

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

The Group believes that climate change, which has a significant impact on the Earth and corporate activities, poses a risk to the Group's management, but also brings new business opportunities. Therefore, based on the recognition that working to solve and improve climate change issues will lead to sound corporate development and a sustainable society, in September 2021, the Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Disclosure of four items based on TCFD recommendations

Item	Details of Disclosure
Governance	<p>The Group strives to improve its corporate value by promoting "sustainability management" and achieving both "solving social issues" and "sustainable growth" through its business. The Sustainability Committee, which was established in April 2022, meets, in principle, every quarter on the same day as the Board of Directors' meeting to develop specific initiatives, monitor progress, and evaluate achievement status based on our basic policies on sustainability issues, including climate change, global environmental issues, and respect for human rights. The Board of Directors receives reports from the Representative Director, President and CEO of our company, who serves as the Chair of the Sustainability Committee, and oversees and instructs the allocation of resources for management and the implementation of strategies related to the business portfolio so that our group's efforts on sustainability issues contribute to sustainable growth.</p> <p>Additionally, in order to strengthen our response to important sustainability issues, we have established four promotion subcommittees under the Sustainability Committee: Subcommittees for Carbon Neutrality, Resource Circulation, CSR Procurement, and Human Rights, D&I. As part of this effort, in order to promote responses to climate change issues, the Subcommittees for Carbon Neutrality and Resource Circulation are taking the following initiatives.</p> <p>Subcommittee for Carbon Neutral</p> <p>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</p> <p>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>System for promoting Sustainability: https://www.wacoalholdings.jp/en/sustainability/system/</p>
<p>Strategy</p>	<p>Our group conducts scenario analysis based on the currently available data to assess the impact of climate change issues, with priority placed on risks and opportunities deemed to have high impacts on businesses. Going forward, we will continue striving to collect analyzable data, sophisticate scenario analysis and expand the scope of analysis.</p> <p>Risks:</p> <p>We believe that the major physical risks affecting our group’s business, strategy, financial plans, etc., include, among others, impacts of the intensification of extreme weather, such as storms and floods, on our stores, factories, and distribution warehouses. Regarding transition risk, we believe that we need to prepare for rising carbon tax prices in terms of policy, laws and regulations.</p> <p>Opportunities:</p> <p>By providing products supported by high sensitivity and premium quality and practicing the manufacture of products that are loved by consumers for a long time, our group is able to mitigate environmental impacts over the entire life cycle of the product, which leads to the control of greenhouse gas emissions. In order to achieve this, we implement a thorough program of inspection and control from various aspects, including safety, durability, ease of handling, wearability, and appearance. Going forward, increased awareness of consumers and society about the environment, including heightened preference for low-carbon merchandise and resource circulatable merchandise, will present opportunities to expand sales of the Wacoal Group.</p>
<p>Risk management</p>	<p>To address risks related to the Group's sustainability issues, we have established an appropriate risk management system centered around the Sustainability Committee. Four subcommittees, centered around the "Subcommittee for Carbon Neutrality" and "Subcommittee for Resource Circulation," have identified risks that may affect the entire supply chain, including direct operations and some upstream and downstream operations, and have established a flow for verifying these risks from a short-, medium-, and long-term perspective.</p> <p>The Sustainability Committee then evaluates the importance of each identified risk, taking into consideration its impact on business, the likelihood of occurrence, and its relationship to business strategy. At the same time, risk management is also carried out through monitoring and evaluation of progress status by the Sustainability Committee and each subcommittee.</p> <p>The results of these verifications are then reported to the Sustainability Committee, which then reports them to the Board of Directors, a higher-level body, creating a process for ultimately identifying and evaluating risks with high impact.</p>
<p>Indicators and goals</p>	<p>In order to advance efforts to solve the climate change issues and achieve a decarbonized society, the Group has set "Environmental Goals 2030" toward 2030.</p> <p>The Group has set the following goals for its environmental activities by setting prioritized issues to address: first, reducing its own emissions, aiming for product disposal “Zero,” and increasing the number of environmentally friendly products, furthermore, working with</p>

suppliers to reduce emissions throughout the entire supply chain.

Environmental goals for 2030

(1) In-house Emissions (Scope 1 & 2) "Zero" [Domestic offices]

Gradually switch to renewable energy, aiming to achieve net zero in-house greenhouse gas emissions (Scope 1 & 2)

(2) Product disposal "Zero" [Wacoal Corp.]

Aim for the product disposal "Zero" and promote efforts to reduce disposal of leftover materials such as scraps at plants

(3) Environmentally friendly materials "50%" [Wacoal Corp.]

Increase the percentage of environmentally friendly materials used to 50%, such as switching to recycled fibers and yarns

(4) "20% Reduction" in Supply Chain Emissions (Scope 3) [Wacoal Business (domestic)]

Promote efforts with partner companies to reduce supply chain greenhouse gas emissions (Scope 3) by 20%

* For our overseas business, we started to understand our own emissions (Scope 2) from sewing factories and raw materials manufacturing factories. In fiscal year ended March 2025, we started investigation on the potential for reducing emissions at target factories. In fiscal year ending March 2026, we will evaluate the potential for reduction and disclose reduction targets. Based on the evaluation result, we may revise the timing for disclosing targets in accordance with the next Medium- Term Management Plan.

Environmental goals for 2030 :

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

Environmental data (Numerical results of the Wacoal Group's operating bases in Japan) :

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

Scenario analysis based on recommendations of the TCFD:

While the Wacoal Group conducted and published a scenario analysis on climate change based on the recommendations of the TCFD during the fiscal year ended March 31, 2023, we identified risks and opportunities again during the fiscal year ended March 31, 2025 to expand the scope of scenario analysis including the upstream of the supply chain. In the scenario analysis during the fiscal year ended March 31, 2025, we examined countermeasures and identification of risks and opportunities for Wacoal Business (Domestic), which has the highest percentage of overall sales in our 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 and higher costs of raw materials, 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. Type of risk or opportunity, their specific details, degree of potential impact, and countermeasures are described in the table below. We will expand the scope of scenario analysis 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		Countermeasure(s)	
				2°C	4°C		
Transition	Policy and Regulations	Introduction of carbon tax	Risk	Carbon tax (*1) and increases in compliance costs such as introducing equipment to restrain GHG emissions	Medium	-	<ul style="list-style-type: none"> Introduce renewable energy and promote energy conservation and creation to avoid or reduce cost increases (Facilities already introduced) Solar power generating systems (Wacoal Distribution Corp. Moriyama Distribution Center, Wacoal Manufacturing Japan Corp. Nagasaki-Unzen Factory) Work with suppliers to promote reduction of CO2 emissions Switch to more energy-efficient equipment to reduce costs after the introduction Improve the efficiency of transportation by utilizing modal shifts and other means
	Products and Services	Increases in raw materials costs due to strengthened regulations	Risk	Product cost rise due to the increase in the rate of environmentally friendly materials used	Medium	-	<ul style="list-style-type: none"> Control costs by consolidating the number of raw materials used and reduce costs of environmentally friendly materials through cooperation and collaboration with companies in the industry
	Reputation	Changes in consumer awareness due to heightened environmental awareness	Opportunity	Increase in consumption demand due to the offering of environmentally friendly products	Medium	Medium	<ul style="list-style-type: none"> Contribute to reduced disposal of products by promoting high quality manufacturing, allowing consumers to use products for a long time Expand environmentally friendly products to increase sales to environmentally conscious consumers Disseminate our corporate attitude for sustainability through the appeal of environmentally friendly products and brand recycling campaigns linked to market strategies

Type of Risk or Opportunity			Example	Impact		Countermeasure(s)	
				2°C	4°C		
Physical	Acute Event	Increased frequency and intensity of extreme weather	Risk	Losses due to damage to stores and decreased sales due to the decreased number of business days for stores as a result of the increased frequency of extreme weather	Small	Medium	<ul style="list-style-type: none"> Strive to change the business model by expanding and strengthening domestic EC business to create a sales system that can cover for the decline in store sales through EC (Target EC ratio) (*2) As of 2022: 20% Target for 2030: 40%
				Losses due to damage to factories and loss of sales opportunities due to suspension of factories as a result of the increased frequency of extreme weather	Medium	Medium	<ul style="list-style-type: none"> Minimize damages at the time of disasters based on the BCP basic plan and strive to promptly recover operations to enhance resilience For decreased sales due to suspension of factories, minimize damages by diversifying risks through multiple bases for factories
				Damages and loss of sales opportunities due to damage to distribution warehouses as a result of the increased frequency of extreme weather	Large	Large	<ul style="list-style-type: none"> Minimize damages at the time of disasters based on the BCP basic plan and strive to promptly recover operations to enhance resilience
	Chronic Event	Increased number of rainy days and higher average temperatures	Risk	Declined store sales due to at-home demand caused by heavy rain and higher temperature as well as fewer opportunities for outing caused by severe heat	(*)3	(*)3	<ul style="list-style-type: none"> Reduce the risk of decrease in consumers' opportunities and willingness to purchase by improving the convenience of our EC and expanding and strengthening EC businesses including those of other companies
			Opportunity	Increased demand for new products due to at-home demand caused by heavy rain and higher temperatures as well as increased demand for relief from heat as a result of severe heat	(*)3	(*)3	<ul style="list-style-type: none"> Recognize changes in consumer needs due to severe heat and heavy rain and reinforce the development of functional products to respond to them Strengthen product development to meet at-home needs, including wireless bras Engage in activities to raise awareness about the importance of innerwear in preparation for disasters

Impact on operating profit: Large; 500 million yen or more, Medium; 100 million yen or more, and Small; less than 100 million yen

*1 Cost for carbon tax is assumed to be avoided by achieving carbon neutrality for Scopes 1 & 2 as of 2030.

- *2 Target EC ratio in VISION 2030 described in Appendix to the Revised Medium-Term Management Plan announced in November 2023.
- *3 Chronic risks and opportunities are not evaluated as their strict impact is difficult to calculate at the moment.