Identifying Material Issues with a View to 2030

While the world's population as a whole is rising, some countries are seeing declining birth rates and aging societies. These factors, along with the ongoing digital revolution, globalization, and the intensification of climate change and human rights issues, are making the future increasingly difficult to predict. It is precisely in these unpredictable and uncertain times that we felt it necessary to reaffirm the Group's management philosophy. Further, we will clarify the social and environmental issues that we must address by 2030 and work back from there to establish what we as a company must accomplish at this point in time.

In order to realize VISION 2030—the Group's medium- to long-term management strategy framework—while evolving our long-cultivated strengths, such as research, planning, and sales, we conducted an analysis of material issues based on social and environmental issues to be addressed, as well as business growth. As a result, we identified five targets and 11 material issues. We arrived at this decision by gaining insight into the business challenges and social and environmental issues we expect to face by 2030, while taking into account macro trends and the requests of various stakeholders.

Targets	Material Issues	Contribution to SDGs
Customers **Maximize the value provided to customers**	1 Enhancement of customer experience value by pursuing personalization 2 Endeavoring to expand business areas 3 Deepening of product quality and building of service quality	3 Good Health and Well-Being; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production
Employees **Achieve the growth of each of our employees and establish a highly rewarding organization**	4 Growth into human resources who can expand their potential and have confidence, pride, and success 5 Building of an organization that can demonstrate great results through co-creation and collaboration 6 Continuous improvement of employees' health and health awareness	3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth
Environment **Preserve the environment globally for future generations**	7 Promotion of business activities that reduce environmental impact	7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action
Society **Realize a society in which everyone plays an active role in their own way**	8 Promotion of co-creation innovation to solve social issues	5 Gender Equality; 10 Reduced Inequalities; 12 Responsible Consumption and Production
Governance **Enhance governance toward the realization of sustainable growth**	9 Implementation of highly transparent management 10 Strengthening of the risk management system 11 Continuous improvement of profitability and capital efficiency	8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions

The Process of Evaluating and Identifying Material Issues

STEP 1 January to February 2021

Creation of a List of Issues to be Addressed Based on Dialogue with and Requests from Stakeholders

Referenced Frameworks and Guidelines
GRI Standards
SASB Standards
ISO 26000
Sustainable Development Goals (SDGs)
The Ten Principles of the UN Global Compact
OECD Guidelines for Multinational Enterprises
Task Force on Climate-related Financial Disclosures (TCFD)

Led by the Supply Chain Environmental Project—the predecessor of the Sustainability Promotion Project—an extensive list of business, environmental, and social issues was compiled while referencing international frameworks and guidelines, such as the GRI Standards and the Sustainable Development Goals (SDGs), as well as macro trends in our various fields of expertise.

Engaging in Dialogue with Stakeholders and Receiving Their Various Evaluations and Requests
Dialogue with investors and other stakeholders at investor relations and business briefing sessions
Dialogue with nongovernmental and not-for-profit organizations such as CDP
Requests made in various ESG surveys

STEP 2 March 2021

Discussions between Management and Outside Experts

Discussions were held between outside experts and management regarding the aforementioned list of issues. After identifying issues with a high level of relevance to our businesses and assessing their levels of importance, 18 material issues were identified across six core themes

STEP 3 April to June 2021

Discussions with the Next Generation of Management Candidates

The material issues assessed in March were once again discussed by the Sustainability Promotion Project (with six leaders present), and material issues for 2030 were examined and reidentified

STEP 4 July to November 2021

Discussions with Young Employees

Discussions were held by designated and non-designated members of the Sustainability Promotion Project (with six leaders present) on specific initiatives and KPIs for the reidentified material issues for 2030

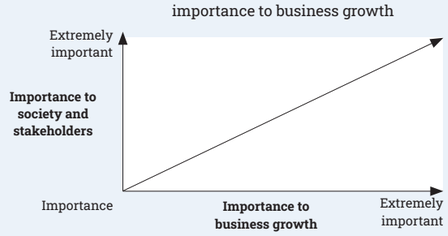
STEP 5 December 2021 to January 2022

Identification of Material Issues

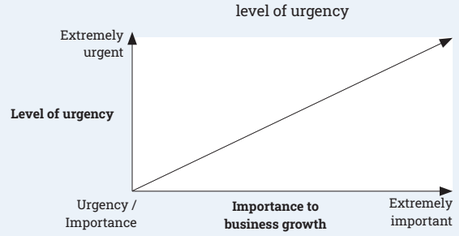
Discussions were held with management, including external directors, on specific initiatives and KPIs for the material issues discussed by the Sustainability Promotion Project. Five targets and 11 material issues were identified as indicators to achieve business growth and a sustainable society by 2030

Method for Assessing Material Issues

(1) Identify material issues in terms of their level of importance to society and stakeholders and their importance to business growth



(2) Identify material issues based on their importance to business growth and level of urgency



Material Issues to be Addressed by 2030

Customers: Maximize the value provided to customers

	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
1	Enhancement of customer experience value by pursuing personalization	Increasing of customer connections and learning from them to wow other customers	Increase in the number of customers with connections to the Wacoal Group	To be considered in fiscal 2023 and announced during fiscal 2024
			Increase in the number of people experiencing Wacoal's unique services that enhance the customer experience	
		Creation of products that exceed expectations and are loved	Revitalization of the innerwear business by promoting the development of new products and services that utilize customer data	
2	Endeavoring to expand business areas	Tackling of challenges in new areas to support customers from every angle	Increase in growth and profitability in businesses other than women's innerwear	
			Creation of new business to contribute to well-being	
			Expansion of internal resources into new fields	
		Achievement of global growth to provide inspiration to customers around the world	Overseas business expansion	
3	Deepening of product quality and building of service quality	Pursuit of quality control systems and quality levels demanded by the times	Continuous monitoring of product quality and implementation of improvement activities	
			Maintenance and improvement of the quality of digital and over-the-counter services	

Employees: Achieve the growth of each of our employees and establish a highly rewarding organization

	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
4	Growth into human resources who can expand their potential and have confidence, pride, and success	Growth into of human resources that proactively enhance self-proficiency and take on challenges with enthusiasm, regardless of generation or position	Enhancement of initiatives geared toward self-motivated career design and skill improvement	To be considered in fiscal 2023 and announced during fiscal 2024
			Nurturing of human resources and creation of an environment in which employees can take on challenges with enthusiasm	
5	Building of an organization that can demonstrate great results through co-creation and collaboration	Fostering of an organizational culture in which people from various positions can cooperate and achieve their missions	Development of a work environment in which people from diverse backgrounds can work together	
			Increase in the number of employees who can act with clarity on what the Company should be and its mission	
6	Continuous improvement of employees' health and health awareness	Improvement of employees' mental and physical health	Improvement of employees' productivity and mental and physical health	
			Improvement of health literacy	

Environment: Preserve the environment globally for future generations

	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
7	Promotion of business activities that reduce environmental impact	Fostering of environmental awareness among both employees and consumers	Visualization of ecological activities in business activities	1) Zero in-house emissions (Scope 1 and 2) (domestic businesses) 2) Zero product waste (Wacoal Corp.) 3) Rate of environment-friendly materials used of 50% (Wacoal Corp.) 4) 20% reduction in supply chain emissions (Scope 3) (Wacoal Business (Domestic)) Note: For our overseas business, we plan to start by tracking our own emissions (Scope 1 and 2) and disclose our targets by the fiscal year ending March 31, 2025.
		Achievement of a decarbonized society	Realization of a decarbonized society and reduction in CO_2 emissions	
		Promotion of waste reduction	Reduction of product disposal rate	
		Achievement of a society of that recycles resources	Increase in rate of environment-friendly materials used	

Society: Realize a society in which everyone plays an active role in their own way

	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
8	Promotion of co-creation innovation to solve social issues	Contribution to the improvement of women's QOL	Promotion of breast care activities	To be considered in fiscal 2023 and announced during fiscal 2024
			Fulfillment of needs through products and services and development of ideas that contribute to improving women's quality of life	
			Contribution to women's quality of life through ongoing dialogue with stakeholders	
		Promotion of diversity and inclusion	Promotion of in-house enlightenment activities to foster an understanding of diversity-related issues such as gender	
			Promotion of dialogue and co-creation activities with external stakeholders to foster an understanding of diversity-related issues such as gender	
		Promotion of respect for human rights and CSR procurement activities	Establishment and implementation of human rights due diligence and promotion of human rights training	
			Expansion of scope of CSR procurement activities	

Governance: Enhance governance toward the realization of sustainable growth

	Material issues	Concrete efforts toward the resolution of material issues	KPIs (by 2030)	Targets
9	Implementation of highly transparent management	Maintenance and establishment of an optimal corporate governance system that will improve effectiveness	Implementation of Japan's Corporate Governance Code	To be considered in fiscal 2023 and announced during fiscal 2024
			Demonstration of the Board of Directors' functions and promotion of diversity	
			Ongoing improvement of the system for the compensation of officers to increase corporate value	
			Establishment of fair and motivating evaluation and compensation systems	
10	Strengthening of the risk management system	Thorough compliance with laws and regulations and development of an organization with high ethical standards	Prevention of inappropriate behavior in corporate activities and enhancement of compliance awareness among all officers and employees	
		Strengthening of organizational resilience by steadily responding to business risk	Review of selection methods and response policies for major risks, promotion of information security measures for digital transformation and communication technology operations, and enhancement of the business continuity plan	
11	Continuous improvement of profitability and capital efficiency	Execution of the management strategy and clarification of roles and authority	Strengthened management of key performance indicators and verification of cost-effectiveness to improve the effectiveness of medium- to long-term strategies	
			Implementation of business portfolio management to realize growth	
			Establishment of an executive structure for timely and appropriate decision-making	