

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.

: On pages 16 and 17 of the “Integrated Report 2021”, the Group’s Management Philosophy is listed along with the founding spirit (origin).

<https://www.wacoalholdings.jp/en/ir/library/ar/>

#### (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.

: The Company’s “Corporate Governance Guidelines”, including this basic concept, is posted on the website.

<https://www.wacoalholdings.jp/en/group/governance/>

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

- This is described based on the code after the revision in June 2021.
- In addition, the Company implements all principles of the Corporate Governance Code.

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

Updated

#### <Principle 1.4. Cross-shareholdings>

##### (1) Policy regarding cross-shareholdings

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.

- Sales policy in the Medium-term Management Plan (April 2020 - March 2022): In order to improve asset efficiency, the Company intends to reduce its cross-shareholdings by 30% (over 20 billion yen) by the end of March 2022.

##### (2) Examination regarding cross-shareholdings

• 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. The Board of Directors will examine the significance on each individual company.

- Results of examination during the period of the Medium-term Management Plan (April 2020 -): For each individual company, the Board of Directors has examined whether the earnings realized by holding were above the Company’s capital costs or contribute to the increase of the Company’s corporate value. As a result of the aforementioned examination, with regard to shares whose holding significance has become insufficient, we sold off shares for 28 companies in total worth 19.3 billion yen during the period (April 2020 to the end of September, 2021, at present).

##### (3) Criteria for exercising voting rights

- 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.

#### <Principle 1.7 Related party transactions>

- We prescribe guidelines on related party transactions and conduct periodic investigations regarding related parties. Any related party transactions are subject to the approval of the Board of Directors.

<Supplementary Principle 2.4.1 Ensuring diversity within the company, including promoting the active participation of women (Ensuring diversity in the recruitment of core human resources, etc.)>

## (1) Ensuring diversity

- The Company is pursuing a sound corporate culture and strong management structure by pursuing a mechanism to enhance the motivation of each employee, while simultaneously optimizing the quantity and quality of human resources.

- Based on the Management Philosophy of “Mutual Trust”, we are committed to achieving a workplace environment where each employee can maximize their abilities by accepting diverse human resources and values and deepening mutual trust. We will review our business portfolio such as by expanding the variety of career paths and work options, and introducing a new personnel evaluation system. In addition, in organizational decision making in a rapidly changing market, we will implement human resources measures that can take advantage of the diversity in our employees.

### <Appointing women to officers>

- In February 2021, Wacoal Corporation, a specified wholly-owned subsidiary of the Company, received the “Eruboshi Certification” from the Ministry of Health, Labor and Welfare as one of the best companies for ensuring the active participation of women.
- Wacoal Corporation is formulating a general business owner action plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, and aims to increase the ratio of female managers to more than 30% by the end of March, 2025. The actual ratio of female leaders is now over 60%, adding the number of leaders who serve as store managers in the retail stores of Wacoal Corporation to the number of female officers above the manager level. In addition, we aim to increase the ratio of leaders who are women to 70% by March 2025.
- The Company is focusing on recruiting and developing human resources according to their abilities, regardless of gender. At the same time, we are promoting more flexible ways of working, while creating a working environment that is tailored to the life stages characteristic to women. We will strive to find people with high leadership aptitude at an early stage, and to provide training opportunities to management officer candidates. By supporting the self-sustained growth of employees and promoting the accumulation of business experience, we will continue to foster career awareness, with the aim of appointing women to officer positions as soon as possible, such as executive and director roles involved in management decision-making in the future.
- Please see our website and the “Integrated Report 2021” for more information.
  - : Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace.
  - : ESG Data Collection (Diversity & Inclusion, etc.)
  - : Integrated Report 2021 (Strengthening human assets)
  - : [Ministry of Health, Labor and Welfare HP] Database of women's participation in each company / “Wacoal Corporation”

### <Appointing foreigners to officers>

- As a corporate group operating in countries and regions around the world, we have appointed local personnel as representatives (presidents) and to important management posts of foreign corporations, including those located in the United States and Europe. In addition, the representatives (President) of Philippine Wacoal Corporation and Intimates Online, Inc. (USA) are women.
- We will continue to promote the recruitment of diverse local personnel, regardless of nationality, and promotions to significant management positions, in order to expand business from a customer perspective and to strengthen our competitive advantage in overseas markets.

### <Appointing mid-career employees to officers>

- Just as our predecessors have built today's corporate groups without ever having to stick to a precedent, we believe that the source of competitiveness is based on the respect for diversity, which breathes new life into the Company and creates new value, while maintaining a climate that promotes taking on bold challenges. We are also focusing our efforts on mid-career hires.
  - As of the end of November 2021, 26% of all new hires for the career track per year in Wacoal Corporation are mid-career hires. In addition, 52% of all employees in all positions, including hires for the career track are mid-career hires. The ratio of mid-career employees in managerial positions (above manager level) accounts for 19%.
  - Wacoal plans to continue recruiting mid-career hires to account for about 30% of all new hires for the career track, including management officer candidates and for supplementing global and DX professional personnel.
- (2) Human resource development policy and internal environmental improvement policy aimed at securing diversity, and the status of the policies.

- “Human resources” are the biggest management resource for the Company, which has a unique network of products, from planning and development of products, to procurement of materials, production, and sales, and has established a value chain. We believe that achieving an attractive corporate culture that combines the ease of working with job satisfaction of group employees will lead to our sustainable growth.
- “Meet My Career Program”: Wacoal Corporation has introduced the “Meet My Career Program”, which aims to have employees develop their career independently and actively by expanding the diverse systems and structures for career development and promoting career self-reliance. In this program, in addition to conventional self-assessment, career interviews, training / self-development, and transfers, the system providing opportunities for employees to proactively open up possibilities and their careers, such as job challenges and internal recruitment, internal career challenges, long-term leave, and side-work, is systematically demonstrated. With this, we aim to accelerate the realization of diverse career development for people by encouraging employees to actively implement a variety of ways to work, and at the same time, by providing employees with opportunities to acquire new skills, and refine the other skills they had before.
- “Mentor Program for Women’s Participation”: Wacoal Corporation has introduced a Mentor Program from this period (as of March, 2022), which backs up achieving the Action Plan based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. The program provides opportunities for female employees below the management level to discuss career paths and the development of their abilities with female managers other than their direct superior. Through this process, we are making it easier to form a specific image of a balance between private life, such as child-rearing and nursing care, and business management, in order to improve motivation for career development with a view to becoming a manager.
- “Evolution into a highly productive and resilient organization through improved employee engagement”: Wacoal Corporation combines the removal and reorganization of vertical organizational systems divided by each distribution channel with the active use of remote work, the promotion of flexible-time work, and the operation of a location-specific system. We are promoting initiatives that seek to change our awareness and behavior, such as how we can improve labor productivity. While promoting organizational reform that places an emphasis on performance and results, we are focusing on creating an organizational culture that recognizes diverse opinions and values and respects individuals as business partners. In addition to promoting the active participation of women, we will continue to develop an internal environment in which each employee can obtain a fair evaluation and secure employment opportunities that match their motivation and abilities. We will achieve this by acquiring diverse human resources and expanding opportunities for women to play an active role.
  - : For information on employment for persons with disabilities and the reemployment system, etc., please see our website.

### <Principle 2.6. Appropriately managing the retirement benefit plan as an asset owner>

- 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. 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.

<Principle 3.1. Enhancing information disclosure>

• The Company has a good understanding that timely and appropriate disclosure of information is the foundation for building trust with all stakeholders and is a prerequisite for obtaining a proper evaluation of the Company's corporate value. While fulfilling the requirements of relevant laws and regulations, the Company is actively disclosing corporate philosophy, management strategies, management plans, the basic concept on corporate governance, policies and procedures on compensation for directors, etc., and policies and procedures for nominating candidates for directors in Corporate Governance Reports, including English language responses.

(1) Management Philosophy and Management Plan, etc.

- Please see "Basic Concepts" in this Report and our website
  - ◆ Group Philosophy <https://www.wacoalholdings.jp/en/group/vision/>
  - ◆ Medium-to Long-Term Management Strategy <https://www.wacoalholdings.jp/en/ir/management/plan/>

(2) Basic Concepts and Basic Policy on Corporate Governance

- Please see "1. Basic Concepts" in this Report. The "Corporate Governance Guidelines" have been established and posted on our website.
  - ◆ Corporate Governance <https://www.wacoalholdings.jp/en/group/governance/>

(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.
- Independent Outside Directors and Audit & Supervisory Board Members who are independent from business execution receive only the fixed "basic compensation."
- For more information on the compensation decision policy, refer to the [Information on Director's Compensation] in "1. Matters Concerning Organization Structure and Operations" of this Report II.

(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 prescribed the "Criteria for the Election of Officers" as described in [Information on Independent Officers] in "1. Matters Concerning Organization Structure and Operations" of this Report II. 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. In addition, a matrix is created that lists the knowledge, experience and expertise of each Director and Audit & Supervisory Board Member.

(5) Explanation of individual appointments/removals and nominations when the Board of Directors conducts appointments/removals and nominations of Senior Management, etc.

- When the Board of Directors has resolved an appointment/removal of Senior Management, it is promptly disclosed as a press release.
- The reasons for the individual appointment/removal and nomination of Directors and Audit & Supervisory Board Member candidates are also described in the reference document of the Ordinary General Meeting of Shareholders' Convocation Notice of the Ordinary General Meeting of Shareholders.

: Convocation Notice of the Ordinary General Meeting of Shareholders is posted on the Company's website.

[https://www.wacoalholdings.jp/ir/general\\_meeting/](https://www.wacoalholdings.jp/ir/general_meeting/)

<Supplementary Principle 3.1.3 Enhancing information disclosure (Initiatives to sustainability, etc.)>

(1) The Company's initiatives towards sustainability

• The Company believes that sound corporate activities need to be carried out in response to the needs and expectations of society and that sustainable growth will be possible only if there is a relationship that is trusted by society. To conduct our business activities, we procure a variety of resources from society, including land, energy, human resources, and many raw materials. If we don't have a relationship of trust with society, we cannot procure the necessary management resources. From now on, we will continue to engage in business activities with consideration and contributions to society in which the market exists.

• "Basic Policies for CSR Activities": The basic social responsibility that the Company must fulfill is to create products that are loved, develop new products that are required by the times, and to conduct business with dignity while working towards a great future. We are deploying business activities with dignity and are committed to "sincere manufacturing", which provides products that customers need, and through this, we are working on building relationships of trust between customers and society based on our CSR activities.

: Further details are posted on our website. <https://www.wacoalholdings.jp/en/sustainability/policy/>

1. Climate change / global environment issues

• The Company believes that protecting the global environment is a corporate responsibility in its global business activities, and is committed to protecting the global environment in accordance with the spirit of "Mutual Trust", which aims to create a harmony with society.

i. We will reduce the environmental impact of each process of our business activities by carrying out business improvements, and strive to prevent pollution

ii. We will establish environmental goals, focusing on the following, and achieve them based on the environmental management system

(Energy conservation, resource conservation, reduction of CO2 emissions, reduction of waste and recycling, development of human and environmentally friendly products and technologies, purchasing raw materials, materials, office supplies, etc. that are friendly to humans and the environment)

iii. We will observe environmental laws / ordinances and voluntary control standards

- iv. We will strive to raise the awareness of employees through environmental education, and to cooperate and contribute to environmental conservation activities as a member of the local community
  - v. We will disclose the status of environmental policies and environmental conservation efforts to the public, aiming for activities that are unified with society
- For more information on the performance of our environmental activities, please see the website.

<https://www.wacoalholdings.jp/en/sustainability/environment/>

- In addition, the Company calculated the greenhouse gas emissions (Scope3) for the entire supply chain of the Wacoal business (in Japan), and responded to the climate change questionnaire of CDP, an international non-profit organization, including questions on emissions, at the end of July, 2021. Furthermore, in September, 2021, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In line with TCFD's recommendations, we will promote disclosure of information on the following four items: "Governance", "Strategy", "Risk management", and "Metrics and targets".
- At the same time, we have set and are working on the following three goals for the global environmental efforts toward 2030: "Zero emissions of greenhouse gases at domestic business offices", "Zero disposal of Wacoal's products", and "50% utilization rate of environmentally-friendly materials such as organic cotton, regenerated fibers, and recycled thread".

## 2. Respect for human rights

- Since its founding, the Company has been built on its management philosophy of "Mutual Trust Management" and "Management Respecting Humanity". We are always deepening our basic understanding of human rights, "the right to live freely", and "the right to live as human beings", and practice these ideas through our corporate activities.
- We have separately established the "Corporate Ethics: Wacoal's Code of Conduct", which clearly states the following policies regarding human rights.

(We will protect human rights and respect individuals, and maintain a safe, clean and comfortable working environment.)

- Also, the Company considers the proper use and protection of personal information to be a social responsibility, and is committed to the following initiatives.

(Establishment of the Information Security Measures Organization, and formulation of the Personal Information Protection Policy and related provisions, implementation of education for employees, maintenance of systems to check the status of the operation of personal information and systems to respond to inquiries from customers in person, and making requests to customers, suppliers, and business consignees who handle personal information to protect information, with the same level of care that the Company takes.)

- For more information on the basic concept of human rights, please see here. <https://www.wacoalholdings.jp/en/sustainability/rights/>
- "CSR Procurement Guidelines": In response to the expectations of society, the Company believes that CSR procurement with manufacturing contractors based on the concept of mutual trust and collaboration will maximize the common interests of manufacturing contractors and the Company, and this will contribute to the sustained growth of both sides. We are making an effort to actively engage in these activities. In addition, as the Group's common procurement policy, we set forth in the CSR Procurement Guidelines the promotion of transactions based on trust and collaboration with manufacturing contractors that emphasize consideration for social requirements including human rights, labor practices, the environment, and ethics.
- Details of the CSR procurement efforts are posted on our website. <https://www.wacoalholdings.jp/en/sustainability/csr/>

## 3. Considerations for employees' health and work environment, and fair and appropriate treatment

- The Company believes that "human resources" are the biggest management resource for the Group, which has a unique network of products, from planning and development to procurement of materials, production and sales, and has established a value chain. We believe that achieving an attractive corporate culture that can combine the ease of working with job satisfaction of group employees will lead to our sustainable growth.
- Diverse employees are working in the Company. This includes both men and women, people with disabilities and lifestyles with time-limited restrictions such as childcare and nursing care, and people of different ages, nationalities, races. We have positioned "diversity and inclusion" as the basis of our human resource strategy to achieve new value creation by making the most of each individual's personality and maximizing each individual's ability. We are promoting "human resource development", "work / rest style reform", "health management", and other activities.
- Wacoal Corporation, a specified wholly-owned subsidiary, places employees' well-being as an important management foundation for sustainable growth, and has formulated the Wacoal GENKI Plan 2025, and is strategically promoting "health management". In this plan, we set goals to incorporate new initiatives, such as the creation of an environment in which employees voluntarily work to improve their health, and the strengthening of efforts to address women's unique health issues. We then connect the results to improve employee engagement and organizational intelligence.
- Important initiatives that make use of the individuality of human resources are posted on our website. These include promoting participation of women, work / rest style reform, human resource management (development), and health management. <https://www.wacoalholdings.jp/en/sustainability/resource/>

## 4. Fair and proper transactions with business partners

- Under the group policy regarding compliance formulated by the "Corporate Ethics and Risk Management Committee", the Company has established its own "Wacoal Code of Ethics" and "Corporate Ethics: Wacoal's Code of Conduct" in order for officers and employees to comply with laws, regulations, and Articles of Incorporation, and to conduct business based on sound social norms, building a promotion system regarding compliance
- The "Corporate Ethics: Wacoal's Code of Conduct" clearly states "focus on management with business integrity and pride". The following code of conduct is provided with regard to the things to be aware of and the laws / rules of everyday business activities, especially in the context of manufacturing and sales activities.

(We shall place the highest priority on quality and value the "Wacoal" brand. We shall plan, research, develop, and manufacture and sell safe products. We shall comply with the Antimonopoly Act. We shall comply with the competition rules in the market. We shall respect customers and

suppliers and select with fairness. We shall not conduct speculative transactions. We shall resolutely reject the requests of anti-social individuals and groups.)

• Further details are posted on our website. [https://www.wacoalholdings.jp/en/sustainability/risk\\_management/fair\\_trade/](https://www.wacoalholdings.jp/en/sustainability/risk_management/fair_trade/)

#### 5. Crisis management for natural disasters, etc.

• In the Company, the “Corporate Ethics and Risk Management Committee” has stipulated the “Basic Provision for Risk Management” with the approval of the Board of Directors. Based on these provisions, we have clarified the responsibility system for each risk category, and have established a risk management system that exhaustively and comprehensively manages risk across the Group.

• The Company has also established the “Accident and Disaster Response Committee” as a subordinate organization of the “Corporate Ethics and Risk Management Committee”. Under the assumption of accidents and damages caused by natural disasters, the organization formulates policies for preventing and responding to emergencies, and implements monitoring for crime and misconduct.

• For more information, including the risk management system, please see our website.

[https://www.wacoalholdings.jp/en/sustainability/risk\\_management/](https://www.wacoalholdings.jp/en/sustainability/risk_management/)

#### (2) Investment in human capital and intellectual property

• The Company is pursuing a sound corporate culture and strong management structure by pursuing a mechanism to enhance the motivation of each employee, while simultaneously optimizing the quantity and quality of human resources.

• In April, 2019, Wacoal Corporation began operating a new human resource development system called “WACOAL TERA KOYA”, with the aim of fostering a culture of human development and independent innovative human resources that can embody our management philosophy. In order to support employees' voluntary career development and continuous learning, the new system has expanded training other than stratified training and increased opportunities to participate on a voluntary basis.

• Promoting investments in CX and DX strategies for business growth, and the strategic implementation of health investment and personnel planning management through the Wacoal GENKI Plan 2025 promotes better employee engagement as well as quantitative and qualitative staffing. We are trying to become an organization that is highly cost-competitive, productive, and resilient.

• Please see our “Integrated Report 2021” for information on personnel planning management and human resource development programs (excerpt). <https://www.wacoalholdings.jp/en/ir/library/ar/>

• The Company aims to be one of the world's leading companies, with a wealth of knowledge by accumulating data on “women's bodies (size) and minds”. In addition to the start and development of a new customer-driven customer service called “3D smart & try”, which has evolved the Company's original know-how on body measurements, research, and customer service that it has cultivated so far through digital technology, the Company has been recognized for its commitment to take on new challenges to expand its business areas through collaboration with a broad range of fields using the service. The Company was selected for the “Noteworthy DX Companies 2021” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

• Of investments of 5.6 billion yen implemented in the fiscal year ended March 31, 2021, intangible investments was 2.8 billion yen. These intangible investments do not include human resources or R&D investments, or investments in new business areas. (We do not disclose investments that are limited to intellectual property.)

#### (3) Impact of climate change risk and profit opportunities on our business activities and profits

• The Company believes that climate change, which has a significant impact on the global and corporate activities, is a risk to the management of the Group, but also creates new business opportunities at the same time. We believe that initiatives to solve and improve environmental issues will lead to the sound development of a company and a sustainable society. Under this awareness, in September 2021, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are working toward disclosure in accordance with the TCFD framework.

• In July 2021, in order to promote initiatives toward achieving a decarbonized society and to further ensure the reduction of greenhouse gas emissions in the supply chain, the Company calculated the greenhouse gas emissions (Scope3) for the entire supply chain of the Wacoal business (in Japan) in accordance with the “Basic Guidelines (ver.2.3) for Calculating Greenhouse Gas Emissions through the Supply Chain”. In addition, in order to promote the disclosure of information on climate change initiatives, we responded to the Climate Change Questionnaire of the global non-profit organization CDP at the end of July 2021.

• Please also see the ESG explanatory material posted on the website. [https://www.wacoalholdings.jp/en/ir/library/esg\\_presentation/](https://www.wacoalholdings.jp/en/ir/library/esg_presentation/)

#### <Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors (1) (Scope of Delegation to Management)>

• 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. We are formulating basic policies on sustainability issues, and are supervising the allocation of management resources and the implementation of business portfolio strategies to contribute to sustainable growth.

• Matters to be considered are specifically prescribed in the “Regulations of the Board of Directors.”

• Under the medium- to long-term management strategy established by the Board of Directors, we are formulating the Group's management strategy and are examining any material business problems in the “Group Management Meeting”. Furthermore, we are sharing any problems and confirming the progress of our quarterly performance at the “Group Strategy Committee” and the “Quarterly Business Results Review Committee”. By implementing the foregoing system, we seek to make the Board of Directors effective in its supervisory function and to accelerate the execution of our business.

#### <Principle 4.9 Evaluation Criteria for Independence and Quality of Outside Directors >

• The Company has prescribed the “Criteria for Quality of Officers” as described in [Information on Independent Officers] in “1. Matters Concerning Organization Structure and Operations” of this Report II.



<Supplementary Principle 4.10.1. Utilization of voluntary mechanisms (Establishment of independent Nomination Committee / Remuneration Committee, etc.)>

- Currently, the Board of Directors of the Company consists of seven members, three of which are Independent Outside Directors.
- The Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee, with Independent Outside Director designated as chairman, were established as an advisory body to discuss and provide recommendations on the nomination, promotion, and compensation of Directors and representatives of specified wholly-owned subsidiary, and matters resolved at such Committees' meetings are reported to the Board of Directors. The former are composed of three (3) Outside Directors and two (2) Internal Directors. As a general rule, the Committee Meeting shall be held on the day of the meeting of the Board of Directors in January of each year. The latter are composed of three (3) Outside Directors, one (1) Internal Director and one (1) other person. As a general rule, the Committee Meeting shall be held on the day of the meeting of the Board of Directors in April, July and February. Both Committees have a high degree of transparency and fairness with the majority of the members being Outside Directors. In addition, such Committees are operated with a high degree of transparency and fairness pursuant to resolutions approved unanimously with all members in attendance.
- In the appointment of candidates for Directors, the "Executive Nomination Advisory Committee" will examine a matrix listing the knowledge and experience that the Company seeks from its Directors and the expertise required in relation to its management strategy, and will provide appropriate involvement and advice.

<Supplementary Principle 4.11.1. Prerequisites for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Board (Policy and procedures for the election of Directors, etc.)>

- In the "Criteria for the Election of Officers", the qualities, knowledge, experience, and expertise necessary for the Directors, and the policies to ensure diversity in terms of gender, internationality, job history, age, etc. are stipulated. With regard to the content of "Criteria for Election of Officers", see [Information on Independent Officers] in "1. Matters Concerning Organization Structure and Operations" of II in this Report.
  - Candidates for Directors will be determined by the Board of Directors based on a fair and strict examination of the "Executive Nomination of Advisory Committee". Based on our management strategy, we determine candidates considering a balance. In addition, a matrix is created that lists the knowledge, experience and expertise of each Director.
  - The Company stipulates a maximum of eight (8) Directors in its Articles of Incorporation. In accordance with the number of Directors specified, the Board of Directors is composed of the appropriate number of Directors who can perform the functions of the Board of Directors most effectively and efficiently, taking into account the portfolio and size of the business, etc. (currently, there are seven (7) Directors). Currently, there are three (3) Independent Outside Directors, two (2) of them have management experience at other companies, and one (1) is a woman.
- : The skill matrix of the Directors are posted on our website. <https://www.wacoalholdings.jp/en/group/governance/system/>

<Supplementary Principle 4.11.2 Prerequisites for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Board (Concurrently serving as Directors and Audit & Supervisory Board Members)>

- In the "Criteria for the Election of Officers", the number of Outside Directors and Outside Audit & Supervisory Board Members in the listed company officers concurrently serving as executive officers, excluding the Company, is stipulated to be less than four (4). None of our Internal Directors nor Audit & Supervisory Board Members concurrently holds positions as an officer in other listed companies.
- The situation regarding important concurrent positions, such as Directors and other listed company officers, is described in the reference document of the General Meeting of Shareholders in the notice for the convening of the Ordinary General Meeting of Shareholders. [https://www.wacoalholdings.jp/ir/public\\_item/soukai/files/soukai\\_notice210603.pdf](https://www.wacoalholdings.jp/ir/public_item/soukai/files/soukai_notice210603.pdf)

<Supplementary Principle 4.11.3 Prerequisites for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Board>

The Company's Board of Directors makes the best decisions based on fair judgment upon entrustment by its shareholders, and at the same time, aims to maximize corporate value by exerting its supervisory function in the execution of its business. With the aim of discussing the current situation evaluation and issues to further improve these roles, we evaluate the effectiveness of the entire Board of Directors every year, and continuously strive to improve the function and effectiveness of the Board. We are working on improvement measures for issues extracted from the evaluation, and during the evaluation of the Board of Directors in the next fiscal year, we evaluate the current situation and confirm the progress of improvement from the previous fiscal year.

<Evaluation process>

1. The fiscal year ending March 2021

The Company conducted interviews regarding the effectiveness of the Board of Directors at the Independent Outside Officers Meeting, extracted issues, summarized improvement plans, and reported them to the Board of Directors.

2. The fiscal year ending March 2022

To further improve the effectiveness of the Board of Directors in terms of "enhancing trust among stakeholders (creating social value)" and "improving organizational performance (improving corporate value)", we have changed our analysis and evaluation methods to questionnaire-based ones using a third-party organization (cooperating in questionnaire preparation, analysis, comparison of other companies, issue extraction, and action plans). We have conducted a questionnaire for all directors and corporate auditors, analyzed the contents of the responses, and compiled improvement plans. The contents of the plans were explained at the Independent Outside Officers Meeting and reported at the Board of Directors.

The questionnaire's major evaluation items are:

- (1) Roles and responsibilities of the Board of Directors;
- (2) Composition of the Board of Directors;
- (3) Quality of discussions (agenda, contents of materials, etc.);
- (4) Constructive dialogs with stakeholders.

<Summary of Evaluation Results>

1. Status of initiatives to address the issues pointed out in the evaluation of effectiveness for the fiscal year ending March 2021.

(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 Nomination of Directors Advisory Committee, Remuneration of Directors 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.

(Initiatives)

- (1) In order to contribute to a rational judgment, we made efforts to speed up the timing of the advance distribution of the Board of Directors' materials by informing the relevant departments of the composition the materials and operational considerations (such as the timing of submission and announcement considerations, etc.).

(2) The Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee have held flexible meetings according to agendas and reviewed the agenda items (compensation system, evaluation system, succession plan, appointment/dismissal criteria, etc.). At the Independent Outside Officers Meeting, the evaluation method of the Board of Directors was reviewed.

(3) The Board of Directors has increased reporting opportunities from executive officers and managers. In the sustainability promotion project, which considers new missions and ESG materiality, etc., we have also expanded the contact points with the executive departments by setting up a place for information sharing between project members and outside officers from the consideration stage.

2. Results of the effectiveness evaluation, the matters pointed out and action plans for the fiscal year ending March 2022.

Results of tallying the questionnaire responses confirmed that the overall average was above the baseline point, and that the Board of Directors of the Company was functioning properly and effective in general.

(Findings)

(1) Regarding the selection of agenda items, the enhancement of the process of reviewing medium- to long-term strategies, and ex post facto reports on resolution matters, etc.

(2) It is necessary to further deepen the common understanding of the expected roles of outside directors

(3) Clarification of the role of the Nomination of Directors Advisory Committee and improvement of transparency in the review process for successors and appointment/dismissal

(4) There were opinions on expanding store visits and contact points with employees, and enhancing input to outside officers such as training. We will proceed with consideration and improvement in accordance with the matters pointed out.

(Action plans)

(1) We will review the agenda setting and the management of meetings, including setting the consideration of business strategies and medium- and long-term strategies, and the report on the progress status of important cases as regular monthly agendas, as well as the review and the streamlining of the scope of delegating decisions regarding business execution to the executives.

(2) We will examine the ideal composition of the Board of Directors based on the medium- to long-term strategies, and will organize the necessary skills of outside directors and review the skill matrix, taking into account the strategic priorities of the new medium-term management plan, which will be launched in April 2022.

(3) The Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee will share the items and schedules to be considered for the fiscal year at the beginning of the fiscal year, and conduct operations that report the progress status to the Board of Directors every six months, thereby clarifying the roles of both the committees and making the operations more transparent.

(4) Considering infectious diseases, we will proceed with store visits and the expansion of contact points with employees, including website use. In addition, the contents of the discussions at the Group Management Council will be explained at the time of the introducing the agenda, and the input will be enhanced for the more effective operation of the Board of Directors.

<Supplementary Principle 4.14.2 Training of Directors and Audit & Supervisory Board Members (Policy of training)>

• 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 Policy on constructive dialog with Shareholders >

• The Company established the “Policy on constructive dialog with shareholders” and disclosed it on its website as follows.

[https://www.wacoalholdings.jp/en/sustainability/talk\\_with\\_stockholder/](https://www.wacoalholdings.jp/en/sustainability/talk_with_stockholder/)

## 2. Capital Structure

Shareholding ratio by foreign investors

More than or equal to 20%, but less than 30%

### 【Status of Major Shareholders】

Name of Shareholder	Number of Shares held by Shareholder (share)	Shareholding Ratio (%)
Custody Bank of Japan, Ltd. (Trust Account)	4,000,300	6.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,938,800	6.31
The Bank of Mitsubishi UFJ, Ltd.	3,095,014	4.96
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)

-----

Parent Company

None

•With regard to the status of major shareholders (above), the current status as of March 31, 2021 is included.

•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 2021, 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

-----

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

-----



## 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.
----------------------	--

#### **【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	7
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	○	Advisor of Miyamoto Seisakusho Co., Ltd.	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	5	0	2	3	0	0	Outside Director
Voluntary Advisory Committee equivalent to Remuneration Committee	Executive Compensation Advisory Committee	5	0	1	3	0	1	Outside Director

Supplementary Information

- The Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee, 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 representatives of specified wholly-owned subsidiary, and matters resolved at such Committees' meetings are reported to the Board of Directors.
- As a general rule, the former shall be held on the day of the meeting of the Board of Directors in January, and the latter shall be held on the day of the meeting of the Board of Directors in April, July, and February.
- Both Committees have a high degree of transparency and fairness with the majority of the members being Outside Directors. In addition, such Committees are operated with a high degree of transparency and fairness pursuant to resolutions approved unanimously with all members in attendance.
- In the appointment of candidates for Directors, the "Executive Nomination Advisory Committee" will examine a matrix listing the knowledge and experience that the Company seeks from its Directors and the expertise required in relation to its management strategy, and will provide appropriate involvement and advice.

### **【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 29, 2021 was nine (9).

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
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 nine 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 TVE Co., Ltd. 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 Special Advisor of the Fulltime System Co., Ltd.	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 Company has clearly stated the "Criteria for the Election of Officers" and "Criteria for Quality of Officers" and described.

<Criteria for Election of Officers>

- The Company shall appoint directors and corporate auditors (hereinafter collectively referred to as "officers") in accordance with the appointment and dismissal standards set forth below.
  - 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. Candidates whose appointment to the Board of Directors or the Board of Corporate Auditors will contribute to the balance of knowledge, experience, and expertise, and ensure diversity in terms of gender, internationality, work experience, and age.

- 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)>

•The Company believes that Outside Directors and Outside Audit & Supervisory Board Members (collectively, hereinafter referred to as “Outside Officers”) should have sufficient independence to avoid conflicts of interest with the general shareholders of the Company. 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. (Additionally, at the 73rd Ordinary General Meeting of Shareholders held on June 29, 2021, the Company resolved to abolish the share-based stock option incentive and introduce a new transfer-restricted stock compensation plan for Directors (excluding Outside Directors). This was done so that Directors would share the risk of stock price fluctuations with shareholders, while further increasing their motivation to improve the stock price and corporate value.)

Eligible Recipients of Stock Options

Internal Directors and Directors of our Subsidiaries

### Supplementary Information

• As stated above, we have abolished the share-based payment type stock option as of the fiscal year ended March 2021, and have newly introduced a share-based stock option compensation system from the term ending in March 2022.



## [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)	Of the items on the left, non-monetary compensation, etc.
To 5 Directors (excluding Outside Directors)	263	219	43	—	43
To 2 Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	32	32	—	—	—
To 6 Outside Officers	50	50	—	—	—

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)	Of the items on the left, non-monetary compensation, etc.
Yoshikata Tsukamoto	129	110	19	—	19

Policy for Determining the Amount or Calculation Method of Compensation

Yes

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

- The Company has established a policy for determining the details of compensation, etc., for Directors on an individual basis (hereinafter referred to as the "Determination Policy").
- 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 basic compensation is designed to set a single rate for each position in principle and is fixed as a monthly payment. Every year, based on a compensation survey conducted by an external organization, we verify the appropriateness of our compensation levels compared to the range of compensation levels of other companies in the same industry or of similar scale, and then set the level of compensation so it is commensurate with the Company's performance and size.
- 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. 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 total amount of the performance-based bonus is based on achievement as a percentage of the consolidated operating income recorded for each fiscal year, plus other performance factors (consolidated net sales, consolidated income before income taxes), to increase the degree of linkage between bonuses and consolidated business performance. Performance-based bonus is paid once a year after approval 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, and the total amount is decided by a resolution of the General Meeting of Shareholders.

<Share-based stock option incentive>

- In order for the Directors of the Company (excluding Outside Directors) (hereinafter referred to as "Target Directors") to further share the risk of stock price fluctuations with shareholders, and to increase their willingness to contribute to the rise in stock prices and the improvement of corporate value, the Company has introduced a compensation system to allocate share-based stock options for the Board of Directors.
- In order to share value with shareholders over a long term, the target Directors who have been allocated shares with a restriction on transfer may not lift the transfer restriction from the date of issuance of the shares to the date of retirement. This includes retirement from positions including Directors, Auditors, and Executive Officers of the Company and its subsidiaries.
- For more information on Share-based stock option incentive, please see the disclosure materials here.

[https://www.wacoalholdings.jp/en/ir/topics/files/wacoalholdingsnews20210514en\\_2.pdf](https://www.wacoalholdings.jp/en/ir/topics/files/wacoalholdingsnews20210514en_2.pdf)

## **[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.

#### <Board of Directors•Audit & Supervisory Board>

- Our Board of Directors is composed of seven (7) 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. In order to clarify management responsibilities, we have set the term of office of Directors to one (1) year, and are working to build a management system that can respond quickly to changes in the 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.

#### <Executive Nomination Advisory Committee•Executive Compensation Advisory Committee>

Executive Nomination Advisory Committee and the Executive Compensation Advisory Committee, with Independent Outside Director 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, the former shall be held on the day of the meeting of the Board of Directors in January, and the latter shall be held on the day of the meeting of the Board of Directors in April, July, and February. Both Committees have a high degree of transparency and fairness with the majority of the members being Outside Directors. Such Committees are operated with a high degree of transparency and fairness pursuant to resolutions approved unanimously with all members in attendance.

#### <Independent Outside Officers Meeting>

- 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.

#### <Corporate Ethics and Risk Management Committee>

- 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

#### <Accounting Auditors>

- 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: Koichirou Tsukuda, Hiroaki Sakai, Tsuji Tomomi

Number of the assistants engaged in the audit services: 8 certified public accountants, 5 persons who passed the certified public accountant examination, and 8 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. Regular meetings of the Audit & Supervisory Board are held every month, and extraordinary meetings of the Audit & Supervisory Board are held as needed.
- 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 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	The Corporate Governance Guidelines, including the "Basic Policy on Information Disclosure", were established in 2015 and published on the Company's website.  <a href="https://www.wacoalholdings.jp/group/governance/">https://www.wacoalholdings.jp/group/governance/</a> <a href="https://www.wacoalholdings.jp/en/ir/management/disclosure/">https://www.wacoalholdings.jp/en/ir/management/disclosure/</a>	
Holding Regular Briefing Sessions for Individual Investors	In addition to holding briefing sessions, etc., several times a year, we also disseminate information through our website. We also hold "corporate study sessions" and conduct "facility tours" as appropriate (For the fiscal year ending March 2021, we held a corporate briefing session using online tools due to the impact of COVID-19).	No
Holding Regular Briefing Sessions for Analysts and/or Institutional Investors	The meeting is held in mid-November and mid-May each year, and provides explanations of financial results, management policies, and management strategies by our President and Representative Director.	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, in the form of individual visits, our Directors hold meetings with overseas institutional investors to explain business performance and management strategies (For the fiscal year ending March 2021, we participated in an online conference hosted by a securities company due to the impact of COVID-19).	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 videos of the quarterly financial results presentation by the Directors. <a href="https://www.wacoalholdings.jp/en/ir/">https://www.wacoalholdings.jp/en/ir/</a>	
Division (Person) in charge of IR	Corporate Communication division; Akira Miyagi, Director and Managing Corporate Officer in charge of Group Business Management.	

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 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 Sustainability promotion 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	<p>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.</p> <p>Wacoal employs and recognizes the individual differences of a wide range of people, not just in terms of race, gender, age, or whether they have disabilities but also in terms of limitations on availability due to child-rearing or nursing care commitments or lifestyle factors. With this in mind, we have positioned diversity and inclusion at the center of our human resources strategy with the aim of creating new value by leveraging the individuality of employees and enabling them to fully realize their talents. In accordance with this strategy, we are promoting human resources development, work-style reform, health and productivity management, and other initiatives.</p>



## IV. Matters Regarding the Internal Control System

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

#### (1) System to Ensure Appropriate Business Conduct

- 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 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. Directors and Audit & Supervisory Board Members, including Outside Officers, may view these documents at any time.

<Rules and Other Systems concerning Management of Risks of Loss>

- In order to understand the risks related to the overall management of the Wacoal Group and to develop and strengthen the risk management system, we have established a Corporate Ethics and Risk Management Committee, for which our President and Representative Director act as administrative managers and the Director of the Group Management Supervisor acts as the chairman. The Management and Planning Department is responsible for the Secretariat Office.
- 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 & Supervisory Board may, when deemed necessary, appoint at their discretion lawyers, certified accountants, consultants and other external advisors at the Company's expense.

(2) 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>

- A Compliance Committee has been established under the Corporate Ethics and Risk Management Committee to specifically develop and operate the 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>

- The documents set forth in the "Document Management Rules" are properly stored in accordance with the "Document Management Rules", and Audit & Supervisory Board Members may have access to them in a timely manner.

<Rules and Other Systems Concerning Management of Risks of Loss>

- The Corporate Ethics and Risk Management Committee monitors risks and the implementation of countermeasures, and reports them to the Board of Directors on a quarterly basis.
- The CSR Procurement Committee has been established under the umbrella of the Corporate Ethics and Risk Management Committee, and is working to permeate the Wacoal Group CSR Procurement Guidelines, stipulating that we shall, as the Group's procurement policy, promote transactions with companies that emphasize incorporating social requirements such as human rights, labor practices, and the environment and ethics. We are continuing our efforts to make a series of cycles work. The cycle starts from monitoring according to a supplier's self-evaluation, then providing feedback regarding an analysis and evaluation, followed by formulating and following corrective and improvement plans. In addition, the scope of target suppliers is gradually expanding.
- Since February, 2020, in response to COVID-19, the COVID-19 Prevention Headquarters was established under the Corporate Ethics and Risk Management Committee to collect relevant information. We have determined a response policy and countermeasures based on guidance from the government and local governments, etc. and disseminated them to all Group companies.

<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 2022.
- We held meetings of the "Quarterly Business Results Review Committee" on a quarterly basis and confirmed and reviewed the business results and implementation of measures.

<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.

### 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:

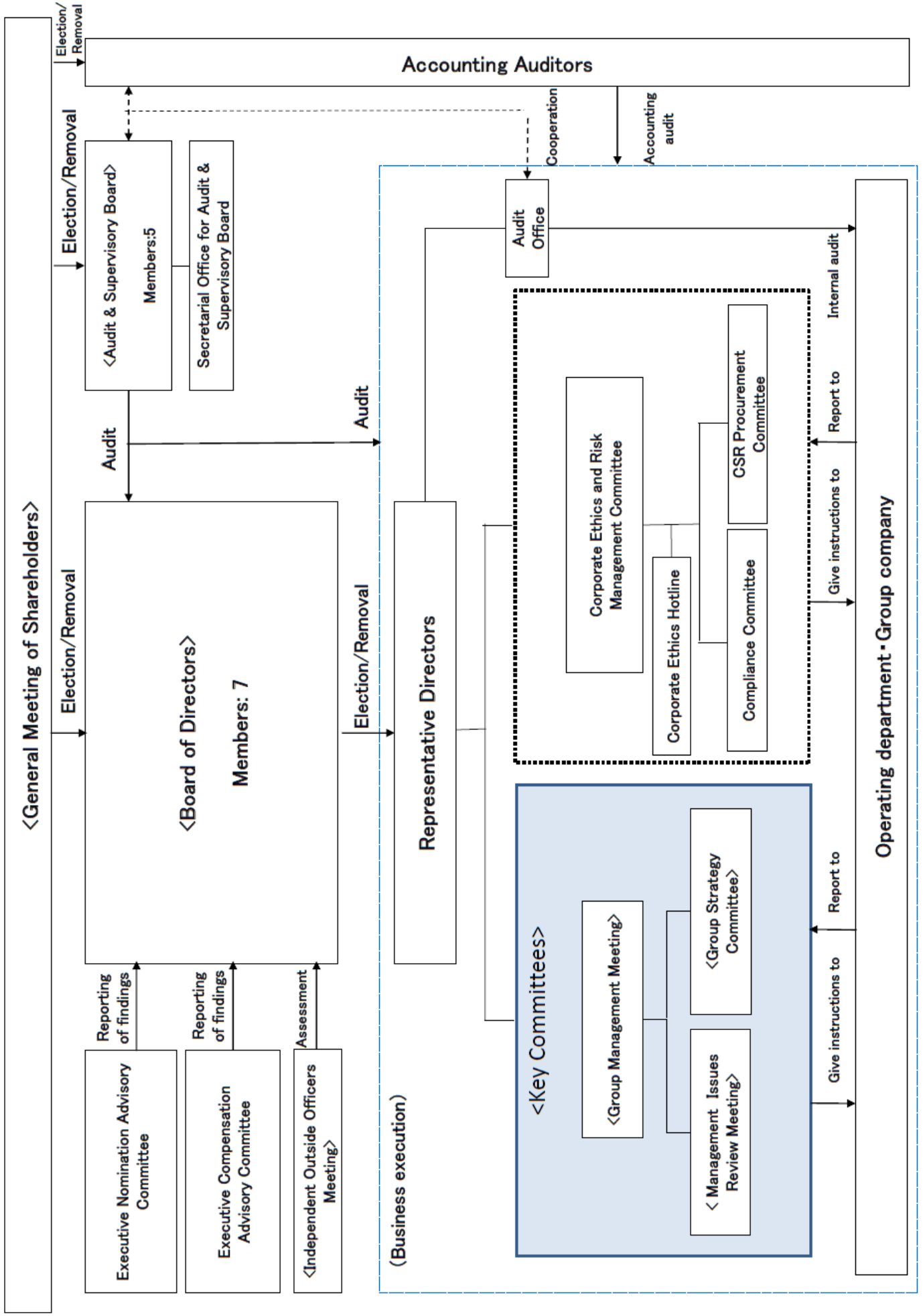
##### ① Analysis of Timely Disclosure of Information

- : 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. In accordance with the "Basic Policy on Information Disclosure" established within the Company, these departments shall promptly disclose such information after determining the relevant facts or after the occurrence, based on the confirmation provided by the Director of the Group Management Supervisor.
- 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.
- In order to ensure the appropriateness of information disclosure, the President and Representative Director have the Audit Office conduct audits on the status of audits and disclosure of timely disclosure matters and the internal system

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





**Internal System for Timely Disclosure**

