

Specific Value Chain Reform Initiatives

Anticipating the changes in consumer society that are likely to stem from the COVID-19 pandemic, we are reforming our value chain to evolve our unique capabilities as an organization.

In advancing many different types of initiatives, the Wacoal Group is clearly establishing their connection to six material issues, which it identified in light of the Group Philosophy and mutual trust-based business management—a core management approach since the Group’s founding. As a result, the unique capabilities of our organization are evolving in ways that enhance enterprise value and contribute to the overall progress of society.

Six Material Issues

① Contribute to society by helping women to express their beauty					
②	③	④	⑤	⑥	
Provide safe, dependable, high-quality products and services	Create a business organization and culture that are fair and in which people are ambitious and enjoy their work	Ensure breast care support for women around the world	Build CSR procurement partnerships founded on mutual trust and cooperation	Continue the enhancement of corporate governance	

Value Chain	Priority Tasks	Measures Going Forward	Details	Related Material Issues
 <p>R&D / Product Planning</p>	Evolve a customer-focused value chain	Step up innovation that resolves the issues of customers and heightens their satisfaction	• Use purchasing data and 3D measurement data as the basis for developing new products and services and hypothesis verification	① ②
		Develop new products catering to changes in customers’ purchasing behavior	• Develop new products catering to the demand resulting from telecommuting and other aspects of new lifestyles	
		Reorganize brands and optimize inventories to reflect changes in points of contact with customers	• Reduce brands and product groups by approximately 30% (Wacoal Corp.)	
		Introduce new high-value-added products that are borderless	• Utilize the findings of human science research globally and expand <i>amphi</i> in the Chinese market	
		Advance business activities and product development that reduce environmental burden	• Develop environment-friendly materials and incidental materials and take measures to eliminate plastic packaging	
 <p>Procurement / Production</p>	Establish a global production and procurement system Advance responsible procurement activities	Strengthen production planning and management systems that span the Group laterally	• Establish a highly efficient production system through capacity management that spans factories	① ② ⑤
		Coordinate the Group’s materials procurement capabilities	• Procure common materials for the Group and unify quality standards	
		Increase technical support to enhance the quality and technical levels of overseas Group factories	• Develop technicians and realize a flexible production system	
		Build a logistics system that can adapt to changes in the retail environment	• Expand logistics center with the aims of boosting the growth of the in-house e-commerce business and increasing the efficiency of shipping operations (scheduled to start up in autumn 2022)	
		Advance procurement activities that encourage the addressing of labor issues and respect for human rights	• Continue to conduct on-site audits and extend the coverage of CSR-focused procurement activities	
 <p>Sales / Marketing</p>	Utilize innovative technology to realize sustainable growth Strengthen measures in response to structural changes in distribution	Conduct relationship management that utilizes customer data	• Utilize customer data to increase the “lifetime value” of customers	① ② ④
		Utilize innovative technology to realize sustainable growth (strengthen measures for the health and safety of customers and employees)	• Accelerate the introduction of 3D body scanners and AI-enabled customer service systems • Examine and advance new customer service systems, including remote customer services • Advance contactless customer service formats through the introduction of the aforementioned	
		Strengthen measures in response to changes in distribution channels	• Increase in-house e-commerce sales and promote the transition to directly managed sales areas	
		Integrate and coordinate online and off-line operations	• Expand the network of customer-focused services and maximize store value	
		Conduct personalized marketing activities	• Strengthen efforts to build digital marketing strategy on a global basis	
		Advance activities that lower environmental burden and address social issues	• Reduce the discarding of unsold products and reduce shopping bags • Promote breast care activities at operating bases worldwide	
Strengthen the information security system even further	• Advance data security and the protection of privacy even further			

Foundations Underpinning Our Value Chain

 <p>Business Management</p>	Shift to highly profitable business management	Shift to highly profitable business management and increase capital efficiency	• Reduce the fixed costs of Wacoal Corp. and reform the businesses of underperforming domestic subsidiaries, etc. • Reduce working capital and reduce strategic shareholdings	① ② ③ ⑥
		Realize highly effective corporate governance	• Develop compensation systems that increase the effectiveness of plans and develop succession plans further • Continue to conduct effectiveness evaluations and improve evaluation methods and processes	
		Advance risk management and compliance activities even further	• Prepare business continuity plans • Use the pandemic to prompt redevelopment of the risk management system • Ensure widespread awareness of compliance and the management philosophy at subsidiaries in Japan and overseas	
		Strengthen disclosure and communication activities	• Create further opportunities for dialogue with stakeholders • Increase and enhance disclosure in relation to ESG initiatives and hold meetings on ESG initiatives	
 <p>Personnel</p>	Optimize human resources qualitatively and quantitatively Heighten productivity per employee Develop a corporate culture conducive to job satisfaction	Establish various types of systems suited to new work styles (telecommuting, etc.)	• Revise the personnel evaluation system in accordance with the increase in telecommuting • Build a new compensation system based on clearly delineated job responsibilities	① ② ③
		Strengthen personnel management continuously	• Continue managing and verifying the effectiveness of a new personnel training system that emphasizes specialization, global viewpoints, and continuous career growth	
		Rebuild personnel recruitment methods (analyze and implement mid-career hiring and year-round hiring)	• Increase the use of mid-career hiring and introduce measures to secure diverse personnel through referral hiring	
		Increase productivity through the implementation of human resources planning	• Increase productivity per employee by optimizing human resources quantitatively and qualitatively and by conducting rigorous Companywide management of the number of new hires	
		Advance the empowerment of women and respect diverse work styles	• Establish telecommuting environments (increase the number of eligible employees)	
Advance health and productivity management	• Promote health literacy and encourage healthy habits among all employees			