

Response to the Task Force on Climate-related Financial Disclosures (TCFD)

We believe that climate change, which has a significant impact on the Earth and corporate activities, is a risk to the management of the Group, but also creates new business opportunities at the same time. The Group believes that initiatives to solve and improve climate change 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). In 2022, we conducted a scenario analysis on climate change to clarify risks and business opportunities.

Disclosure of four items based on TCFD recommendations

Item	Details of Disclosure
Governance	<p>In April 2022, Minebea established the Sustainability Committee to promote sustainability management and achieve both "solving social issues" and "corporate growth" through business. The Sustainability Committee regularly meets on the same day as the board of directors, and formulates concrete measures to address climate change issues, monitors progress, and evaluates achievements. The Board of Directors receives reports from the Sustainability Committee and gives instructions regarding the Group's policies and initiatives to respond to environmental issues. In addition, to promote responses to climate change issues, we have established the Subcommittee for Carbon Neutral and the Subcommittee for Resource Circulation as subordinate organizations.</p> <p>Subcommittee for Carbon Neutral In order to reduce the environmental impact and environmental risk of Wacoal Group's business activities and to promote voluntary and active environmental preservation activities, it will deliberate on activity policies and initiatives related to environmental issues, such as climate change measures and reducing the environmental load of back offices, and strategic investment projects related to environmental preservation, and monitor progress.</p> <p>Subcommittee for Resource Circulation In order to promote sustainable use of resources and materials in the supply chain, resource conservation measures, and waste reduction and recycling, and thereby achieve a resource circulation society, it will deliberate on procurement policies and quality standards for environmentally-friendly materials, and monitor the progress of waste reduction in production and procurement activities.</p> <p>The Representative Director, President, and Corporate Officer is responsible for the Board of Directors and the Group Management Meeting, the highest decision-making body at the business execution level, and is in overall charge of the Sustainability Committee, which is chaired by the Representative Director, Vice President, and Corporate Officer.</p> <p>System for promoting Sustainability: https://www.wacoalholdings.jp/en/sustainability/system/</p>
Strategy	<p>The group is conducting scenario analysis sequentially, starting with businesses for which data can be analyzed, to assess the impact of risks and opportunities related to climate change issues.</p> <p>[Risks] The major risks affecting the Group's business, strategy, financial plans, etc. include the intensification of extreme weather, such as storms and floods, and cost increases for resources such as carbon and electricity.</p>

	<p>[Opportunities] The Group is promoting environmentally friendly activities, such as building a manufacturing and sales system in which few products are discarded. In the future, we will continue to promote business activities with a low environmental impact, aiming to achieve the "Environmental Goals for 2030." As environmental awareness is growing among consumers and society, we believe that business activities like these will be an opportunity to boost sales for the Group.</p>
<p>Risk management</p>	<p>The Group sorts and evaluates risks related to climate change at the Sustainability Committee and its subordinate organizations, the Subcommittee for Carbon Neutral and the Subcommittee for Resource Circulation. Monitoring and evaluation of achievements for risk management are also carried out by the Sustainability Committee and each subcommittee. Regarding the sorting and assessment of risks related to climate change, the Sustainability Committee and each of its subcommittees, of which the Representative Director, President, and Corporate Officer is in overall charge, examine both upstream and downstream direct operations and their impact on the entire Group from a short- to long-term perspective, and report the results to the Board of Directors, which is a higher-level organization. Ultimately, it is a process to identify and assess the risks of climate change issues across the company.</p>
<p>Indicators and goals</p>	<p>The Wacoal Group has set its own environmental activity goals for 2030 to promote efforts to solve increasingly serious climate change issues and realize a carbon-free society.</p> <p>Environmental goals for 2030</p> <p><u>(1) In-house Emissions (Scope 1 & 2) "Zero" [Domestic offices]</u> Gradually switch to renewable energy, aiming to achieve net zero in-house greenhouse gas emissions (Scope 1 & 2)</p> <p><u>(2) Product disposal "Zero" [Wacoal Corp.]</u> Aim for zero discarded products and promote efforts to reduce disposal of waste materials at plants</p> <p><u>(3) Environmentally friendly materials "50%" [Wacoal Corp.]</u> Increase the percentage of environmentally friendly materials used to 50%, such as switching to recycled fibers and yarns</p> <p><u>(4) "20% Reduction" in Supply Chain Emissions (Scope 3) [Wacoal Business (domestic)]</u> Promote efforts with partner companies to reduce supply chain greenhouse gas emissions (Scope 3) by 20% * For overseas business operations, we will start by understanding our own emissions (Scope 1 & 2) and plan to disclose the targets by the end of March 2025.</p> <p>Environmental goals for 2030 : https://www.wacoalholdings.jp/en/sustainability/environment/target/</p> <p>Environmental data (Numerical results of the Wacoal Group's operating bases in Japan) : https://www.wacoalholdings.jp/en/sustainability/environment/activities/</p>

Scenario analysis based on TCFD recommendations

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

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

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

Type of Risk or Opportunity				Example	Impact		Countermeasures
					2°C	4°C	
Transition	Policies and regulations	Introduction of carbon tax	Risk	Increased expenses due to the introduction of environmental taxes	Medium	-	<ul style="list-style-type: none"> · Introduce renewable energy and promote energy conservation and creation to avoid or reduce cost increases · Work with suppliers to promote reduction of CO2 emissions
		Increased retail prices for electricity	Risk	Increased electricity prices due to the introduction of renewable energy	Small	Small	<ul style="list-style-type: none"> · Promote energy conservation and creation to lower the amount of electricity supplied and avoid or reduce cost increases
	Reputation	Changes in consumer awareness	Opportunity	Increased consumer demand for the Company's environmentally friendly products	Medium	Small	<ul style="list-style-type: none"> · Promote green business activities, including raising the ratio of environmentally friendly materials used, such as recycled fabrics · Contribute to reduced disposal of clothing by promoting high-quality manufacturing, allowing consumers to use products for a long time
Physical	Acute	Increased frequency and intensity of extreme weather	Risk	Decreased number of business days for stores due to the increased frequency of extreme weather	Medium	Large	<ul style="list-style-type: none"> · Promote a CX strategy to reform the business model. Create a sales system that can cover for the decline in store sales through e-commerce

	Chronic	Increased number of rainy days and higher average temperatures	Risk	Increased opportunities to stay home and decreased opportunities to go outside due to changes in weather patterns	Medium	Medium	<ul style="list-style-type: none"> Strengthen product development to meet at-home needs, including wireless bras Enhance the convenience of our e-commerce to mitigate the decrease in customers' opportunities and desire to buy products
			Opportunity		Medium	Medium	
			Opportunity	Increased awareness of underwear due to climate change	Medium	Medium	<ul style="list-style-type: none"> Recognize changes in consumer needs due to climate change and reinforce the development of functional products to respond to them