

Response to Climate Change

Climate change, which has a significant impact on the earth and our business activities, presents both risks to the Wacoal Group's management and opportunities to acquire new business. The Group believes that the continuation of its sound business growth and the realization of a sustainable society hinges on its ability to tackle environmental issues in pursuit of a better environment. Based on this belief, in September 2021 we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are promoting information disclosure based on the TCFD framework.

Our Commitment to the Reduction of Greenhouse Gas Emissions

With a view to firmly stabilizing the reduction of greenhouse gas (GHG) emissions throughout the supply chain and thereby contribute to realizing a carbon-neutral society, in July 2021 the Wacoal Group measured the amount of GHG emissions (scope 3) generated throughout the supply chain of the Wacoal Business (Domestic) for the first time, based on the Ministry of the Environment's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.3). In July 2021, we also responded to the climate change questionnaire of the CDP, an international nonprofit organization, for the first time in an effort to promote the disclosure of information on our climate change initiatives.

Greenhouse Gas Emissions Generated by the Wacoal Business (Domestic)				
The majority of the total GHG emissions generated through the operations of the Wacoal Business (Domestic) are in the form of scope 3 (supply chain) emissions, around 90% of which come from category 1: purchased goods and services. In regard to our GHG emissions reduction targets and reduction processes, we will discuss the matter over the course of fiscal 2022 and reveal the results together with our announcement of the new medium-term management plan.				
Scope/Category	Coverage		CO ₂ emissions (CO ₂ e-t)	Percentage of total GHG emissions
Scope 1 emissions	Operating bases, plants, and distribution centers in Japan		1,833	0.5%
Scope 2 emissions	Operating bases, plants, and distribution centers in Japan		4,719	1.4%
Scope 3 emissions	Wacoal Business (Domestic)		337,730	98.1%
Upstream	Category 1	Purchased goods and services	307,195	91.0%
	Category 2	Capital goods	13,507	4.0%
	Category 3	Fuel- and energy-related activities not included as a part of scope 1 and scope 2 emissions	1,279	0.4%
	Category 4	Upstream transportation and distribution	4,523	1.3%
	Category 5	Waste generated in operations	289	0.1%
	Category 6	Business travel	3,681	1.1%
	Category 7	Employee commuting	1,027	0.3%
	Category 8	Upstream leased assets	1,542	0.5%
Downstream	Category 9	Downstream transportation and distribution	2,357	0.7%
	Category 10	Processing of sold products	Excluded from scope of calculation	—
	Category 11	Use of sold products	Excluded from scope of calculation	—
	Category 12	End-of-life treatment of sold products	2,331	0.7%
	Category 13	Downstream leased assets	Excluded from scope of calculation	—
	Category 14	Franchises	Excluded from scope of calculation	—
	Category 15	Investments	Excluded from scope of calculation	—

Overview of the CDP

The CDP is an international nonprofit organization that conducts research and analysis on the actions taken by companies and organizations worldwide to address environmental issues, such as climate change, water security, and deforestation, and discloses the results. The CDP's environmental disclosure and its evaluation process is widely recognized as the global standard for corporate environmental disclosure.



Support for Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In September 2021, the Wacoal Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moving forward, we will disclose information on the four thematic areas of governance, strategy, risk management, and metrics and targets in accordance with the recommendations of the TCFD.

Consumer- and Environment-Friendly Business Activities

With increasing concerns over the environment and sustainability, we are seeing a growing demand among consumers for high-quality products that can be used over the long term and products that pay due respect to the environment. We at the Wacoal Group continue to manufacture products in a way that will earn the appreciation of consumers for many years to come while engaging in business activities that respect the environment based on our belief that it is our duty to protect the global environment.

Reduction of Waste through Our Long-Cherished Manufacturing Capabilities and Unique Production, Inventory, and Sales System

The Group's value of creating products loved by customers is underpinned by its dedication to superior standards of quality and safety and optimizing inventories. Our ISO 9001-based quality control system ensures the highest levels of quality at each phase, from materials procurement through to product planning, product design, and production, by adhering to strict standards. Moreover, based on our framework of generating profits and minimizing waste throughout each stage of production, inventory management, and sales, the disposal rate of Wacoal Corp. is currently around 1%.

Development of Environment-Friendly Products along Our Path to Realizing a Sustainable Global Environment

At Wacoal, we are constantly developing and expanding our line of environment-friendly products and materials in order to address the needs of consumers for more products that respect the environment and to contribute to the realization of a sustainable global environment. As a part of the *Wacoal* brand, in September 2021 we rolled out our line of *Nature Couture* products, consisting of innerwear that is friendly to both users and the environment and utilizes *washi*, Japanese paper made primarily of cellulose fiber taken from Manila hemp, and U.S.-grown organic cotton. The material uses dye derived from olive leaves, rose petals, and other plants, as well as non-dyed colors and, by devising various designs and patterns, we were able to reduce the amount of material waste more than usual. Going forward, we will look to establish a material waste recycling system, which entails collecting the material waste generated during the fabric-cutting process at our plants in Japan and reusing it to create yarn for materials to be used in the next season and onward. In addition, our *L[∞]Ping* environment-friendly bras made of recycled yarn, which are slated to be released mainly at directly managed stores in spring/summer 2022, could also become a part of our material waste recycling system in the future.



Nature Couture

Bra Recycling Initiatives

Established as a solution to the unwillingness of customers to discard their bras, the Wacoal Bra Recycling Initiative is a program for collecting and recycling bras that are no longer needed. Through the participation of JEPLAN, INC. and its BRING™ project, the collected bras are reused as materials for household goods and other products. The project was carried out during the period from October 1, 2020 to March 31, 2021, as a result of which, 22.0 tons of bras were collected.



Issues to Address Going Forward

Supplier Engagement

With scope 3 (supply chain) emissions accounting for the majority of the Group's total GHG emissions, we must work collectively with our suppliers to reduce such emissions. While encouraging our suppliers to take the measures necessary to reduce GHG emissions, we will seek to develop an action plan and determine the process for realizing this plan to address the issue of climate change throughout the entire supply chain over the medium to long term.