

Sustainability

Response to Climate Change

At Wacoal, we believe that climate change, which has a profound impact on the earth and corporate activities, is both a risk to the Group's business as well as an opportunity to expand its business. Based on this belief, we are proceeding with measures to address environmental issues and expand our disclosure of environmental information in our mission to realize sound corporate growth and a sustainable society.

Approach to Reducing Greenhouse Gas (GHG) Emissions

In order to move forward with measures to realize a carbon-free society and firmly ensure the reduction of greenhouse gas (GHG) emissions along the supply chain, we began calculating GHG emissions for the entire supply chain (Scope 3) of the Wacoal Business (Domestic) in 2021. Moreover, in addition to disclosing reduction targets for Scope 1 and Scope 2 GHG emissions from our operating bases in Japan in pursuit of our 2030 nonfinancial goals, in June 2022 the Company disclosed reduction targets for the aforementioned Scope 3 GHG emissions of the Wacoal Business (Domestic).

Environmental goals for 2030 → P.31

GHG Emissions Reduction Process

Currently, the Subcommittee for Carbon-Neutral, which operates under the Sustainability Committee, takes the lead in reviewing specific action plans for achieving GHG emissions reduction targets. In pursuit of our goal of realizing net-zero GHG emissions at all of our operating bases in Japan, we plan on installing solar power generating systems at our distribution centers as well as gradually converting to the use of renewable energy at our existing operating bases. Meanwhile, in order to reduce GHG emissions along the supply chain, it is imperative that we work in unison with our suppliers. We intend to develop an action plan and course of action for reducing GHG emissions while urging our suppliers to do their part in helping to reduce GHG emissions along the supply chain.

Greenhouse Gas Emissions Generated by the Wacoal Business (Domestic)

In fiscal 2021, GHG emissions from the Wacoal Business (Domestic) decreased by 10% from fiscal 2020, due mainly to the discontinuation of business activities stemming from the impact of COVID-19. Moreover, Scope 3 emissions account for a large proportion of total GHG emissions from the Wacoal Business (Domestic) and roughly 90% of these emissions come from Category 1: Purchased Goods and Services.

Scope/category	Coverage	CO ₂ e emissions (CO ₂ e-t)	Percentage of total GHG emissions	Percentage change from fiscal 2020 (base year)	
Scope 1 emissions	Operating bases, plants, and distribution centers in Japan	1,653	0.5%	-10.1%	
Scope 2 emissions	Operating bases, plants, and distribution centers in Japan	4,158	1.3%	-11.9%	
Scope 3 emissions	Wacoal Business (Domestic)	304,503	98.1%	-9.5%	
Upstream	Category 1	Purchased goods and services	273,758	89.9%	-10.4%
	Category 2	Capital goods	16,387	5.4%	21.3%
	Category 3	Fuel- and energy-related activities not included as a part of Scope 1 and Scope 2 emissions	1,091	0.4%	-14.7%
	Category 4	Upstream transportation and distribution	2,871	0.9%	-18.5%
	Category 5	Waste generated by operations	187	0.1%	-35.3%
	Category 6	Business travel	1,073	0.4%	-70.9%
	Category 7	Employee commuting	2,807	0.9%	5.1%
	Category 8	Upstream leased assets	1,070	0.4%	2.9%
Downstream	Category 9	Downstream transportation and distribution	2,803	0.9%	18.9%
	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	2,456	0.8%	-13.3%
	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	-	-

Recognition as a CDP Supplier Engagement Leader

CDP is an international nonprofit organization that conducts research and analyses on the initiatives of companies and organizations around the world to address climate change and other environmental issues and discloses the results of these assessments. The CDP's Supplier Engagement Rating assesses how companies work effectively with suppliers to resolve the issue of climate change. In 2021, the Group engaged in CDP's climate change questionnaire for the first time and was selected as a "B list" company.

Please visit our corporate website for details on how we work together with consumers to protect the global environment through our business activities.
<https://www.wacoalholdings.jp/en/sustainability/environment/efforts/>



Topic

Response to 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). In addition, the Wacoal Group disclosed information on the four thematic areas of governance, strategy, risk management, and indicators and goals in accordance with the TCFD recommendations on its corporate website in June 2022.

Disclosure of Four Items Based on TCFD Recommendations



In April 2022, the Group established the Sustainability Committee to promote sustainability management, solve social issues, and achieve corporate growth through business. The Sustainability Committee regularly meets on the same day as the Board of Directors and formulates concrete measures to address climate change issues, monitors progress, and evaluates achievements. The Board of Directors receives reports from the Sustainability Committee and gives instructions regarding the Group's policies and initiatives to respond to environmental issues. In addition, to promote responses to climate change issues, we have established the Subcommittee for Carbon-Neutral and the Subcommittee for Resource Circulation as subordinate organizations.

The representative director, president, and CEO is responsible for the Board of Directors and the Group Management Meeting, the highest decision-making body at the business execution level, and is in overall charge of the Sustainability Committee, which is chaired by the representative director, vice president, and executive officer.



The Group is conducting scenario analysis sequentially, starting with businesses for which data can be analyzed, to assess the impact of risks and opportunities related to climate change issues.

Risks The major risks affecting the Group's business, strategy, financial plans, etc., include the intensification of extreme weather, such as storms and floods, and cost increases for resources such as carbon and electricity.
Opportunities The Group is promoting environment-friendly activities, such as building a manufacturing and sales system in which few products are discarded. In the future, we will continue to promote business activities with a low environmental impact, aiming to achieve our environmental goals for 2030. As environmental awareness is growing among consumers and society, we believe that business activities like these will be an opportunity to boost sales for the Group.



The Group sorts and evaluates risks related to climate change through the Sustainability Committee and its subordinate organizations, the Subcommittee for Carbon-Neutral and the Subcommittee for Resource Circulation. Monitoring and evaluation of achievements for risk management are also carried out by the Sustainability Committee and each subcommittee. Regarding the sorting and assessment of risks related to climate change, the Sustainability Committee and each of its subcommittees, of which the representative director, president, and CEO is in overall charge, examine both upstream and downstream direct operations and their impact on the entire Group from a short- to long-term perspective and report the results to the Board of Directors, which is a higher-level organization. Ultimately, it is a process to identify and assess the risks of climate change issues across the Group.



The Group has set its own environmental goals for 2030 to promote efforts to solve increasingly serious climate change issues and realize a carbon-free society.

Environmental goals for 2030
 (1) Zero in-house emissions (Scope 1 and 2) (Domestic offices)
 Gradually switch to renewable energy, aiming to achieve net zero in-house greenhouse gas emissions (Scope 1 and 2)
 (2) Zero product waste (Wacoal Corp.)
 Aim for zero discarded products and promote efforts to reduce the disposal of waste materials at plants
 (3) Rate of environment-friendly material used of 50% (Wacoal Corp.)
 Increase the percentage of environment-friendly materials used in products to 50% by switching to recycled fibers and yarns, etc.
 (4) 20% reduction in supply chain emissions (Scope 3) (Wacoal Business (Domestic))
 Promote efforts with partner companies to reduce greenhouse gas emissions in the supply chain (Scope 3) by 20%
 Note: For overseas business operations, we will start by calculating our own emissions (Scope 1 and 2) and plan to disclose the targets by the end of March 2025.

Scenario Analysis Based on TCFD Recommendations

In accordance with the recommendations of the TCFD, the Group conducted a scenario analysis on climate change in 2022. In the scenario analysis, we examined countermeasures and identified risks and opportunities for Wacoal Corp., which has the highest percentage of overall sales in the Group, in two hypothetical scenarios in which the global temperature increased by 2°C and 4°C.

The scenario analysis showed that while a rise of 2°C had some positive impacts, such as gaining support from environmentally conscious consumers, transition risks, such as the introduction of carbon taxes, could have a negative impact on business. In addition, it was found that a rise of 4°C could lead to physical risks, such as storms, floods, and other extreme weather, that could have a negative impact on business.

The scope of scenario analysis will be expanded sequentially in the future, and we will continue making efforts to enable detailed risk analysis for the entire Group.