

Fulfilling Social Responsibilities along Our Supply Chain

The Wacoal Group engages in responsible procurement with its business partners around the world with the aim of fulfilling its social responsibilities throughout the entire supply chain. Realizing the importance of meeting the expectations of society, establishing mutual trust, and working in unison, we believe that promoting CSR procurement together with our contract manufacturers will maximize the interests and contribute to the sustainable growth of both parties. As such, we will continue to engage proactively in this area going forward.

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 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.

Fiscal 2021 Initiatives and Fiscal 2022 Plans

Fiscal 2021 Initiatives

- **Extended coverage of CSR-focused procurement activities**
Added the contract manufacturers of Wacoal's online sales business departments, Unenana Cool Corp., and consolidated overseas subsidiaries (Wacoal America, Inc., Wacoal China Co., Ltd., and Wacoal Europe Ltd.) as survey targets
- **Verified the status of compliance with matters specified in the Wacoal Group CSR Procurement Guidelines via self-assessments**
Conducted self-assessments for the second time with 115 supplier plants of Wacoal (*Wacoal* and *Wing* brand innerwear), Lecien, Peach John, and Ai
- **On-site audits postponed due to COVID-19 (conducted at certain plants in Japan upon the consent of contract manufacturers)**

Basic Information Disclosed on Contract Manufacturers (as of August 2021)

Name	Number of factories	Manufacturing output of factories covered by disclosure as a percentage of products procured in value terms	Number of updates
Wacoal Corp.	150	96.5% Percentage of innerwear, nightwear (pajamas), babywear, maternity wear, legwear, and sportswear procured	4
Lecien Corporation	12	99.5% Percentage of innerwear procured	4
Peach John Co., Ltd.	31	90% Percentage of innerwear, loungewear, and fashionwear procured	4
Ai Co., Ltd.	12	78% Percentage of swimwear and innerwear procured	3
Unenana Cool Corp.	4	98.9% Percentage of innerwear and nightwear (pajamas) procured	1
Overseas*	32	100% Percentage of innerwear procured	1

* Wacoal America, Inc., Wacoal China Co., Ltd., and Wacoal Europe Ltd.

Fiscal 2022 Plans

- **Establish on-site auditing methods (remote audits) amid COVID-19 era**
- **Extend the coverage of CSR-focused procurement activities (plan to add contract manufacturers of products other than apparel as survey targets)**
- **Verify the status of compliance with matters specified in the Wacoal Group CSR Procurement Guidelines through self-assessments**
Conduct self-assessments for the second time with the supplier plants of Wacoal (*Wacoal* and *Wing* brand products other than innerwear and Brand Group No. 3 (*AMPHI*, etc.))
- **On-site audits slated to be held upon verifying the status of COVID-19**

Issues to Address Going Forward

Establish a System for Implementing Human Rights Due Diligence

Due to the global nature of our business, we at the Wacoal Group believe that respect for human rights represents the foundation of business management based on mutual trust. Accordingly, over the years we have conveyed to all Group employees our basic approach to human rights in conformity to international norms while stipulating a set of specific guidelines in the Wacoal Code of Ethics and the Corporate Ethics: Wacoal's Code of Conduct and proceeding with the measures necessary. However, the efforts of companies to demonstrate their respect for human rights is becoming increasingly important in recent years. As such, we recognize the need to reduce and prevent any negative impacts on human rights and strengthen our human rights initiatives based on the United Nations Human Rights Due Diligence Policy compliant with the Guiding Principles on Business and Human Rights. In fiscal 2022, the Group will revise its human rights policy and establish a system for implementing human rights due diligence.

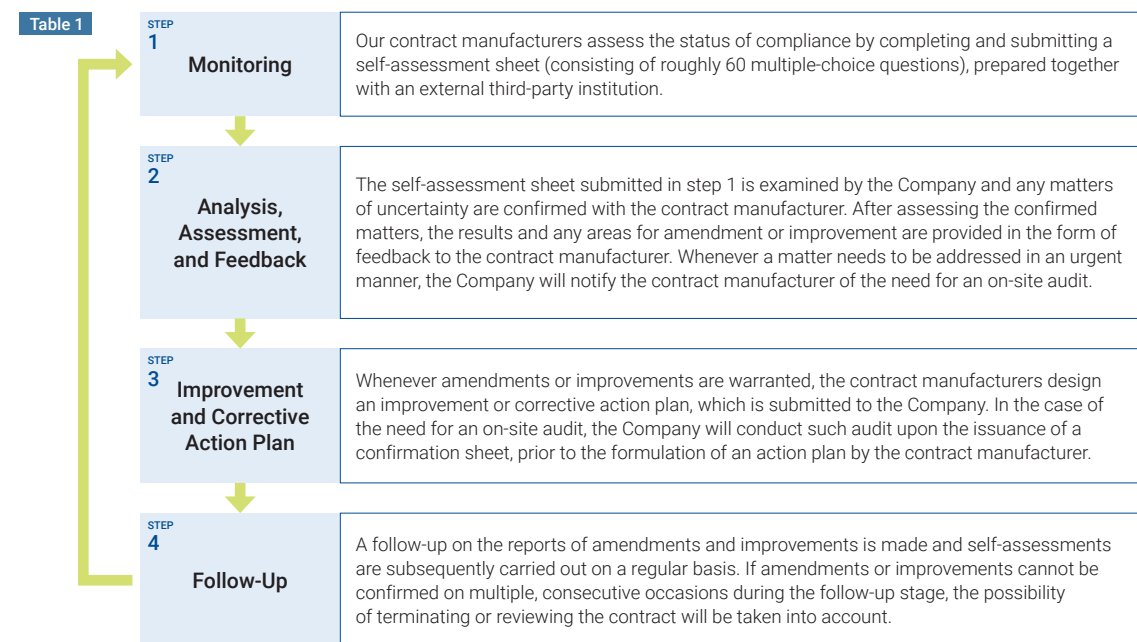
Monitoring and Assessing the Activities of Contract Manufacturers

Recognizing the importance of constantly improving its supply chain from the perspectives of respect for human rights, workplace environment, and health and safety, the Group carries out activities to monitor the status of compliance with the matters specified in the Wacoal Group CSR Procurement Guidelines.

Implementation Cycle for CSR-Focused Procurement Activities

In January 2018, the Group launched a mechanism that accurately measures the status of compliance with the matters specified in the Wacoal Group CSR Procurement Guidelines and constantly strives to make improvements in this area. The system entails a series of cycles that include monitoring via self-assessments performed by contract manufacturers; analysis, assessment, and feedback; improvement and corrective action plans; and follow-up. Whenever an issue is detected, we work toward a solution with the contract manufacturer, constantly supporting one another.

Table 1 shows the aforementioned series of cycles for accurately assessing the status of compliance and constantly revising and improving our compliance with the Wacoal Group CSR Procurement Guidelines.



Monitoring Results (Self-Assessment Results of Contract Manufacturers)

Held once every two years, the self-assessment was conducted for the second time at 115 plants in fiscal 2021. Although health and safety was identified as an issue at many of the plants in our assessment two years ago, improvements were observed in this area this time. Through such means, we will continue to enhance the transparency of our business activities throughout the entire supply chain.

Self-Assessment Results (Assessment Criteria: Level 5 (High Rating)—Level 1 (Low Rating))

Fiscal 2019	Fiscal 2021	Rating	Details
Level 5	Level 5	Level 5	Exemplary level. Sustenance of high standards expected going forward.
Level 4	Level 4	Level 4	Above-average level overall. Pursuit of higher standards expected going forward.
Level 3	Level 3	Level 3	Improvements in all areas expected going forward.
Level 2	Level 2	Level 2	Improvements in all areas highly expected going forward.
Level 1	Level 1	Level 1	Serious issues (high risk of contract termination) exist and improvements must be made immediately.