


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.

 Sustainability information and statistics are available on the Company's website.
<https://www.wacoalholdings.jp/en/sustainability/>

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

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 supply-chain environmental initiatives focused on such areas as promoting the elimination of plastic from packaging, reducing the disposal of unsold products, and introducing smart factories.

Environmental Initiatives for Supply Chains

With the potential to significantly affect the earth and corporate activities, climate change is both a risk and an opportunity to create new businesses for the Wacoal Group. In accordance with the belief that helping address environmental issues is fundamental to sound corporate development and to the realization of a sustainable society, in February 2020 Wacoal Corp. launched the Supply Chain Environmental Project, which will lower the overall environmental burden of the Company's supply chains.

Until now, our environmental initiatives have focused on reducing the environmental burden of operating bases in Japan. Our supply-chain initiatives have been limited to measures for individual issues, such as modal shift promotion and brassiere recycling activities. The recently launched Supply Chain Environmental

Project comprises three task forces, each of which is focused on the supply chain relevant to a specific goal, namely, the reduction of promotional materials, the reduction of waste, and the development of environment-friendly products and materials. The task forces are analyzing current situations, setting targets for improvement, and establishing action plans.

Further, with a view to helping realize a low-carbon society by reducing CO₂ emissions, members of the aforementioned project are discussing plans to set targets and disclose progress in relation to two overriding goals: the reduction of CO₂ emissions from the internal activities of operating bases and the reduction of CO₂ emissions from product life cycles.

Overview of the Supply Chain Environmental Project

<p>(1) Promotional materials reduction task force</p> <p>Mission:</p> <p>Reduce the pamphlets, posters, direct mail, and shopping bags used in store operations</p>	<p>(2) Waste reduction task force</p> <p>Mission:</p> <p>Reduce the number of discarded products, implement recycling activities, and reduce leftover materials and cutting wastage at factories</p>	<p>(3) Development task force</p> <p>Mission:</p> <p>Establish Wacoal environmental standards and develop and roll out environment-friendly products and incidental materials</p>
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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 mass production of finished products are carried out in factories 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. 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 August 2020)			
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.	129 factories	95% of innerwear, pajamas, roomwear, babywear, maternitywear, legwear, and sportswear procured	3
Peach John Co., Ltd.	26 factories	88% of innerwear, roomwear, and fashionwear procured	3
Lecien Corporation	11 factories	99% of fashionwear procured	3
Ai Co., Ltd.	16 factories	56% of swimwear and innerwear procured	2

Measures for Contract Manufacturers in Response to the COVID-19 Pandemic

The Wacoal Group is adjusting production to avoid surplus inventories, which could arise from the lackluster sales. The low level of sales reflects measures to prevent the spread of COVID-19, such as the suspension of store operations and restrictions on going outdoors. In adjusting production, we are engaged in sincere discussions with contract manufacturers regarding countermeasures. Our aim is to ensure that, as our suppliers, contract manufacturers are not put at a disadvantage. For example, we are paying appropriately for materials that contract manufacturers have procured but which have become surplus to requirements as a result of production suspension. Moreover, we are seeking a way to reuse such materials.

Fiscal 2020 Initiatives and Fiscal 2021 Plans

Fiscal 2020 Initiatives	<ul style="list-style-type: none">Continued on-site audits of contract manufacturers (conducted on-site audits at approximately 20% of target factories)Extended the coverage of CSR-focused procurement activities (added as survey targets the contract manufacturers of Wacoal Corp.'s Retail Business Department and operational areas beyond the innerwear-related operations of Wacoal Corp.'s Wholesale Business Division)Revised the management methods for self-evaluations and surveys of contract manufacturers
Fiscal 2021 Plans	<ul style="list-style-type: none">Continue the aforementioned on-site auditsExtend the coverage of CSR-based procurement activities (add as survey targets online sales business departments and suppliers of products to Unenana Cool Corp. and consolidated subsidiaries in the United States, Europe, and China)Begin utilizing the revised self-evaluations and surveys of contract manufacturersBegin requiring product suppliers to submit checklists and written pledges as operators of long-standing contract businesses



Conducting an on-site audit at Myanmar Wacoal



A safety measure for working with band knife cutting machines at the factory of a contract manufacturer in China