

Actions for the Environment

The Group believes that it bears a responsibility as a company to protect the global environment during the course of its global business activities. We are expanding our disclosure of environmental information while promoting initiatives to address climate change and realize a sound material-cycle society.

Response to Climate Change

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).

Governance The Group established the Sustainability Committee in April 2022 to promote sustainability management and achieve both solving social issues and sustainable growth through our business activities. We have also established four subcommittees under the Sustainability Committee in order to strengthen our response to important sustainability issues.

In order to reduce the environmental impact and environmental risk of Wacoal Group's business activities and to promote voluntary and active environmental preservation activities, the Subcommittee for Carbon-Neutral will deliberate on activity policies and initiatives related to environmental issues, such as climate change measures and reducing the environmental load of back offices, and strategic investment projects related to environmental preservation, and monitor progress.

Strategy The Group conducted a scenario analysis on climate change during the fiscal year ended March 31, 2023. In the scenario analysis, we examined countermeasures and identification of 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 may lead to physical risks, such as storms, floods, and other extreme weather, that could have a negative impact on business.

Risks:

We believe that the major risks affecting the Group's business, strategy, financial plans, etc. include, among 25 others, the intensification of extreme weather, such as storms and floods, and increases in carbon pricing.

Opportunities:

The Group is promoting environmentally 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 the "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.

Risk management With respect to risks related to sustainability issues of the Group, the Sustainability Committee and its subcommittees examine the impact on the entire supply chain, including direct operations and certain upstream and downstream operations, from a short-, medium-, and long-term perspective. The results are reported to the Board of Directors, the upper decision-making body, which ultimately identifies and evaluates risks. Risks are also managed through monitoring and evaluation of achievement by the Sustainability Committee and each subcommittee.

Indicators and goals 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.

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.

Results in the Fiscal 2022

Environmental data
<https://www.wacoalholdings.jp/sustainability/environment/activities/#data>

In fiscal 2022, greenhouse gas emissions in the supply chain of Wacoal Business (Domestic) decreased by approximately 12% compared to fiscal 2020 amid cutbacks in the use of raw materials due to sluggish sales.

| | | FY2022 Results | Compared to FY2020 (base year) | Target for 2030 |
|---|------------------------------------|----------------|--------------------------------|-----------------|
| In-house emissions (Scope 1 and 2*) | Target: Domestic offices | 6,105 t | -3% | Neutral |
| Supply chain emissions (Scope 3) | Target: Wacoal Business (domestic) | 294,512 t | -12% | 20% reduction |
| Product disposal rate | Target: Wacoal Corp. | 1.6% | — | 0% |
| Rate of environment-friendly materials used | Target: Wacoal Corp. | 12% | — | 50% |

Recognition as a CDP 2022 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. The Group engaged in CDP's climate change questionnaire and was selected as a "B list" company.



Initiatives in Fiscal 2024 and Plan for Fiscal 2025

Initiatives for Reducing Our own Greenhouse Gas Emissions

In order to reduce greenhouse gas emissions at our domestic business sites, in fiscal 2024, we investigated the CO₂ emission reduction potential of our headquarters and distribution centers, and established detailed reduction programs. From fiscal 2025 onward, we plan to implement specific measures in line with our reduction roadmap. In addition to Wacoal Distribution Corp. (Moriyama City, Shiga Prefecture) and the Shin-Kyoto Building, Wacoal Manufacturing Japan Corp. has decided to introduce a new solar power generation system at its Nagasaki Plant.



Wacoal Distribution Corp.

Initiatives for Reducing Greenhouse Gas Emissions in Our Supply Chain in Japan

Collaboration with suppliers is vital to reducing emissions in our supply chain. In fiscal 2024, we explained the Group's environmental policy to suppliers and shared plans for our future initiatives, and conducted research activities to formulate reduction scenarios in collaboration with a third-party organization. From fiscal 2025 onwards, we plan to continue conducting research activities and refining our calculation methods.

Initiatives for Reducing Greenhouse Gas Emissions in Our Overseas Operations

In order to reduce greenhouse gas emissions in our overseas operations, we have determined that our own garment factories, which account for more than 80% of the total electricity consumption, are subject to boundaries and have calculated their greenhouse gas emissions. In fiscal 2025, we plan to formulate a reduction program and consider medium- to long-term reduction targets.

Achieving a Resource-Circulating Society

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. The Subcommittee for Resource Circulation, which falls under the Sustainability Committee, deliberates on standards for environmentally friendly materials and monitors the progress of waste reduction in production and procurement activities in order to promote the sustainable use of resources and materials in the supply chain and the reduction and recycling of waste toward the realization of a resource-circulating society.

TOPICS

Development and introduction of recycled hangers reduces the use of virgin plastics by half

Wacoal Corp. jointly developed a circular recycled hanger made from recovered plastic hangers with Nippon Copack Inc., and has been using them steadily for products sold mainly at chain stores since July 2023. We expect to use 13 million recycled hangers annually in the future.

In the past, after use as a display hanger at chain stores, we collected hangers at the store's point of sale (POS), and recycled them into solid fuel and plastic products for apparel after collection. This newly developed circular recycled hanger is made by combining recycled materials after collection and virgin plastic raw materials into a new hanger that is used again for product displays.

By using 50% recycled materials, this circular recycled hanger can reduce the amount of virgin plastic raw materials used by around 75 tons per year.

Hanger manufacturing plant (Nippon Copack Inc.)

Recycles hangers and delivers them to Wacoal

Salesfloor (Wacoal)

Collected at the POS after use in displays on the salesfloor

Remanufacturing plant (Nippon Copack Inc.)

Collected at the POS after use in displays on the salesfloor

Circular Recycling