

**Overview of the corporate governance at Wacoal Holdings Corp. (the “Company”).****I. Basic Concepts, Capital Structure, Corporate Attributes and other Basic Information on Corporate Governance****1. Basic Concepts****(1) Management Philosophy of Wacoal Group  
“Mutual Trust”**

Our business activities are built upon “relationships of mutual trust” based on listening to the voice of each and every one of our customers, and by continually transforming our business with humility. This spirit of “mutual trust” is our starting point and has been our management philosophy since our establishment.

**(2) Basic Policy on Corporate Governance**

The basic policy and purpose of our Group’s corporate governance is to continuously enhance our corporate value by increasing transparency and ensuring the fairness and independence of our corporate management in order to build “mutual trust” in relationships with every stakeholder, including shareholders, customers, employees, business partners, and the local community.

**【Reasons for Not Implementing Certain Principles of Corporate Governance Code】**

## &lt;Principle 1.4&gt;

1. In order to enhance our medium- to long-term corporate value, we may hold shares of other companies as cross-shareholdings for the purpose of maintaining and enhancing our transactional relationships, building, maintaining and enhancing our cooperative and transactional relationships for business expansion, or maintaining stable financial transactions.
2. We will examine whether the purpose of a cross-shareholding is appropriate from a medium- to long-term perspective and whether the benefit and risks related to such cross-shareholding are appropriate given the capital cost, and will report to the Board of Directors on a periodic basis. The Board of Directors will assess whether such shareholding contributes to the enhancement of our medium- to long-term corporate value based on the outcome of such examination, and will decide on whether to continue the cross-shareholding or to dispose of such shares. If our holding of any shares loses its significance, we will dispose of and reduce as appropriate our holding of such shares after considering the circumstances of the issuer.
3. In voting any of the shares held for cross-shareholding purposes as to any agenda item, we will determine whether or not to vote in favor of such agenda item after closely examining comprehensively whether the relevant vote would contribute to the enhancement of the issuer’s and our corporate value, while fully respecting the issuer’s management policy. A close due diligence review will be performed in case an issuer releases losses for certain consecutive periods, its shareholder value is significantly damaged as a result of reorganization, or there is a matter of serious concern regarding the issuer’s corporate governance such as a corporate scandal.

**【Disclosure Based on Certain Principles of Corporate Governance Code】**

## &lt;Principle 1.7&gt;

We prescribe guidelines on related party transactions and conduct periodic investigations regarding related parties. Any related party transaction that is material or untypical is subject to the approval of the Board of Directors.

## &lt;Principle 2.6&gt;

To appropriately manage the contributory defined retirement benefit plan, a Pension Committee composed of the members from the Accounting Department, Finance Department and Personnel and Administration Department has been established. The Committee reviews the asset management policies and strategic asset allocation. A third-party manager is entrusted to manage the plan, and we review the management status, including leadership activities, at quarterly management report meetings. In addition, we perform appropriate management by retaining a management consultant for additional expertise and knowledge, and enhance the expertise of personnel who engage in the management of the corporate pension fund.

## &lt;Principle 3.1&gt;

- (1) Management Philosophy and Management Plan, etc.  
Please see “Basic Concepts” in this Report and our website at <https://www.wacoalholdings.jp/group/governance/>
- (2) Basic Concepts and Basic Policy on Corporate Governance  
Please see “Basic Concept” of this Report and our Corporate Governance Guidelines which are separately prescribed ([https://www.wacoalholdings.jp/group/files/governance\\_guideline.pdf](https://www.wacoalholdings.jp/group/files/governance_guideline.pdf)).
- (3) Policies and Procedures on Compensation for Senior Management and Directors
  - Compensation for executive directors is linked to long-term shareholder interests and is managed and balanced appropriately and fairly to enhance the motivation of such executive directors to maximize the corporate value of the Company.
  - Our compensation system for officers is designed by the “Executive Compensation Advisory Committee,” which is chaired by the Independent Outside Director.
  - The compensation paid to Directors consists of “basic compensation” the amount of which is fixed, “performance-based bonus” that is linked to the business results of each fiscal year, and “share-based stock option incentive” which is an incentive from a mid-to-long term viewpoint. Independent Outside Directors and Audit & Supervisory Board Members who are independent from business execution receive only the fixed “basic compensation.”
  - The level of compensation has been set according to the business results and scale of the Company and is based on comparison with other companies within the same industry or of the same scale.
- (4) Policies and Procedures Regarding the Election and Removal of Senior Management and the Nomination of Candidates for Directors and Audit & Supervisory Board Members  
The Company has separately prescribed the “Criteria for Election of Officers” for appointing and removing a Director and an Audit & Supervisory Board Member. The Board of Directors appoints and the Executive Nomination Advisory Committee nominates a candidate for Director based on fair and strict deliberations. The Board of Directors appoints a candidate for Audit & Supervisory Board Member with the

consent of the Audit & Supervisory Board. Afterward, a list of candidates will be submitted as an agenda for the General Meeting of Shareholders.

<Supplementary Principle 4.1.1>

1. The Board of Directors considers medium- and long-term management strategy and social challenges in addition to matters stipulated by laws, ordinances or our Articles of Incorporation.
2. Matters to be considered are specifically prescribed in the “Regulations of the Board of Directors.”
3. Under the medium- and long-term management strategy prescribed by the Board of Directors, the Group Management Meeting examines matters concerning the management strategy of Wacoal Group and other important management issues. Also, the Group Strategy Committee and the Quarterly Business Results Review Committee share issues and review progress on quarterly results. By establishing this system, we aim to increase the effectiveness and expedite the execution of the monitoring function of the Board of Directors.

<Principle 4.9>

The Company has prescribed “Criteria for Election of Outside Officers (to ensure independence).” For details, please see “Information on Independent Officers” in this Report.

<Supplementary Principle 4.11.1>

1. The “Criteria for Election of Officers” prescribe the qualifications required to be appointed as a Director and the diversity that the Board of Directors aims to achieve. For details, please see “Information on Independent Officers” in this Report.
2. Our Articles of Incorporation prescribe that the number of Directors of the Company shall not exceed eight (8).

<Supplementary Principle 4.11.2>

1. The Corporate Governance Guidelines ([https://www.wacoalholdings.jp/group/files/governance\\_guideline.pdf](https://www.wacoalholdings.jp/group/files/governance_guideline.pdf)), separately prescribed by the Company, set forth the responsibilities of our Directors and Audit & Supervisory Board Members.
2. The “Criteria for Election of Officers” prescribe that our Outside Directors and Outside Audit & Supervisory Board Members shall not concurrently hold positions as officers of 4 or more listed companies.
3. None of our Internal Directors nor Audit & Supervisory Board Members concurrently holds positions as an officer in other listed companies.

<Supplementary Principle 4.11.3>

We conducted a hearing at the meeting of Independent Outside Officers, and organized and reported the results of the hearing to our Board of Directors meetings. The main points are as follows:

1. Status of efforts to address the findings in the effectiveness evaluation of the previous year
  - (Findings) For the purpose of deepening understanding of the Group’s business, we received a request to expand contact points with the Group through site visits and to create opportunities for understanding the MD strategy and brand strategy.
  - (Initiatives) For the purpose of deepening their understanding of the Group’s business, we created an inspection plan for Outside Officers and prepared sites to visit, such as store’s with 3D body scanners; however, due to the spread of COVID-19 infections, only some inspections were carried out. Going forward, we will conduct inspections after taking measures against the aforementioned viral infections.
2. Findings in the effectiveness evaluation of this year and the initiative to deal with such findings
  - (1) Aiming to further improve the efficiency of the Board of Directors, the content of the materials distributed in advance of the Board of Directors’ Meeting will be enhanced, and the timing of their distribution accelerated.
  - (2) Regarding the Executive Nomination Advisory Committee, Executive Compensation Advisory Committee, and the Independent Outside Officers Meeting, their agendas, meeting frequencies, participating members, and management methods will be reconsidered.
  - (3) There was a request to increase contact points among executive management, such as executive officers and general managers. We will proceed with making examinations and improvements in line with the findings.  
We will conduct our next hearing at the meeting of Independent Outside Officers scheduled to be held in September 2021, and discuss the results of the hearing at the Board of Directors meeting thereafter.

<Supplementary Principle 4.14.2>

The Company provides training opportunities for our Directors and Audit & Supervisory Board Members to acquire qualifications that are required in fulfilling their roles. For our Internal Directors and Audit & Supervisory Board Members, we provide information on qualifications as a manager or auditor, knowledge regarding the Companies Act and Corporate Governance, compliance and other valuable information on management. For our Outside Directors and Outside Audit & Supervisory Board Members, upon their election and periodically thereafter, we provide them explanations regarding the management strategy and an overview of the business of Wacoal Group and its circumstances, as well as the environment of our industry and of Wacoal Group in order to foster a deeper understanding of this environment.

<Principle 5.1>

1. The Company has prescribed the “Basic Policy for Constructive Dialogue with Shareholders, etc.,” which is announced on our website at [https://www.wacoalholdings.jp/sustainability/talk\\_with\\_stockholder/](https://www.wacoalholdings.jp/sustainability/talk_with_stockholder/). The investor relations department and the Officers and employees of Wacoal Group that are assigned to this department are responsible for meetings with shareholders. The investor relations department is supervised by the relevant director in charge. The Company will consider how to respond to a shareholder who wishes to meet with our Directors in light of the proposed subject matter and the attributes of the shareholder. The Company makes efforts to foster a deep understanding of our positions and our thinking by our shareholders and investors inside and outside Japan, through timely, appropriate and fair disclosure of the status of our management and financial condition, and by actively communicating to them the market environment and our unique strengths.
2. The investor relations department will, on a half-yearly basis, provide feedback to management to give an overview of the dialogue with shareholders and to communicate to management suggestions received regarding management from such dialogue, while regularly reviewing the shareholding status of shareholders and gathering related information in cooperation with other relevant departments. With respect to initiatives other than promoting individual dialogue with shareholders, we hold a briefing session for institutional investors and analysts at the end of the fiscal year and at the end of second quarter of each fiscal year, at which the President and Directors report on and give an overview of our business results and the progress of our management strategy. We also hold a briefing session regarding subjects and individual business items that attract strong interests from shareholders and offer tours of our facilities several times a year. For individual investors, we participate in information sessions held by securities firms where we explain the strengths and business of the Company. In addition, the Company has been issuing the “Integrated Report” since fiscal 2013 as a part of its effort to promote communication of the creation of medium- and long-term corporate value.
3. The Company thoroughly protects any insider information obtained through dialogue with shareholders. Such insider information is subject to our internal rules, training and non-disclosure declarations. We seek to ensure fair and appropriate disclosure by establishing the timing and methods of disclosure of information pursuant to our “Basic Policy on Information Disclosure” prescribed by the Company (<https://www.wacoalholdings.jp/ir/management/discloser/>).

## 2. Capital Structure

Shareholding ratio by foreign investors	More than or equal to 20%, but less than 30%
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### 【Status of Major Shareholders】

Name of Shareholder	Number of Shares held by Shareholder (share)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,447,100	5.52
The Bank of Mitsubishi UFJ, Ltd.	3,195,014	5.12
Japan Trustee Services Bank, Ltd. (Trust Account)	3,081,700	4.94
Meiji Yasuda Life Insurance Company	3,050,000	4.89
The Bank of Kyoto, Ltd.	2,352,530	3.77
Nippon Life Insurance Company	1,836,261	2.94
The Shiga Bank, Ltd.	1,775,122	2.84
Mitsubishi UFJ Trust and Banking Corporation	1,525,000	2.44
The Dai-ichi Life Insurance Company, Limited	1,366,062	2.19
Asahi Kasei Fibers Corporation	1,241,207	1.99

Controlling Shareholders (excluding parent company)

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Parent Company

None

### Supplementary Information

The substantial shareholding report dated April 13, 2018 filed by Mitsubishi UFJ Financial Group, Inc., which is publicly available, indicates that the shareholders in the below table are holding the respective numbers of the Company's shares as of April 9, 2018. However, as we were unable to confirm the actual status of the shareholdings by these shareholders as of the end of fiscal year 2020, those shareholdings have not been taken into account in the above table.

Details of the substantial shareholding report (the amended report) are as follows:

Name of Shareholder	Number of Shares held by Shareholder	Shareholding Ratio
The Bank of Mitsubishi UFJ, Ltd.	3,295 thousand shares	4.60%
Mitsubishi UFJ Trust and Banking Corporation	3,167 thousand shares	4.42%
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	187 thousand shares	0.26%
Total	6,649 thousand shares	9.28%

## 3. Corporate Attributes

Stock Exchange Listings and Market Division	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Category of Industry	Textiles & Apparels
Number of Employees as of the Previous Fiscal Year-End (consolidated basis)	More than or equal to 1,000
Sales Amount as of the Previous Fiscal Year-End (consolidated basis)	More than or equal to 100 billion yen, but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the Previous Fiscal Year-End	More than or equal to 50, but less than 100

## 4. Guidelines for Measures to Protect Minority Shareholders upon Transactions with Controlling Shareholders

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## 5. Other Special Circumstances that May Have a Material Impact on Corporate Governance

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## II. Overview of Business Management System and Other Corporate Governance Systems related to Managerial Decision-Making, Execution and Supervision

### 1. Matters Concerning Organization Structure and Operations

Form of Organization	The Company has adopted an Audit & Supervisory Board system.
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#### **【Information on Directors】**

Number of Directors prescribed in the Articles of Incorporation	8 (maximum)
Term of Office for Directors prescribed in the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	8
Election of Outside Directors	Yes
Number of Outside Directors	3
Number of Outside Directors designated as Independent Officer	3

#### Relationships with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Madoka Mayuzumi	Other													
Shigeru Saito	From another company													
Tsunehiko Iwai	From another company													

\* Type of relationship with the Company

\* Insert ○ if any the following is/was applicable to the Outside Director either "currently or until recently," and insert △ if any of the following was applicable to the Outside Director in the past

\* Insert ● if any of the following is/was applicable to a close relative of the Outside Director either "currently or until recently," and insert ▲ if any of the following was applicable to a close relative of the Outside Director in the past

a A person who executes business of the Company or its subsidiaries

b A person who executes business or who is a non-executive director of a parent company of the Company

c A person who executes business at an affiliate company of the Company

d A person (or, in case of a legal entity, a person who executes business for that entity) whose major customers include the Company

e A person (or, in case of a legal entity, a person who executes business for that entity) who is a major client of the Company

f A consultant, accountant or legal advisor who receives a large amount of money or other property other than compensation received as an officer from the Company

g A major shareholder of the Company (in case of a legal entity, a person who executes business for that entity)

h A person who executes business at a customer of the Company (which does not fall under d, e and f above)

i A person who executes business at an entity which has an outside officer from the Company

j A person who executes business at an entity to which the Company makes donations

k Other

#### Relationships with the Company (2)

Name	Independent Officer	Supplementary Information on Eligibility Requirements	Reasons for the Election
Madoka Mayuzumi	○	Visiting professor at Kitasato University Visiting professor at the Department of Japanese Language and Literature, Faculty of Humanities and Culture, Showa Women's University Visiting professor at the Department of Japanese Language and Literature, Faculty of Humanities, Kyoto Tachibana University Board of Trustees Member of East Japan Railway Culture Foundation	Ms. Mayuzumi plays an active role as a haiku poet in the field of arts and culture in Japan and overseas. While serving as Advisor of the Company from April 2014, she has provided advice that addresses social challenges and educational training for employees of the Company and Wacoal Corp. We expect that, with her knowledge and experience, she will contribute to the Company's management which respects diversity. Although Ms. Mayuzumi has never been involved in the Company's management other than by way of serving as an Outside

			Director or Outside Audit & Supervisory Board Member in the past, we believe that she will be able to perform her duties appropriately for the above-stated reasons. Because she meets the eligibility requirements that the Company has prescribed under “Criteria for Election of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated her as an independent officer.
Shigeru Saito	○	Representative Director and Chairman, and CEO of TOSE CO., LTD. Outside Director of SCREEN Holdings Co., Ltd.	Mr. Saito currently serves as the Representative Director and Chairman at another company, and has many years of experience and knowledge as management. We believe that he is qualified to be an Outside Director to further strengthen the supervisory function of the Company management. Also, because he meets the eligibility requirements that the Company has prescribed under “Criteria for Election of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Tsunehiko Iwai	○	----	We believe that Mr. Iwai is qualified to be an Outside Director to further strengthen the supervisory function of the Company management, as he has extensive knowledge and experience as management, as well as specialized knowledge in the fields of research & development, production and technology. Also, because he meets the eligibility requirements that the Company has prescribed under “Criteria for Election of Outside Officers (to ensure independence)” and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.

Existence of Voluntary Advisory Committee equivalent to Nomination Committee or Remuneration Committee

Yes

Status, Members and Attributes of Chairperson of the Voluntary Advisory Committee(s)

	Name of Committee	Number of Members	Number of Full-time Members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Other	Committee Chair (Chairperson)
Voluntary Advisory Committee equivalent to Nomination Committee	Executive Nomination Advisory Committee	6	0	3	3	0	0	Outside Director
Voluntary Advisory Committee equivalent to Remuneration Committee	Executive Compensation Advisory Committee	6	0	2	3	0	1	Outside Director

Supplementary Information

The Board of Directors of the Company has adopted a resolution at its meeting held on December 26, 2018 to change our system as below. The Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee, the majority of which consist of Outside Directors with Independent Outside Director Mr. Tsunehiko Iwai designated as chairman, were each established as an advisory body to discuss and provide recommendations on the nomination, promotion, and compensation of Directors, and matters resolved at such Committees' meetings are reported to the Board of Directors. The Committees are composed of six (6) members (half of which are Outside Directors) and 1 staff member, and the Independent Outside Director acts as the committee chair. As a general rule, each meeting of the Executive Nomination Advisory Committee is held on the day of the meeting of the Board of Directors in January of each year, and each meeting of the Executive Compensation Advisory Committee is held on the day of the meeting of the Board of Directors in April, July, and February of each year. Such Committees are operated with a high degree of transparency and fairness pursuant to resolutions approved unanimously with all members in attendance.

### **[Information on Audit & Supervisory Board Members]**

Establishment of an Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members prescribed in the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

#### Status of Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Department

Our Audit & Supervisory Board Members and Internal Audit Department (audit office) hold regular meetings for reporting and confirmation once a month. The main purpose of these meetings is to report the discussions held at major meetings attended by our Audit & Supervisory Board Members, activities conducted by our audit office, and other matters. We have implemented an audit system allowing the sharing of documents and information necessary for audits so that audit working papers are mutually exchanged and confirmed by our Audit & Supervisory Board Members and the audit office and the audit can be performed more efficiently and effectively through cooperation between our Audit & Supervisory Board Members and the audit office.

The number of members at our Internal Audit Department (audit office) as of June 26, 2020 was eleven (11).

Our Audit & Supervisory Board Members and Accounting Auditor have regular meetings for discussion six times a year. The purpose of such discussion is mainly to report and confirm the plan and status of the audit and to exchange opinions on the management. Further meetings may be held from time to time as necessary.

Election of Outside Audit & Supervisory Board Members	Yes
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members designated as Independent Officer	3

#### Relationships with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi Shirai	Certified public accountant								△			
Mitsuhiro Hamamoto	Attorney-at-law											
Minoru Shimada	From another company											

\* Type of relationship with the Company

\* Insert ○ if any of the following is/was applicable to the Outside Audit & Supervisory Board Member either "currently or until recently," and insert △ if any of the following was applicable to the Outside Audit & Supervisory Board Member in the past

\* Insert ● if any of the following is/was applicable to a close relative of the Outside Audit & Supervisory Board Member either "currently or until recently," and insert ▲ if any of the following was applicable to a close relative of the Outside Audit & Supervisory Board Member in the past

a A person who executes business of the Company or its subsidiaries

b A person who is a non-executive director or accounting advisor of the Company or its subsidiaries

c A person who executes business or who is a non-executive director of a parent company of the Company

d A person who is an audit & supervisory board member of a parent company of the Company

e A person who executes business at an affiliate company of the Company

f A person (or, in case of a legal entity, a person who executes business for that entity) whose major customers include the Company

g A person (or, in case of a legal entity, a person who executes business for that entity) who is a major client of the Company

h A consultant, accountant or legal advisor who receives a large amount of money or other property other than compensation received as an officer from the Company

i A major shareholder of the Company (in case of a legal entity, a person who executes business for that entity)

j A person who executes business at a customer of the Company (which does not fall under f, g and h above)

k A person who executes business at an entity which has an outside officer from the Company

l A person who executes business at an entity to which the Company makes donations

m Other

#### Relationships with the Company (2)

Name	Independent Officer	Supplementary Information on Eligibility Requirements	Reasons for the Election
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Hiroshi Shirai	○	Certified public accountant and head at Shirai Certified Public Accountants' Office Outside Audit & Supervisory Board Member of ALTECO Inc. Supervisor of University Public Corporation Osaka	We believe that Mr. Shirai is qualified to be our Outside Audit & Supervisory Board Member because he has knowledge and experience in accounting and finance (including U.S. accounting standards) as a certified public accountant. Mr. Shirai worked at Deloitte Touche Tohmatsu LLC, our accounting auditor, from August 2007 to September 2011, but he was never involved in the audit services engaged for the Company during that period. It has been six years and eight months since Mr. Shirai left Deloitte Touche Tohmatsu LLC. Because he meets the eligibility requirements which the Company has prescribed under "Criteria for Election of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise, we have designated him as an independent officer.
Mitsuhiro Hamamoto	○	Representative attorney-at-law at Hamamoto Law Office Outside Director of Toa Valve Engineering Inc. Outside supervisor of Osaka Hyogo Concrete Industrial Association	We believe that Mr. Hamamoto is qualified to be our Outside Audit & Supervisory Board Member, as he has legal knowledge and great store of experience of business and commercial issues as an attorney at law. Also, we have designated him as an independent officer because he meets the eligibility requirements that the Company has prescribed under "Criteria for Election of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise.
Minoru Shimada	○	Full-time advisor of SOTSU CORPORATION	We believe that Mr. Shimada is qualified to be our Outside Audit & Supervisory Board Member, as he has years of experience in the financial industry and also has extensive experience and expertise in different industrial sectors. Also, we have designated him as an independent officer because he meets the eligibility requirements that the Company has prescribed under "Criteria for Election of Outside Officers (to ensure independence)" and because there are no concerns that any conflict of interest with general shareholders may arise.

## 【Information on Independent Officers】

Number of Independent Officers

6

### Other Matters concerning Independent Officers

#### <Independence of Outside Officers>

The "Criteria for Election of Officers" and "Criteria for Election of Outside Officers (to ensure independence)" were newly stipulated in writing at the Board of Directors' meeting held on April 30, 2015, and the "Criteria for Election of Officers" was partially amended at the Board of Directors' meeting held on June 27, 2019.

#### <Criteria for Election of Officers>

Upon the election of Directors and Audit & Supervisory Board Members of Wacoal Holdings Corp. (the "Company") (collectively, the "Officers"), the Executive Nomination Advisory Committee submits a list of candidates based on the following criteria to the Board of Directors, and the Board of Directors nominates the candidates based on such list and submit them as an agenda item for the General Meeting of Shareholders:

- Criteria for Election
  1. A candidate with superior character and knowledge who is mentally and physically healthy;
  2. A candidate who has a law-abiding spirit;
  3. A candidate who has comprehensive experience in business operation, company management, the legal community, administration, accounting, education or culture and art and upon re-election, his/her management performance and contribution to the group management during the term of office shall be considered;
  4. One third of the number of Directors shall be Outside Directors, and with respect to Outside Directors and Outside Audit & Supervisory Board Member (collectively, the "Outside Officers"), a candidate who is not in violation of the "Criteria for Election of Outside Officers (to ensure independence)" separately prescribed by the Company;
  5. With respect to Outside Officers, a candidate who is not currently holding a position as an officer of 4 or more listed companies; and
  6. A candidate whose election to the Board of Directors or the Audit & Supervisory Board contributes to balanced knowledge, experience and expertise and ensures diversity such as gender and internationalism.
- Criteria for Removal
  1. If an officer acts against public policy; or

2. If an officer is neglecting its duties and deemed to be failing to fulfill its duties.

<Criteria for Election of Outside Officers (to ensure independence)>

Wacoal Holdings Corp. (the "Company") believes that Outside Directors and Outside Audit & Supervisory Board Members (collectively, the "Outside Officers") should maintain independence so that they do not cause any conflict of interest with general shareholders. From this perspective, the Company appoints candidates for Outside Officers who do not fall under any of the following categories:

1. Has held a position to execute business (Note 1) at the Company and any of its consolidated subsidiaries (collectively, "Wacoal Group") in the past;
2. Is a major shareholder holding the shares of the Company under its own name or another name whose percentage of voting rights is equal to or higher than 5% (in case such major shareholder is a legal entity or an association such as general partnership (the "Entities"), a candidate who holds a position to execute business at such Entities);
3. A candidate who:
  - (1) is a major client of Wacoal Group or who considers Wacoal Group as a major client of the candidate (in case such candidate is an Entity, a candidate who holds a position to execute business at such Entity) (Note 2);
  - (2) is a major lender of Wacoal Group (in case such lender is an Entity, a candidate who holds a position to execute business at such Entity) (Note 3);
  - (3) holds a position to execute business as lead manager of the Company;
  - (4) holds a position to execute business at any Entity in which Wacoal Group holds shares with a percentage of voting rights equal to or higher than 5%;
4. A certified public accountant who works at an audit firm that is the Accounting Auditor of Wacoal Group;
5. Any legal counsel, accountant, tax accountant, patent attorney, consultant or other expert who receives a large amount (Note 4) of money or other property from Wacoal Group (in case such candidate is an Entity, an expert who works at such Entity);
6. Anyone who receives a large amount of donations from Wacoal Group (Note 5) (in case such candidate is an Entity, a candidate who holds a position to execute business at such Entity);
7. A person who executes business at another company which has an outside officer from the Company;
8. A spouse or second-degree relative of a person who materially falls under any of the items under 1 through 7 above (Note 6);
9. A candidate who used to fall under any of the items under 2 through 8 above during the past three years; and
10. A candidate who is deemed to be subject to special circumstances under which a possible conflict of interest with general shareholders of the Company may arise.

It should be noted, however, that a candidate who falls under any of the items under 2 through 9 above, but who fulfills the requirements of an outside officer under the Companies Act, may under exceptional circumstances become a candidate for an Outside Officer if the Company deems it appropriate for such candidate to be appointed as an Outside Officer and if the Company describes its reasons for making such judgement.

End

Note 1: A person holding a position to execute business shall mean an executive director, executive officer and other employee who is in an equivalent position.

Note 2: A major client shall mean a supplier or purchaser of Wacoal Group whose average amount of transactions in the last 3 years exceeded 2% of the consolidated net sales of Wacoal Group or those of the supplier or purchaser.

Note 3: A major lender shall mean a financial institution or an individual who provides loans to Wacoal Group and whose average amount of outstanding loans in the last 3 years exceeded 2% of the consolidated total assets of the Company or those of such lender;

Note 4: A large amount shall mean that the average annual amount of compensation payable for the duties performed by the expert in the last 3 years exceeded 10,000,000 yen, whether such expert as an individual or the organization that such expert belongs provides services to Wacoal Group.

Note 5: A large amount shall mean that the average annual amount of donation in the last 3 years exceeded 10,000,000 yen.

Note 6: A significant person shall mean (i) a member or other person who is in an equivalent position in case of a certified public accountant who belongs to an audit firm or an accounting firm, a partner or other person who is in an equivalent position in case of a lawyer who belongs to a law firm, and a person who is in an equivalent position in case of another expert who belongs to an Entity, and (ii) an executive director, executive officer, corporate officer, an employee who is in a position of senior management (i.e., a general manager or higher level) in case of a person who executes business at an Entity, and an executive holding a title such as trustee, councilor and auditor, as well as any other person who is objectively and reasonably deemed to have equal significance as any of the above.

## 【Incentives】

Status of Implementation of Measures to Grant Incentives to Directors

Adoption of a performance-linked compensation system and stock option plan

Supplementary Information

The Company adopts "performance-based bonus" that is linked to the business results of each fiscal year, and "share-based stock option incentive" which is an incentive from a mid-to-long term viewpoint.

Eligible Recipients of Stock Options

Internal Directors and Directors of our Subsidiaries

Supplementary Information

The Internal Directors of Wacoal Holdings Corp. and the Directors of Wacoal Corp., our core operating entity, are the only eligible recipients of stock options.

## 【Information on Directors' Compensation】

Disclosure Status (of compensation for individual directors)

Individual disclosure (partial information)

Supplementary  
Information

Aggregate amount of compensation paid during the fiscal year ended March 2020:

	Aggregate amount of compensation (Millions of yen)	Basic compensation (Millions of yen)	Stock options (Millions of yen)	Bonus (Millions of yen)
To 5 Directors (excluding Outside Directors)	282	227	43	12
To 2 Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	39	39	—	—
To 6 Outside Officers	49	49	—	—

Aggregate amount of consolidated compensation of persons who receive 100 million yen or more as compensation on a consolidated basis:

	Aggregate amount of compensation (Millions of yen)	Basic compensation (Millions of yen)	Stock options (Millions of yen)	Bonus (Millions of yen)
Yoshikata Tsukamoto	156	129	21	5 (Representative Director and Chairman of Wacoal Holdings Corp.)

Policy for Determining the Amount or Calculation Method of Compensation

Updated

Yes

Details of Disclosure on Policy for Determining the Amount or Calculation Method for Compensation

Our compensation for executives consists of “basic compensation” the amount of which is fixed, “performance-based bonus” that is linked to the business results of each fiscal year, and “share-based stock option incentive” which is an incentive from a mid-to-long term viewpoint. Only the “basic compensation” payable in a fixed amount is paid to the Independent Outside Directors and Auditor & Supervisory Board Members, who are independent from the execution of business.

<Basic compensation>

The amount of basic compensation is set according to the title of each executive and is paid as a fixed monthly remuneration. Even for the same title, however, the amount of compensation payable in a relevant year will be increased within a certain range according to the degree of contributions by executives to the business results in the previous fiscal year. The level of compensation is set according to the business results and scale of the Company based on comparison with other companies within the same industry or of the same scale regarding the appropriateness of the compensation level in reference to the results of compensation surveys conducted each year by an outside organization.

Concerning the amount of basic compensation for Directors, the Board of Directors determines the specific content based on the results of deliberations by the Executive Compensation Advisory Committee, half of whose members are independent outside directors. The amount of basic compensation paid to Auditor & Supervisory Board Members is decided through discussions held by the Audit & Supervisory Board.

<Performance-based bonus>

The amount of performance-based bonus is determined based on the rate of achieving the reference value of consolidated operating income for a single fiscal year with other business results (consolidated net sales, consolidated profit before tax, etc.) taken into account in order to enhance the degree of the linkage with consolidated business performance. The payment will be made once in the month in question after the total amount has been approved at the General Meeting of Shareholders for the relevant fiscal year.

The amount of the performance-based bonuses for Directors is determined by the Board of Directors based on the results of deliberations by the Executive Compensation Advisory Committee, half of whose members are independent outside directors, and the total amount is decided by a resolution of the General Meeting of Shareholders.

<Share-based stock option incentive>

The amount of share-based stock option incentive is determined by a resolution of the Board of Directors' meeting based on the monthly amount of the basic compensation and the fair value of stocks that have been decided in accordance with reports issued by the Executive Compensation Advisory Committee, half of whose members are independent outside directors, and the number of shares decided upon is allocated once a year. The exercise date for stock acquisition rights shall be the time when the position of Director, Corporate Auditor or Executive Officer is lost, and the termination date shall be the earlier of 20 years from the day following the date of stock acquisition rights allotment or five years from the date of exercise. However, all unexercised stock acquisition rights shall be waived in the event of a violation of the regulations laid forth in the stock acquisition rights allocation agreement or dismissal as a Director or Executive Officer.

The maximum annual amounts of basic compensation paid to Directors and Audit & Supervisory Board Members were determined to be 350 million yen (excluding the amount of employee's salary for Directors who concurrently serve as employees) and 75 million yen, respectively, by a resolution adopted at the 57th Ordinary General Meeting of Shareholders held on June 29, 2005. The number of Directors when the resolution was passed was seven (7). The amount of performance-based bonus is determined according to the business results of each fiscal year by a resolution at the Ordinary General Meeting of Shareholders held for the relevant year. Further, the maximum annual amount of stock options was determined to be 70 million yen by a resolution adopted at the 60th Ordinary General Meeting of Shareholders held on June 27, 2008. The number of Directors when the resolution was approved was eight (8).

The ratio of basic compensation, performance-based bonus, and stock options is as follows when the performance-based bonus is calculated in accordance with the standard values :

Basic compensation: 71%; Performance-based bonus: 18%; Stock options: 11%

The retirement allowance system of officers was abolished by a resolution adopted at the 57th Ordinary General Meeting of Shareholders held on June 29, 2005.

#### <Roles and Activities of the Executive Compensation Advisory Committee>

As an advisory body to the Board of Directors, the Executive Compensation Advisory Committee deliberates and makes decisions regarding Director compensation and its related system from an independent and objective standpoint. Half of the members of the Executive Compensation Advisory Committee are Independent Outside Directors, and the Committee is chaired by Tsunehiko Iwai, also an Independent Outside Director. Additionally, Outside Auditors participate as observers to ensure even further transparency.

The following deliberations and decisions were made regarding executive compensation for the business year concerned.

December 25, 2020: Medium- to long-term incentives (alternatives to stock options)

February 5, 2021: Policy for determining individual remuneration, etc. for Directors

March 25, 2021: Verification of Director compensation level data and basic compensation amount

April 28, 2021: The amount of performance-based bonuses for Directors

#### <Roles and Matters of the Board of Directors>

The Board of Directors deliberates and makes decisions in response to findings from the Executive Compensation Advisory Committee.

The following deliberations and decisions were made regarding executive compensation for the business year concerned.

June 26, 2020: Basic remuneration for FY2020

June 26, 2020: Stock option issuance

February 24, 2021: Policy for determining individual remuneration, etc. for Directors

May 27, 2021: The amount of performance-based bonuses for Directors

The Executive Compensation Advisory Committee is continuously working on revising the entire executive compensation system, and the main items being examined are as follows.

- Examination and formulation of basic policy related to executive compensation
- Composition of basic compensation, performance bonuses, and medium- to long-term incentives (review amounts and ratios)
- Method for calculating performance bonus (strengthen linkage to target values of the medium-term management plan)

## **【Support System for Outside Directors (Outside Audit & Supervisory Board Members)】**

For our Outside Directors, the Management Planning Department distributes documents setting out the proposals presented to Board of Directors' meetings in advance and gives prior briefings on important matters.

As a system to support our Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members, we have established an administrative office for our Audit & Supervisory Board. The prior briefings for our Outside Audit & Supervisory Board Members on the proposals presented to the Board of Directors' meetings are conducted by our Internal Audit & Supervisory Board Members.

## **2. Matters Concerning Functions of Business Execution, Audits/Supervision, Nomination and Decisions etc. Compensation (Outline of Current Corporate Governance System)**

### 1. Outline of Current System

We, as a holding company, use an "Audit & Supervisory Board system" for the purpose of maintaining the corporate governance of Group companies. We require that both the Board of Directors and the Audit & Supervisory Board monitor and supervise the management of the Company.

Our Board of Directors is composed of eight (8) Directors (one of which is a female Director), including three (3) Outside Directors. The role of our Directors is to supervise and make business judgements from an objective perspective. We have been working to enhance the supervisory function and to improve the decision-making process. The term of office of each Director is one year, which defines the responsibilities of our management and establishes a management system that can respond quickly to changes in the business environment.

In addition to the supervisory function of the Board of Directors, the Audit & Supervisory Board is composed of five (5) Audit & Supervisory Board Members, including three (3) Outside Audit & Supervisory Board Members. The function of our Audit & Supervisory Board is to monitor and supervise our management.

We, as a holding company, seek to govern our Group companies in connection with business execution, audits and supervision of management as set out below:

- The Board of Directors holds a regular Board of Directors' meeting every month and also holds special Board of Directors' meetings from time to time as necessary, in accordance with the Regulations of the Board of Directors, to make decisions on matters concerning important business such as management policy and management strategy, and matters stipulated by laws, ordinances or our Articles of Incorporation. Further, we have established a "Group Management Meeting" comprising our Directors and core management members, which examines matters concerning the management strategy of our Group and other important management issues and conducts preliminary reviews of matters for review by our Board of Directors.
- The Audit & Supervisory Board holds an Audit & Supervisory Board's meeting every month in conjunction with a regular Board of Directors' meeting and also hosts special Audit & Supervisory Board's meetings from time to time as necessary, in accordance with the Regulations of the Audit & Supervisory Board, to make decisions on matters concerning policies on preparation of audit reports and implementation of audits, methods of examining the statuses of business performance and assets, and other matters related to business execution by Audit & Supervisory Board Members.
- The Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee, the majority of which consist of Outside Directors with Independent Outside Director Mr. Tsunehiko Iwai designated as chairman, were each established as an advisory body to discuss and provide recommendations on the nomination, promotion, and compensation of Directors, and matters resolved at such Committees' meetings are reported to the Board of Directors. As a general rule, each meeting of the Executive Nomination Advisory Committee is held on the day of the Board of Directors' meeting in January of each year, and each meeting of the Executive Compensation Advisory Committee is held on the day of the Board of Directors' meeting in April, July, and February of each year. Such Committees are operated with a high degree of transparency and fairness pursuant to resolutions approved unanimously with all members in attendance.
- The meeting of Independent Outside Officers, which consists mainly of Independent Officers, evaluates the Board of Directors by exchanging opinions on the Board of Directors. After the contents of the meeting have been reported to the Board of Directors, information is disclosed in corporate governance reports.
- In order to improve our system of compliance, we have established a Corporate Ethics and Risk Management Committee, for which our President and Representative Director acts as administrative manager and the Director of Supervisor of Group Business Management acts

as chairman, which will consider any compliance issues which may have a material impact on the Wacoal Group, enhance awareness and enlightenment on corporate ethics and effectively promote control of any management risks on the Wacoal Group

- With respect to our accounting audits, an accounting audit agreement has been executed between the Company and Deloitte Touche Tohmatsu LLC ("Tohmatsu") pursuant to the Companies Act and the Financial Instruments and Exchange Act. There are no special relationships between the Company and Tohmatsu or any of the partners of Tohmatsu who have been engaged in the audit of the Company. The names of the certified public accountants who were engaged in the audit of the Company and the number of the assistants for audit services for the fiscal year ended March 2019 are as follows:  
Names of the certified public accountants who were engaged in the audit  
Designated Limited Liability Partners and Managing Members: Wakyu Shinmen, Hiroaki Sakai, Tsuji Tomomi  
Number of the assistants engaged in the audit services: 8 certified public accountants, 6 persons who passed the certified public accountant examination, and 7 other persons

## 2. Functions and Roles of Outside Directors

With respect to our Outside Directors, we have elected persons with extensive management knowledge and experience and persons playing active roles in the field of arts and culture in Japan and overseas. Each such person takes a role in improving the appropriateness of the decision making by the Board of Directors by giving objective and independent advice based on their long careers in each business area and extensive professional knowledge.

## 3. Initiatives to Strengthen Functions of Audit & Supervisory Board Members

Under our system of having an Audit & Supervisory Board with 2 Standing Audit & Supervisory Board Members and 3 Outside Audit & Supervisory Board Members, an audit is conducted not only from the perspective of illegality but also of appropriateness. The Audit & Supervisory Board holds a regular Audit & Supervisory Board meeting every month in conjunction with the regular Board of Directors' meeting, and also holds a special Audit & Supervisory Board meeting from time to time as necessary. The Standing Audit & Supervisory Board Member mainly leads the audits and determines the assignment of tasks pursuant to the annual audit plan. For the purpose of such audits, the Audit & Supervisory Board Members may make requests to the audit office regarding any matters that are required to provide audit services. We also make efforts to conduct an appropriate audit regarding accounting in cooperation with the Accounting Auditor.

A person who has accounting experience at our Accounting Department and who has a respectable degree of finance and accounting knowledge has been elected as one of our Standing Audit & Supervisory Board Members. Further, with respect to our three (3) Outside Audit & Supervisory Board Members, we have elected a certified public accountant having a considerable degree of finance and accounting knowledge, an independent attorney-at-law, and a person with many years of experience and profound knowledge as business administrator in financial services, each of whom maintains a high degree of independence and uses their respective knowledge and experience to strengthen our audit system.

## 3. Reasons for Using the Current Corporate Governance System

We have adopted a governance system composed of a "Board of Directors" consisting of Directors who are experts in each business area and Outside Directors with diverse careers, and an "Audit & Supervisory Board" including Outside Audit & Supervisory Board Members. We, as a holding company, believe that this governance system is effective in supervising and auditing the execution of duties at our group companies and to realize and maintain high-quality management. These are the reasons for using the current governance system.

### III. Status of Implementation of Measures related to Shareholders and Other Stakeholders

#### 1. Initiatives to Revitalize General Meeting of Shareholders and to Facilitate Exercise of Voting Rights

	Supplementary Information
Early Delivery of Convocation Notice for the General Meeting of Shareholders	We send out our convocation notice no later than three weeks (the period designated by law is two weeks) prior to the meeting in order to ensure sufficient time to examine the agenda items.
Exercise of Voting Rights by Way of Electromagnetic Means	Since the 68th Ordinary General Meeting of Shareholders held on June 29, 2016, we have adopted the way of exercising voting rights using electromagnetic devices (e.g., personal computers, smartphones, tablet devices).
Participation in Platform for Exercising Voting Rights by Electronic Means and Other Efforts toward Improving Environment for Exercise of Voting Rights by Institutional Investors	Since the 68th Ordinary General Meeting of Shareholders held on June 29, 2016, we participate in the "Platform for Exercising Voting Rights" managed by ICJ, Inc.
Provision of Convocation Notice (Summary) in English	We submit the English version (full text) of the convocation notice to the Tokyo Stock Exchange.

#### 2. IR Activities

	Supplementary Information	Explanation by Representative
Preparing and Disclosing Disclosure Policy	We have enacted the "Basic Policy on Information Disclosure" in 2015, which is posted on the Company's website.  <a href="https://www.wacoalholdings.jp/group/governance/">https://www.wacoalholdings.jp/group/governance/</a>	
Holding Regular Briefing Sessions for Individual Investors	We participate in information sessions held by securities firms etc. around four times a year. To bring about a better understanding of the Company, we hold "corporate study sessions" and conduct "facility tours" from time to time. For example, we held informational meetings to try on our highly-functionality products in April and November 2017, and a tour of the factory of Hokuriku Wacoal Sewing Corp. in March 2018.	No
Holding Regular Briefing Sessions for Analysts and/or Institutional Investors	We hold briefing sessions twice a year in Japan at the time of financial results presentations (at fiscal year-end and at the end of the second quarter of each fiscal year) which are presented by our President and Representative Director. Additionally, in December 2019, a briefing session on the theme of the Wacoal business's (Japan) digital strategy was held. Furthermore, from the fiscal year ending March 2021, we plan to hold financial results briefings at the end of the first and third quarters as well.	Yes
Holding Regular Briefing Sessions for Foreign Investors	We deal with overseas institutional investors by visiting or welcoming them on a regular basis. In addition, we participate in conferences hosted by securities firms several times a year. Furthermore, our Directors conduct individual visits targeting institutional investors in Europe and Asia to explain our business results and management strategies. (In February 2020, the President and Representative Director held consultations in an individual visit format in the West Coast region of the United States.)	Yes
Uploading IR Materials on Company Website	Statutory and voluntary disclosure materials (including convocation notice for the general meeting of shareholders, annual securities report (quarterly report), timely disclosure materials, financial statements (reports of quarterly financials and results), integrated report, and bellwether indicators such as monthly sales data) are posted on the Company's website. We also post videos of the briefing sessions presented at fiscal year-end and at the end of the second quarter of each fiscal year by our President and Representative Director. In addition, we post quarterly financial results presentation materials both in Japanese and English. <a href="https://www.wacoalholdings.jp/ir/">https://www.wacoalholdings.jp/ir/</a>	

Division (Person) in charge of IR	Corporate Communication division; Akira Miyagi, Director and Managing Corporate Officer of Investor Relations.
Other	In addition to the regular briefing sessions, which are held twice a year, we also hold briefing sessions focused on certain business or important matters, conduct tours of our facilities and arrange special visits from time to time.

### 3. Initiatives to Respect Interests of Stakeholders

	Supplementary Information
Provisions of Internal Rules for Respecting Interests of Stakeholders	We have included provisions related to our respect for the interests of stakeholders in the "Wacoal and its Business Activities" and "Wacoal and Society" sections of the "Corporate Ethics: Wacoal's Code of Conduct."
Implementation of Environment Conservation Activities, CSR Activities, etc.	We have a CSR division in the Corporate Communication division which actively promotes the Group's CSR activities and issues an integrated report on CSR and an annual report once a year. With respect to environmental activities, Wacoal Corp., our core operating entity, obtained ISO14001 certification and implements practical initiatives centering on the Environmental Committee. We also actively support the Pink Ribbon Program, an awareness program against breast cancer. In addition, we provide human resources and financial support to The Kyoto Costume Institute.
Formulation of Policies for Disclosure of Information to Stakeholders	We prescribe the "Corporate Ethics: Wacoal's Code of Conduct" and make efforts to ensure full awareness of timely and appropriate disclosure of information required by stakeholders. Also, we are actively disclosing information to stakeholders pursuant to the "Basic Policy on Information Disclosure."
Other	Since 2001, under the slogan of becoming a "company that stands by the emotions of women," we aim to become a company that cares for the emotions and feelings of women and that empathizes and resonates with women during the course of business in all aspects. As we aim to become a genuine "company that stands by the emotions of women" and to become a company that allows our female employees to take active roles in various contexts, we promote initiatives to provide opportunities for women and to clarify and resolve issues that we face in human resources development and our human resources system.

## IV. Matters Regarding the Internal Control System

### 1. Basic Concept of the Internal Control System and its Status

Our fundamental philosophy toward the internal control system and the status of the improvement of this system, details of which have been determined at the Board of Directors' meetings, is as follows:

<System to Ensure Appropriate Business Conduct>

(System to ensure that execution of duties by Directors and/or employees is in compliance with laws and regulations and the Articles of Incorporation)

- To ensure that all Directors and employees of the business group composed of the Company and its subsidiaries (the "Wacoal Group") comply with laws and regulations and the Articles of Incorporation and conduct business based on sound social norms, We have enacted the "Wacoal Code of Ethics" and the "Corporate Ethics: Wacoal Standards of Conduct."
- In order to improve our system of compliance, we have established a Corporate Ethics and Risk Management Committee, for which our President and Representative Director acts as administrative manager and the Director of Supervisor of Group Business Management acts as chairman, which will consider any compliance issues which may have a material impact on the Wacoal Group, enhance awareness and enlightenment on corporate ethics and effectively promote control of any management risks on the Wacoal Group. The Management Planning Department shall act as organizer, and shall be responsible for the corporate ethics and risk management related to Wacoal Group.
- We have established a system under which our legal/compliance department could be promptly notified if the Company becomes aware that a Director and/or employee of the Wacoal Group may have violated the "Wacoal Code of Ethics" or the "Corporate Ethics: Wacoal's Code of Conduct," or of any other compliance issues. We have also established an internal alert system (corporate ethics hotline to the legal/compliance department and a law firm). After being notified and/or alerted, the legal/compliance department conducts an investigation and formulates preventive measures after discussions with the related department. If the issue is critical, the legal/compliance department will refer the matter to the Corporate Ethics and Risk Management Committee and will report the results of its deliberation to the Board of Directors and/or Audit & Supervisory Board.

(System concerning the Storage and Management of Information related to Execution of Duties by Directors)

- With the approval of the Board of Directors, we have enacted the Document Management Rules pursuant to which we store the following documents (including electromagnetic records; hereafter the same) along with any related materials: Minutes of the General Meeting of Shareholders, minutes of the Board of Directors' meetings, minutes of the Group Management meetings, documents for which a Director is the final decision maker, and any other documents prescribed in the Document Management Rules
- The retention period and the place for storage of the documents prescribed in the preceding paragraph shall be subject to the Document Management Rules, but such retention period shall be at least ten years. The Directors and Audit & Supervisory Board Members shall have access to these documents at all times.

(Rules and Other Systems concerning Management of Risks of Loss)

- In order to understand the management risk within the Wacoal Group in general and to improve and/or strengthen our risk management system, we have established a Corporate Ethics and Risk Management Committee, For which our President and Representative Director acts as administrative manager and the Director of Supervisor of Group Business Management as Chairman. The Management Planning Department shall act as the organizer.
- The Corporate Ethics and Risk Management Committee prescribes risk management rules, subject to the approval of the Board of Directors, which form the basis for our risk management system. The Corporate Ethics and Risk Management Committee clarifies the responsibilities by risk category pursuant to these rules and formulates a risk management system that thoroughly and/or comprehensively controls potential risk within the Wacoal Group.
- The Corporate Ethics and Risk Management Committee regularly reports on the operations of the Wacoal Group's risk management system to the Board of Directors.

(System to Ensure Effective Execution of Duties by Directors)

- In order to enhance appropriate decision making by our Directors, we will appoint more than one-third Independent Outside Directors.
- We will formulate a medium-term management plan to be shared by the Directors and/or employees within the Wacoal Group and will direct and confirm courses of action and business targets in the mid to short term that are consistent with such plan.
- We will follow the business results of each Wacoal Group company on a monthly basis and report back to the Board of Directors. In addition, by holding "Quarterly Business Meetings" and "Group Strategy Committee Meetings," we will confirm the business results and the implementation of measures and policies, consider measures in the event targets are not achieved, and review such targets, as may be necessary
- At main Group companies, we will establish appropriate and efficient organizations by delegating authority and clarifying the system for taking responsibility through an executive officer structure.

(System to Ensure Appropriate Business Conduct within Group Companies)

- We have enacted and managed our group companies in accordance with our Group Management Rules, which prescribe basic policies regarding the management of group companies and matters to be decided by our Board of Directors, as well as matters to be reported to the Company.
- We conduct any inter-company transaction fairly in compliance with laws and regulations, accounting principles, and the tax system.
- Our audit office will conduct business audits, including an audit of the establishment and/or operation of our compliance system and risk management system, With in the group companies and the audit office will report the results of its audits to the Board of Directors and appropriate departments, and will give guidance and/or advice related to the above group companies to ensure the appropriate conduct of business.
- Our foreign subsidiaries will comply with the laws and regulations of their respective home countries and will adopt a system that is in line with our policies to the extent reasonable.

(Matters concerning Assistants to Audit & Supervisory Board Members)

- Audit & Supervisory Board Members may appoint employees of the Company as their assistants who are to assist the duties of the Audit & Supervisory Board Members.
- Such assistants shall be full-time employees. In addition, the consent of the Audit & Supervisory Board Members shall be obtained regarding such matters as the election, evaluation, relocation and discipline of such assistants in order to ensure the effectiveness and independence of such assistants.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Reporting System to Audit & Supervisory Board Members)

- Directors of the Wacoal Group will promptly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or our Articles of Incorporation, Misconduct or a fact that may cause significant damage to any company of the Wacoal Group.
- Employees of the Wacoal Group may directly report to the Audit & Supervisory Board Members if they become aware of a material fact that violates the applicable laws and regulations and/or our Articles of Incorporation, Misconduct or a fact that may cause significant damage to any company of the Wacoal Group. Any employee who makes such report will not be at a disadvantage for the reason of making such report.
- Through the reporting of the following matters in addition to statutory matters to the Audit & Supervisory Board Members by Directors and employees of the Wacoal Group, we strive to have the Audit & Supervisory Board Members audit conducted effectively:
  - matters referred to the Group Management Meeting;
  - monthly and quarterly group management conditions;
  - results of internal audits;
  - the condition of our internal alert system; and
  - Other significant matters.

(Other Systems to Ensure Effective Audit by the Audit & Supervisory Board Members)

- The majority of the Audit & Supervisory Board Members will be independent Outside Audit & Supervisory Board Members to enhance the transparency and neutrality of audits.
- The Audit & Supervisory Board Members may order employees who belong to the audit office to perform any matters that are required to provide in that role. In addition, the Audit & Supervisory Board Members may request that the Company reimburse expenses incurred in performing their duties.
- Audit & Supervisory Board Members will attend meetings of the Board of Directors and may also attend other primary meetings of the Wacoal Group.
- The Audit & Supervisory Board Members will regularly meet with the audit office and the Accounting Auditor to receive reports and to exchange opinions.
- The Audit & Supervisor Board may consult legal counsel, certified public accountants, consultants, or other outside advisers as it deems necessary.

<Outline of Operation of our "System to Ensure Appropriate Business Conduct">

(System to ensure that execution of duties by Directors and/or employees is in compliance with laws and regulations and the Articles of Incorporation)

- We have a Compliance Committee which specifically establishes and operates our compliance system. The Compliance Committee held a meeting each quarter and discussed and reviewed awareness of compliance and matters reported to us through the internal alert system.
- Our legal/compliance department continued to provide level-specific group education and e-learning programs as part of our educational activities for our employees. We are also working on awareness activities for our overseas Group companies and enriching the internal alert system, such as the expansion of corporate ethics hotline to a third party.

(System concerning the Storage and Management of Information related to Execution of Duties by Directors)

- Documents prescribed in the Document Management Rules have been properly stored in accordance with the Document Management Rules and the Directors and Audit & Supervisory Board Members have access to these documents on a timely basis.

(Rules and Other Systems Concerning Management of Risks of Loss)

- The Corporate Ethics and Risk Management Committee assessed risks, monitored the implementation of measures taken, and reported to the Board of Directors on a quarterly basis.
- Setting up a CSR Procurement Committee under the Corporate Ethics and Risk Management Committee in April 2018, we began efforts to put into practice a series of processes, including monitoring of suppliers based on their self-assessment, Analysis and evaluation feedback, corrective and improvement plans, and follow-ups regarding the status of suppliers' conformance with the "Wacoal Group's CSR Procurement Guideline" as the Group's procurement policies that has stipulated promotion of business transactions with business enterprises that emphasize attention to such social requirements as human rights, working practices, environment and ethics. And, we are moving forward while continuing to expand the scope of these actions.

(System to Ensure Effective Execution of Duties by Directors)

- We engage in highly transparent decision-making by appointing three (3) independent Outside Directors among our eight (8) Directors. In addition, "Criteria for Election of Officers" and "Criteria for Election of Outside Officers (to ensure independence)" were newly stipulated in April 2015.
- We considered and formulated the Wacoal Group management policies for the fiscal year ending March 2021.
- We held meetings of the "Quarterly Business Results Review Committee" and "Group Strategy Committee" on a quarterly basis and confirmed and reviewed the business results and implementation of measures.
- At the Board of Directors meeting held in February 2020, we decided to introduce an executive officer structure into the company from April 1, 2020, aiming to further enhance management execution capabilities as a Group.

(System to Ensure Appropriate Business in the Business Group Composed of the Company and Its Subsidiaries)

- Matters to be decided and reported by our subsidiaries are appropriately managed in accordance with the Group Management Rules.
- Our audit office develops an audit plan for each fiscal year and conducts audits on the operation and internal controls of the Company and our domestic and overseas subsidiaries.

(Matters Concerning Assistants to Audit & Supervisory Board Members and Matters Concerning Independence of such Assistants from Directors)

- Our audit office is currently assisting the duties of the Audit & Supervisory Board Members upon their request from time to time. Audit & Supervisory Board Members have not requested or appointed any assistant for their duties.

(Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Systems related to the report to Audit & Supervisory Board Members)

- The Audit & Supervisory Board Members attended primary meetings and received reports on matters that were discussed and on the management condition, and also received reports, from time to time, On the results of business audits and matters reported through the internal alert system.

(Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members)

- We enhance the effectiveness of audit by appointing three (3) independent Outside Audit & Supervisory Board Members among the five (5) Audit & Supervisory Board Members.
- The Company reimburses any and all expenses incurred by the Audit & Supervisory Board Members for performing their duties.

- In addition to attending Board Meetings and other important meetings, the Audit & Supervisory Board Members conducted hearings with the Directors and visited our domestic and overseas subsidiaries to conduct audits. In addition, the Audit & Supervisory Board Members presided at "Audit & Supervisory Board Group Meetings" and received periodic reports from the audit & supervisory board members of the domestic subsidiaries.
- The Audit & Supervisory Board Members have, regularly and whenever necessary, exchanged information and opinions with the Accounting Auditor and the audit office.

## **2. Basic Concept of Efforts against Antisocial Forces and its Status**

The "Corporate Ethics: Wacoal's Code of Conduct" prescribes that the Company shall firmly refuse to comply with demands of antisocial forces. In order to handle unjust demands from antisocial forces, we cooperate with specialized outside institutions, collect and control information related to antisocial forces and are building an internal system.

## V. Other

### 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures

No

Supplementary Information

The Board of Directors of the Company has resolved at its meeting held on April 26, 2018 to discontinue the takeover defense measures upon the conclusion of the General Meeting of Shareholders held on June 28, 2018.

### 2. Other Matters Concerning Corporate Governance System

The following is an overview of the Company's internal system for timely disclosure:

#### 1. Basic Stance on Timely Disclosure

We enacted the corporate ethics regulations "Wacoal's Code of Conduct" pursuant to the ideas that the Company "stands with the support of society" and "focuses on management with business integrity and pride," which our founder and current top management believe to be the starting point of management, and with the aim that these ideas form the basis for the specific code of conduct for all officers and employees in their overall business activities.

In order for everyone to share awareness of this code of conduct, we provide practical training on corporate ethics for management-level employees, and such management-level employees provide guidance to general employees. The content of the descriptions on the information disclosure is as follows.

- "An act to disclose only information that is favorable to Wacoal and to hide any information that is inconvenient to Wacoal would damage transparency and would mislead investors when making judgments."
- "Wacoal will timely and properly disclose any information required by stakeholders, in addition to significant facts as stipulated by the Financial Instruments and Exchange Act, irrespective of the effects on share price. We will ensure reliability by enhancing the transparency of management related information."
- "We will not share any material information obtained during the course of our business with a third party, including any relatives. Any trading of shares prior to the disclosure of relevant facts (insider trading) is strictly prohibited."

#### 2. Internal System and Operation of Timely Disclosure

The handling of material financial information and non-financial information that is subject to timely disclosure is as follows:

##### (1) Analysis of Timely Disclosure of Information

- Statutory disclosure items under the Financial Instruments and Exchange Act and material facts prescribed in the timely disclosure rules of stock exchanges
- Material information deemed necessary to be disclosed (information that is reasonably expected to have a material influence on investment decisions by investors)

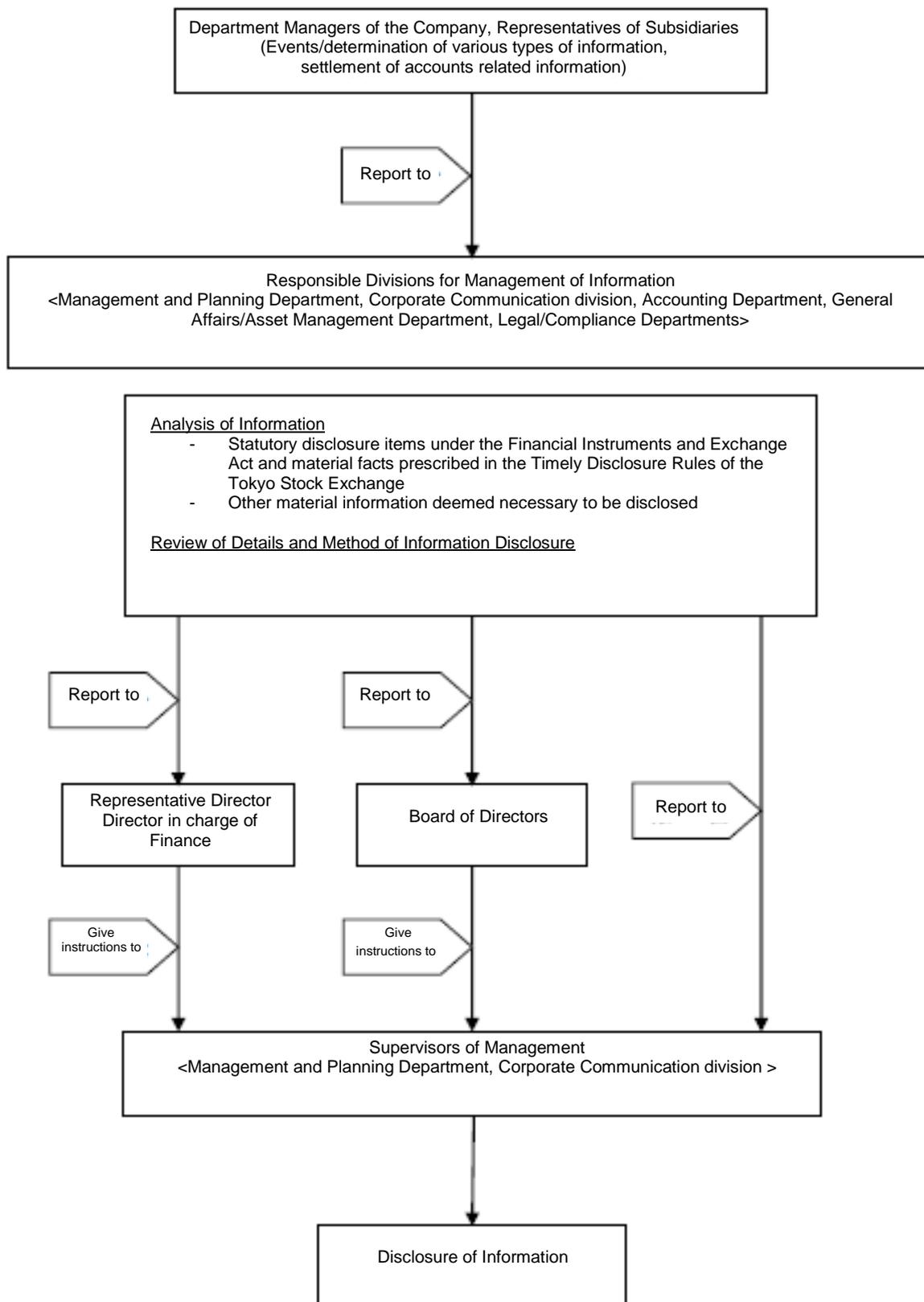
##### (2) Internal System

The Management and Planning Department, Corporate Communication division, Accounting Department, General Affairs/Asset Management Department, and the Legal/Compliance Department are the responsible divisions for the management of information that is subject to timely disclosure. These departments follow the "Basic Policy on Information Disclosure" which was internally prescribed by the Company and promptly disclose information after determination or occurrence of relevant facts. Information related to financial results is disclosed, in principle, on the day of occurrence with the approval of the Board of Directors. Any facts that were determined or that occurred at our subsidiaries are reported to the Management and Planning Department by the representatives of such subsidiaries and are disclosed through the same procedures.

The Management and Planning Department controls information regarding the determination of material policies of the Company and operations related to settlement of accounts, and also any events and facts, together with Corporate Communication division, the Accounting Department and the General Affairs/Asset Management Department. Also, the Legal/Compliance Department makes judgments regarding the importance of various information from a legal perspective and acts as the point of contact for the communication with the Tokyo Stock Exchange and the Financial Services Agency upon disclosure of such information.

Further, in order to judge the appropriateness of the information disclosure, we have established an audit office which is under direct control of the President for the comprehensive operation of the Company's internal system for timely disclosure.

**Internal System for Timely Disclosure**



The following diagram shows the outline of our Group's corporate governance system and internal control system

