourage better understanding of breast cancer among the general public.

#### Pink Ribbon Fittings for Charity

As part of Pink Ribbon activities, which support the early detection of breast cancer, every October in the sales areas of approximately 1,600 stores across Japan we conduct Pink Ribbon fittings for charity whereby we donate ¥10 for each brassiere tried on.

##### Fitting Campaigns (① Number of people who tried on brassieres and ② Number of brassieres tried on)

	2007/10 (First campaign)	2017/10	2018/10	Cumulative total
①	111,989	167,432	186,670	1,718,135
②	273,288	457,451	492,684	5,412,559

Participating companies in Japan: Wacoal Corp., Peach John Co., Ltd., Unenana Cool Corp., and Linge Noel Co., Ltd.

#### The Remamma Project

In 1974, Wacoal Corp. began the Remamma Project to provide innerwear and swimwear that offer women who have undergone breast surgery a sense of beauty. As part of the project's activities, we hold events all over Japan at which women can receive expert consultation.

##### Nationwide Consultation Events (① Number of attendees and ② Number of events)

	1994/3 (First campaign)	2017/3	2018/10	2019/3
①	573	1,595	1,791	1,753
②	4	32	36	33

#### The Remamma Project (Fiscal 2019)

Net sales **¥610** million

Sales volume **120,000** items\*

\* Innerwear, swimwear, pads, etc.

#### The Breast Cancer Screening Support Project

To increase the opportunities of women to receive breast cancer screening, Wacoal Corp. purchased a mobile breast cancer screening unit. Since October 2009, we have been using the unit to facilitate breast cancer screening. We are expanding these activities with a focus on group screenings organized in collaboration with health insurance associations and companies.

##### Screenings Provided by the AIO Mobile Breast Cancer Screening Unit (① Number of people screened and ② Number of screening days)

	2010/3 (First campaign)	2018/3	2019/3	Cumulative total
①	369	6,520	5,440	45,344
②	15	163	136	1,085



The AIO mobile breast cancer screening unit



A Remamma consulting room

### Respect for Value Diversity in Advertising

As customers' values diversify and social media and other types of media become more prominent, building sound, positive relationships with all customers calls for the production of advertising and communication tools that are sensitive to current trends and that speak to individuals who want to feel enriched and beautiful while being themselves.

In certain product advertising activities, Wacoal used inconsiderate expressions that made many customers feel uncomfortable. In response, we have established a guideline for the proposal of expressions used in our public relations, advertising, and sales promotion activities to ensure ethical conduct and respect for value diversity in relation to advertising expressions and their production processes. Based on this guideline, we are proceeding with measures to ensure that we avoid inappropriate expressions in the future.

### Advertising Criticized by Customers

Period	Company	Details
February 2018	Taiwan Wacoal Co., Ltd.	The use of animal-related imagery in the expressions of online advertising that highlighted features related to the movement of the bust during exercise
June 2018	Wacoal Corp.	The use of expressions that likened product material to a woman's skin in online advertising of men's innerwear
November 2018	Peach John Co., Ltd.	The use of inappropriate expressions in the advertising of health supplements that could have encouraged incorrect usage

### Measures to Avoid Inappropriate Expressions

The Board of Directors analyzed the causes of the usage of inappropriate expressions, discussed measures to avoid the usage of inappropriate expressions in the future, and established a guideline aimed at ensuring the propriety of public relations, advertising, and sales promotion activities. Wacoal Corp. and Peach John Co., Ltd., have begun following this guideline. Moreover, Wacoal Corp. has introduced its measures to Group companies in Japan and overseas, which have been tasked with establishing standards and systems suited to their respective businesses and regions by the end of March 2020.

### Newly established guideline and management system for representations and expressions in the public relations, advertising, and sales promotion activities of Wacoal Corp.

#### Guideline

With the aim of conducting public relations, advertising, and sales promotion activities that are loved by everyone worldwide, Wacoal Corp. will respond to society's diversifying values by being sensitive to current trends and by understanding individuals who want to feel enriched and beautiful while being themselves.

#### Points to keep in mind when proposing representations and expressions

- Innovation and creativity
- Ethics, morality, and trust
- Human rights
- Consideration for the environment
- Compliance, fairness, propriety, and facts

#### Management system

##### System for determining whether representations and expressions are ethical



##### Self-check sheet details

- I. Representations and expressions in general (55 items in total)
- II. Information distribution (10 items in total)
- III. Production procedures and interpersonal relationships (13 items in total)

### 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 our products are shipped to their respective markets after processing through international networks in which the production or procurement of raw materials and the mass production of finished products are carried out in factories in China or emerging countries in ASEAN.



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. Further, with the permission of its contract manufacturers, Wacoal has been disclosing their basic information on its website since May 2018.

### Contract Manufacturers Covered by Disclosure

(As of the end of September 2019)

Name	Updated number of factories covered by disclosure	Manufacturing output of factories covered by disclosure as a percentage of products procured in value terms	Number of updates
Wacoal Corp.	72 factories; Contract manufacturers for the Wacoal and Wing brands	Suppliers of over 68% of products procured by Wacoal Corp. in value terms	2
Peach John Co., Ltd.	41 factories	81% of innerwear, roomwear, and fashion-wear products procured	2
Lecien Corporation	22 factories	99% of innerwear and outer apparel products procured	2
Ai Co., Ltd.	15 factories	77% of swimwear and innerwear products procured	First time

### CSR Procurement Initiatives

2017	Jan.	In response to concerns raised by an international NGO about working conditions at a sewing factory in Myanmar that is contracted to manufacture products for Lecien Corporation, Wacoal conducts an on-site investigation and informs the NGO about the results of the investigation and its policy going forward	<p>Status of improvements at a factory of a contract manufacturer in Myanmar for Lecien Corporation</p>  <p>Establishment of medical facility with full-time qualified nurses</p>  <p>Installation of additional toilet stalls</p>
	Apr.	Launch of the CSR Procurement Project to provide guidance on the monitoring and resolution of social responsibility activities in Wacoal's procurement processes	
	Oct.	Establishment of the Wacoal Group CSR Procurement Guidelines, which set out common procurement methods for the Group	
2018	Feb.	Start of monitoring based on self-assessment by contract manufacturers	
	Apr.	Establishment of the CSR Procurement Committee with the aim of increasing the effectiveness of CSR-based procurement	
	May	Disclosure of contract manufacturers for the Wacoal and Wing brands	
	Jul.	Commencement of surveys on the acceptance of non-Japanese technical interns by Wacoal Corp.'s contract manufacturers in Japan	
2019	Sep.	Disclosure of contract manufacturers for Peach John Co., Ltd. and Lecien Corporation	
		Disclosure of contract manufacturers for Ai Co., Ltd.	
	Sep.	Updating of the disclosure of contract manufacturers for the Wacoal and Wing brands, Peach John Co., Ltd., and Lecien Corporation	

### Fiscal 2019 Initiatives and Fiscal 2020 Plans

Fiscal 2019 Initiatives	<ul style="list-style-type: none"> <li>Implemented monitoring through self-evaluations (examinations of documents) conducted by all contract manufacturers of Wacoal Corp. (with respect to Wacoal and Wing brand innerwear), Peach John Co., Ltd., Lecien Corporation, and Ai Co., Ltd.</li> <li>Analyzed self-evaluations and provided feedback to respective companies and completed submission of plans for amendments and improvements</li> <li>Conducted on-site audits of contract manufacturers (conducted on-site audits at approximately 10% of target factories)</li> </ul>
Fiscal 2020 Plans	<ul style="list-style-type: none"> <li>Continue aforementioned on-site audits (plan to conduct on-site audits at approximately 20% of target factories)</li> <li>Extend the coverage of CSR-based procurement activities (add as survey targets the contract manufacturers of the Retail Business Department and operational areas beyond the innerwear-related operations of Wacoal Corp.'s Wholesale Business Division)</li> </ul>

## Environmental Activities

Wacoal shall promote environment-friendly business activities reflecting the view that protecting the environment is a corporate responsibility. Wacoal shall provide products that place minimal burden on the environment and prevent pollution by pursuing environment-friendly initiatives in a variety of processes related to its products, from design and materials development through to manufacturing, distribution, and sales. Aiming to realize operations that are in greater harmony with the global environment and local communities, we will step up initiatives focused on such areas as promoting the elimination of plastic from packaging, reducing the disposal of unsold products, and introducing smart factories.

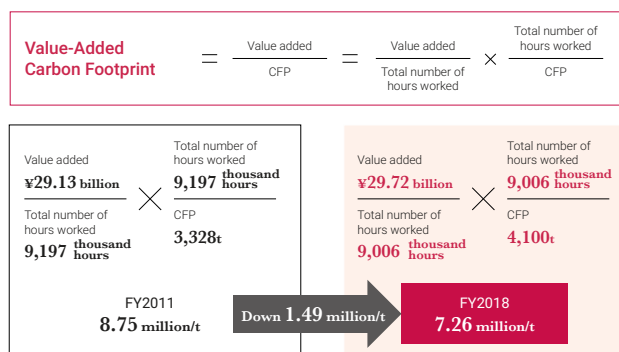
### Results of Environmental Activities (Numerical results of the Wacoal Group's operating bases in Japan)

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Electricity used (1,000 kWh)	11,279	11,086	11,383	11,821	12,095	11,942
Gas used (1,000m <sup>3</sup> )	687	673	620	685	688	700
CO <sub>2</sub> emissions (t)	6,057	5,927	5,913	6,227	6,348	6,294
Water used (1,000m <sup>3</sup> )	121	114	112	112	113	120
OA paper used (1 million sheets of paper)	25.5	26.1	24.5	24.6	23.5	21.3
Total waste emissions (t)	1,174	1,178	1,187	1,181	1,109	1,068
Incinerated waste (t)	86.5	80.1	72.3	73.8	80.8	75.4
Recycling rate (%)	93	93	94	94	93	93

(Coverage: Head Office Building, Spiral Building, Asakusabashi Building, Kojimachi Building, Kyoto Building, Shin-Kyoto Building, Osaka Building, Moriyama Distribution Center, Fushimi Distribution Center, Kyushu Wacoal Manufacturing Corp. [Nagasaki, Kumamoto, Fukuoka], Hokuriku Wacoal Sewing Corp., Niigata Wacoal Sewing Corp., and Fukuoka Branch Store and Sapporo Branch Store [both stores occupied by tenants])

### Wacoal's Original Self-Evaluation Indicator: Value-Added Carbon Footprint\*1 Ratio (Coverage: Wacoal Holdings Corp. and Wacoal Corp.)

We measure effect by calculating how much value we have added per unit of CO<sub>2</sub> emissions. This indicator is shown as the product of value-added labor productivity (Value added\*2 ÷ Total number of hours worked) and CO<sub>2</sub> emissions per work hour. We aim to affect the actions of each individual by adopting a different approach that focuses on two areas: heightening the capabilities of individual employees so that they work efficiently and reducing environmental burden during operational hours.



\*1 Carbon footprint (CFP) includes CO<sub>2</sub> emissions resulting from the use of electricity, fuel, and water and from the disposal of waste. For CO<sub>2</sub> emissions resulting from energy use, equivalent values for each region are used.

\*2 Value added = Operating income + Personnel expenses (sales and manufacturing) + Depreciation and amortization (sales and manufacturing)

## The Advancement of Modal Shift

Wacoal Distribution Corp. is advancing modal shift (the conversion of the modes of transportation for freight and other goods) with a view to compensating for the serious shortage of truck drivers; ensuring the delivery of products when there are disasters or other emergencies through the diversification of delivery routes; and being environment friendly. In April 2014, we switched the transportation of goods for sale at department stores in the Tokyo metropolitan area from trucks to railways. Also, since May 2016 we have been transporting goods for sale in Sapporo, Hokkaido, via ferries that operate on routes in the Sea of Japan. These initiatives are helping to reduce the CO<sub>2</sub> emissions produced when our goods are transported.

Modal shift benefits  
CO<sub>2</sub> emissions **1/8** of truck transportation CO<sub>2</sub> emissions

### Acquisitions of the ISO 14001 Environmental Management System Standard and the Kyoto Environmental Management System Standard (KES) Certifications

Companies with ISO 14001 environmental management system certification

**Japan** Wacoal Corp., Wacoal Service Co., Ltd., Unenana Cool Corp., Wacoal Distribution Corp., and Kyushu Wacoal Manufacturing Corp.

**Overseas** Guangdong Wacoal Inc. and Vietnam Wacoal Corp.

Companies with KES environmental management system certification

Niigata Wacoal Sewing Corp., Hokuriku Wacoal Sewing Corp., Torica Co., Ltd., and Lecien Corporation.

## Brassiere Recycling Activities

Questionnaires revealed that some customers find disposing of brassieres problematic. In response, Wacoal began collecting unneeded brassieres from customers in 2008. (In fiscal 2019, we collected unneeded brassieres from customers between December 1, 2018 and March 31, 2019.)

The collected brassieres and the sealed recycling bags containing them are processed into RPF (Refuse Paper & Plastic Fuel).

### Number of Brassieres Collected

2008/3 (First campaign)	2018/3	2019/3	Cumulative total
30,000	279,000	265,000	2,241,000



A brassiere recycling bag



Processed RPF