

Last Updated: on January 31, 2024

Wacoal Holdings Corp.

Masaaki Yajima, Representative Director, President and Corporate Officer; Representative Director

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Securities Code: 3591

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

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) Group Philosophy (Mission, Spirit of Foundation)

Our group, with the Company as its pure holding company, has been operating innerwear business and other businesses primarily in Japan, the United States, Europe, China and Southeast Asia with the goal of "contributing to society by helping people express their beauty". In 2022, we have introduced our "Mission", the social mission statement we aim to fulfill in today's society, defined as "committing to the enrichment of the lives of people around the world", "helping people realize their individuality, and their inner beauty, rather than uniform external beauty", and "striving to solve various social issues such as the environment and human rights".

Based on this "Mission" and our "Founding Principles" that we have inherited over our 70-year history, we will strive to enhance our corporate value by promoting sustainability management that aims to both solve social issues and achieve sustainable growth through our business activities, at the same time each of our operating companies utilizing its efforts to address complicated and diversified social issues as future growth opportunities.

In addition, our business activities are built upon accumulation of "mutual trust", the trust built between people, based on our listening to the voice of each and every one of our customers, and continuously transforming our business with a sense of humility. We aim to become an indispensable presence in society by building relationships of mutual trust with every stakeholder, including shareholders, customers, employees, business partners and local communities, through our continuous endeavors to enhance transparency in corporate management and to ensure fairness and independence.

: Please see our website for more information.

The WACOAL Way <https://www.wacoalholdings.jp/en/group/vision/>

#### (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.

: Please see our website for more information.

Corporate Governance (The Company's Corporate Governance Guidelines) <https://www.wacoalholdings.jp/en/group/governance/>

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

The Company implements all of the principles of the Corporate Governance Code.

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

**Updated**

The Company's response to and implementation of the disclosure items based on all principles of the Corporate Governance Code are described at the end of this report

[Measures Aimed at Realizing Management that is Conscious of the Cost of Capital and Stock Price] (English Disclosure Available)

In response to the disclosure request from the Tokyo Stock Exchange dated March 31, 2023, regarding "Measures Aimed at Realizing Management that is Conscious of the Cost of Capital and Stock Price", we have posted information as follows on our website regarding our efforts to improve capital efficiency. Please refer to it as necessary.

◆ Revised Medium-Term Management Plan [https://www.wacoalholdings.jp/en/ir/management/mid\\_term\\_plan/](https://www.wacoalholdings.jp/en/ir/management/mid_term_plan/)

( or <https://www.wacoalholdings.jp/en/ir/library/strategy/files/wacoalpresentation20231117en.pdf> )

Additionally, we have added "Principle 5-2" to the end of this report, describing our response and implementation status.

## 2. Capital Structure

Shareholding ratio by foreign investors More than or equal to 10%, but less than 20%

### 【Status of Major Shareholders】

Name of Shareholder	Number of Shares held by Shareholder (share)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,509,400	9.50
Custody Bank of Japan, Ltd. (Trust Account)	3,720,000	6.41
Meiji Yasuda Life Insurance Company	3,050,000	5.26
MUFG Bank, Ltd.	2,986,514	5.15
The Bank of Kyoto, Ltd.	2,352,530	4.06
The Shiga Bank, Ltd.	1,751,222	3.02
Nippon Life Insurance Company	1,569,961	2.71
Mitsubishi UFJ Trust and Banking Corporation	1,525,000	2.63
Asahi Kasei Corporation	1,241,207	2.14
Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited; Trust Account for the retirement allowance for Toray Industries, Inc.)	1,205,000	2.08

Controlling Shareholders (excluding parent company)

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Parent Company

None

### Supplementary Information

•With regard to the status of major shareholders (above), the current status as of March 31, 2023 is included.

1. The Company is holding 6,487 thousand shares of treasury stock, which are not listed in the above list of major shareholders.

2. The numbers of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), Custody Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited; Trust Account for the retirement allowance for Toray Industries, Inc.) are related to their respective trust services.

3. The substantial shareholding report dated November 7, 2022, filed by Nomura Securities Co., Ltd. and its joint holder, which is publicly available, indicates that the shareholders in the below table are holding respective number of the Company's shares as of October 31, 2022. However, as we were unable to confirm the actual status of the shareholdings of these shareholders as of the end of March 31, 2023, those shareholdings have not been reflected in the above list. In addition, the content of such substantial shareholding report is as follows:

Name of Shareholder	Number of Shares held by Shareholder	Shareholding Ratio
Nomura Securities Co., Ltd.	33 thousand shares	0.05%
Nomura International PLC	111 thousand shares	0.17%
Nomura asset Management Co., Ltd.	2,588 thousand shares	4.01%
Total	2,732 thousand shares	4.24%

## 3. Corporate Attributes

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

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

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

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

### 1. Matters Concerning Organization Structure and Operations

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

Number of Directors prescribed in the Articles of Incorporation	8 (maximum)
Term of Office for Directors prescribed in the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	7
Election of External Directors	Yes
Number of External Directors	5
Number of External Directors designated as Independent Officer	5

#### Relationships with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Shigeru Saito	From another company													
Tsunehiko Iwai	From another company													
Chizuru Yamauchi	From another company													
Hisae Sato	From another company													
Koji Nitto	From another company													

\* Type of relationship with the Company

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

\* Insert ● if any of the following is/was applicable to a close relative of the External Director either “currently or until recently,” and insert ▲ if any of the following was applicable to a close relative of the External 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 external 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
Shigeru Saito	○	Mr. Saito Shigeru does not fall under any of the above “Relationship with the Company (*)” a to k.  The “Significant concurrent positions” are as follows. • Representative Director and Chairman, CEO of TOSE Co., Ltd.	Mr. Saito is currently the Representative Director and Chairman of a software development firm which operates globally. His extensive knowledge and insight as a company manager enable him to contribute to the management of the Company. Mr. Saito also has expertise in the IT area and gives valuable opinions and advice regarding the digital transformation strategies of the Company. We expect that he will provide advice that will contribute to

			<p>enhance our corporate value and strengthen oversight over the Company. Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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.</p>
Tsunehiko Iwai	○	<p>Mr. Tsunehiko Iwai does not fall under any of the above "Relationship with the Company (*)" a to k.</p> <p>The "Significant concurrent positions" are as follows.</p> <ul style="list-style-type: none"> <li>• External Director of Cross Plus Inc.</li> </ul>	<p>Mr. Iwai served as the Representative Director of a cosmetics manufacturer and distributor which operated globally. Mr. Iwai's extensive knowledge and insight as a company manager, as well as his expertise on research &amp; development, production and technology enable him to contribute to the management of the Company. He also provides valuable opinions and advice based on his knowledge on compliance or sustainable management and knowledge acquired at a company which "pursues beauty" like our Company. He also serves as the Chair of both the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee. We expect that he will provide advice that will contribute to enhance our corporate value and strengthen oversight over the Company.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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</p>
Chizuru Yamauchi	○	<p>Ms. Chizuru Yamauchi does not fall under any of the above "Relationship with the Company (*)" a to k.</p> <p>The "Significant concurrent positions" are as follows.</p> <ul style="list-style-type: none"> <li>• Advisor of Nippon Life Insurance Company</li> </ul> <p>Ms. Yamauchi is the Advisor of Nippon Life Insurance Company, which is one of our major shareholders, however, the shareholding ratio is 2.7% on a voting right basis and there is no concern with respect to her independence.</p>	<p>Ms. Yamauchi has extensive knowledge and experience as an executive, as well as expertise in diversity and inclusion. We expect that she will provide advice on human resources strategies, such as women's empowerment and human resource development, as well as advice that will contribute to enhancing corporate value, and supervise the management of the Company.</p> <p>Also, because she meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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</p>
Hisae Sato	○	<p>Ms. Hisae Sato does not fall under any of the above "Relationship with the Company (*)" a to k.</p> <p>The "Significant concurrent positions" are as follows.</p> <ul style="list-style-type: none"> <li>• Councilor of International Christian University</li> <li>• Member of Fund Management Committee of Local Public Service Mutual Aid Associations</li> <li>• Member of Fund Management Committee of Pension Fund Association for Local Government Officials</li> <li>• Member of Japan Science and Technology Agency</li> <li>• Member of Pension Actuarial Subcommittee of the Social Security Council, Ministry of Health, Labor and Welfare</li> </ul>	<p>Ms. Sato has experience as an asset management consultant at a foreign-affiliated organization/personnel asset management consulting firm, and as a chief investment officer overseeing pension assets on a global level for a global automobile manufacturing and sales company. Ms. Sato also has a wealth of knowledge and insight, particularly in the areas of investment and financial capital markets, having served as a member of various investment-related committees for public pension funds and government agencies in Japan.</p> <p>We expect that she will utilize her experience and expertise to improve the Company's corporate value and contribute strengthening the supervisory function of the Board of Directors. We therefore request that Ms. Sato be elected as an External Director. Although Ms. Sato has never been involved in corporate management other than serving as an External officer, we believe that she will be able to appropriately fulfill her role as an External Director for the above reasons and her experience of being</p>

			involved in management of an incorporated educational institution as a trustee and a councilor. Also, because she meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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.
Koji Nitto		Mr. Koji Nitto does not fall under any of the above "Relationship with the Company (*)" a to k.  The "Significant concurrent positions" are as follows. • Director of CiRA Foundation	Mr. Nitto has extensive experience as a manager who can incorporate finance into management strategies, serving as a CFO and Senior Management Executive Officer of the Global Strategy Division of an electronic equipment manufacturing and sales company that operates control equipment and healthcare businesses globally. In particular, we believe his knowledge and insight based on his experience leading return on invested capital (ROIC) management at the said company with multiple business portfolios will contribute to improving our profitability and capital efficiency. We expect that he will utilize his experience and expertise to improve the Company's corporate value and contribute to strengthening the supervisory function of the Board of Directors. Also, because he meets the eligibility requirements which the Company prescribes under "Criteria for Appointment of External 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 External Directors	Number of External Experts	Other	Committee Chair (Chairperson)
Voluntary Advisory Committee equivalent to Nomination Committee	Executive Nomination Advisory Committee	7	0	2	3	0	0	External Director
Voluntary Advisory Committee equivalent to Remuneration Committee	Executive Compensation Advisory Committee	7	0	1	3	0	1	External Director

#### Supplementary Information

##### (1) <Nomination of Directors Advisory Committee>

• This Committee discusses and provides recommendations to our Board of Directors on matters related to evaluation, election, dismissal, and promotion of Directors, and on matters regarding establishment and revisions of rules and bylaws of Directors.

• This Committee is composed of the following 7 members. The Committee is also attended by 1 Independent External Audit & Supervisory Board Member as an observer. (Representative Director and President, Director of Supervisor of Group Business Management, and Independent External Directors 5 members)

##### (2) <Remuneration of Directors Advisory Committee >

• This Committee discusses and provides recommendations to our Board of Directors on matters regarding performance review and remuneration of Directors, and matters regarding remuneration system of Directors.

• This Committee is composed of the following 7 members. The Committee is also attended by 1 Independent External Audit & Supervisory Board Member as an observer. (Director of Supervisor of Group Business Management, Director in charge of Group Personnel (or Corporate Officer), and Independent External Directors 5 members)

• External Director Mr. Tsunehiko Iwai serves as the Chair of the Both Advisory Committees. A majority of the members the Committee consist of Independent External Directors to enhance its independence and objectivity. Attendance and approval of all committee members is required to pass resolutions.

• A summary of both advisory committees and their activities for the fiscal year ending March 31, 2023 are included in "2. Matters Concerning Functions of Business Execution, Audits/Supervision, Nomination and Decisions etc. Compensation (Outline of Current Corporate Governance System)" in Section II of this report.

## 【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

#### (1) <Cooperation between Audit & Supervisory Board Members and Internal Audit Department (Audit Office)>

• 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 reporting line of the internal audit department (Audit Office) not only reports semi-annually to the Representative Director and President and Director in charge of Group Business Management pursuant to the "Internal Audit Regulations" mentioned above, but also to the Board of Directors, the Audit & Supervisory Board Members, and the Audit & Supervisory Board.

#### (2) <Cooperation between Audit & Supervisory Board Members and Accounting Auditors>

• Corporate auditors and accounting auditors hold regular reporting and review meetings. The contents included explanations of audit plan, report on results of audit pursuant to companies act, report on quarterly review, and report on results of audit pursuant to financial instruments and exchange act and internal control audit. During the fiscal year ended March 31, 2023, they met seven times in May, June, July, August, November, and February (twice) as regular meetings, and three times in October, January, and March as extraordinary meetings, for a total of 10 meetings. (In addition, extraordinary meetings were held in October, January, and March, for a total of 10 meetings.

• In addition, the Board of Directors held discussions with the Independent Auditor regarding the contents of the "Key Audit Considerations (KAM)" in the audit report, and requested explanations as necessary. In addition, discussions are held as necessary to address fraud risks and other issues as appropriate.

Election of External Audit & Supervisory Board Members	Yes
Number of External Audit & Supervisory Board Members	3
Number of External 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		
Mitsuhiro Hamamoto	Attorney-at-law													
Hitoshi Suzuki	From another company							△						
Motoko Tanaka	Certified public accountant								△					

\* Type of relationship with the Company

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

\* Insert ● if any of the following is/was applicable to a close relative of the External Audit & Supervisory Board Member either “currently or until recently,” and insert ▲ if any of the following was applicable to a close relative of the External 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 external 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
Mitsuhiro Hamamoto	○	<p>Mr. Mitsuhiro Hamamoto does not fall under any of the above “Relationship with the Company (*)” a to m.</p> <p>The “Significant concurrent positions” are as follows.</p> <ul style="list-style-type: none"> <li>• Representative attorney-at-law at Hamamoto Law Office</li> <li>• External Director of TVE Co., Ltd.</li> <li>• External Auditor of OsakaHyogo Ready-Mixed Concrete Industrial Association</li> <li>• External Audit &amp; Supervisory Board Member of Rengo Co., Ltd.</li> </ul>	<p>We believe that Mr. Hamamoto is qualified to be our External Audit &amp; Supervisory Board Member, as he has legal knowledge and great store of experience of business and commercial issues as an attorney at law.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External 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</p>
Hitoshi Suzuki	○	<p>Mr. Hitoshi Suzuki is marked with “△” for g in “Relationship with the Company (*)” a to m for the following reasons.</p> <p>Until June 2014, Mr. Suzuki held a position to execute business at The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current “MUFG Bank, Ltd.”), a major shareholder and lender of the Company. It has been 9 years since he has retired from the said bank as an executive and accordingly, there is no concern with respect to his independence.</p> <p>The “Significant concurrent positions” are as follows.</p> <ul style="list-style-type: none"> <li>• Advisor of Mitsubishi UFJ Research and Consulting Co.,Ltd.</li> </ul>	<p>After Mr. Suzuki fulfilled his duties at a major financial institution in overseas location and in the market sector, Mr. Suzuki has gained experience in deliberating monetary policy as a member of the Policy Board, which is the highest decision-making body of the Bank of Japan. We believe that he will contribute to the improvement of the Company’s audit system through his knowledge and experience.</p> <p>Also, because he meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External 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.</p>
Motoko Tanaka	○	<p>Ms. Motoko Tanaka is marked with “△” for h in “Relationship with the Company (*)” a to m for the following reasons.</p> <p>Until June 2020, Ms. Tanaka held a position at Deloitte Touche Tohmatsu LLC, our accounting auditor, but Ms. Tanaka has never engaged in audits of the Company during the said period and there is no concern with respect to her independence.</p> <p>The “Significant concurrent positions” are as follows.</p> <ul style="list-style-type: none"> <li>• Managing Partner of Tanaka CPA Office;</li> <li>• External Director and Audit &amp; Supervisory Committee Member of TOWA Corporation</li> </ul>	<p>Ms. Tanaka has extensive experience working at a major audit firm as a certified public accountant and U.S. certified public accountant and has a high level of expertise in finance and accounting. We hope that she will contribute to the improvement of the Company’s audit system through her knowledge and experience, and therefore request that Ms. Tanaka be elected as an External Audit &amp; Supervisory Board Member. Although Ms. Tanaka has never been directly involved in corporate management other than serving as an External officer, we believe that she will be able to appropriately fulfill her role as an External Audit &amp; Supervisory Board Member for above reasons.</p> <p>Also, because she meets the eligibility requirements which the Company prescribes under “Criteria for Appointment of External Officers (to ensure independence)” and because there are no concerns that any</p>

			conflict of interest with general shareholders may arise, we have designated her as an independent officer.
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## 【Information on Independent Officers】

Number of Independent Officers

8

### Other Matters concerning Independent Officers

#### <Independence of External 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 External Directors, and with respect to External Directors and External Audit & Supervisory Board Member (collectively, the “External Officers”), a candidate who is not in violation of the “Criteria for Election of External Officers (to ensure independence)” separately prescribed by the Company;
5. With respect to External 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 External Officers (to ensure independence)>

• The Company believes that External Directors and External Audit & Supervisory Board Members (collectively, hereinafter referred to as “External 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 External 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 external 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 external officer under the Companies Act, may under exceptional circumstances become a candidate for an External Officer if the Company deems it appropriate for such candidate to be appointed as an External 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 External 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 Subsidiaries

### Supplementary Information

· The Company introduced a stock compensation system with transfer restrictions in the fiscal year ending March 2021 (FY2020). However, stock options allocated as compensation through the fiscal year ending March 2020 (FY2019) remain in effect.

## 【Information on Directors' Compensation】

Disclosure Status (of compensation for individual directors)

Not disclosed

### Supplementary Information

Aggregate amount of remunerations, etc., paid to each category of officers, aggregate amount of remunerations, etc., by type thereof, as well as the number of relevant officers (fiscal year ending March 2023):

	Aggregate amount of compensation (Millions of yen)	Fixed compensation (Millions of yen)	performance-based compensation	Restricted Stock Compensation (Millions of yen)	Of the items on the left, non-monetary compensation, etc.	Number of officers covered
Directors (excluding External Directors)	216	172	—	44	44	5 members
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	40	40	—	—	—	2 members
External Officers	50	50	—	—	—	6 members

(Note) (1) The number of Directors, Audit & Supervisory Board Members and External Officers was 3, 2 and 6, respectively. The number of Directors and Audit & Supervisory Board Members in the table above includes one (1) Director who resigned upon the close of the 74th Ordinary General Meeting of Shareholders held on June 29, 2022 and 1 Director who resigned on November 30, 2022.

(2) The total amount of remuneration for directors (excluding external directors) includes remuneration from consolidated subsidiaries.

(3) Non-monetary remuneration to Directors (excluding External Directors) comprises stock options in the amount of 44 million yen.

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 on determining the details of remuneration payable to each Director (this “Policy”).

· The remunerations paid to Directors under our remuneration system for officers consists of “Basic Remuneration,” the amount of which is fixed, and “Bonus,” which is linked to the business results of each fiscal year, as well as “Restricted Stock,” which is linked to medium- and long-term business results.

· In the case of External Directors and Audit & Supervisory Board Members who shall be in the position independent from the management, only “Basic Remuneration” is paid because any remuneration linked to business results are not appropriate in such case.

(1) <Basic compensation>

• The basic remuneration is based on the so-called single rate remuneration system, in which the same remuneration is paid for the same position. The Company annually verifies the adequacy of the level of remuneration, which has been set according to the business results and scale of the Company and is based on comparison with other companies within the same industry or of the same scale through the investigation results on remuneration prepared by an external agency.

• Specific details of basic remuneration amount for Directors are determined by the Board of Directors based on the reports prepared by the Remuneration of Directors Advisory Committee, which is composed by members, majority of which are Independent External Directors. The basic remuneration amount for Audit & Supervisory Board Members is determined after discussion within the Audit & Supervisory Board.

(2) <Performance-based Bonus (performance-based remuneration)>

• 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 performance-based bonus to Directors is resolved at a Board of Directors meeting and the total amount is approved at the general meeting of shareholders based on reports prepared by the Remuneration of Directors Advisory Committee, which is composed of members, half of which are Independent Directors.

(3) < Restricted Stock (non-monetary remuneration)>

• The Company had newly introduced the restricted stock compensation plan, where the Company granted shares of its common stock to Directors (excluding Outside Directors) of the Company. (hereinafter referred to as "Eligible Directors"). The Company believes that such awards better align the interests of the Eligible Directors with those of its shareholders by sharing the of price fluctuation risk with our shareholders and increasing incentives to contribute to the improvement of share price and corporate value.

• The restricted stock are determined in consideration of the monthly amount of basic remuneration and the fair value of stock, which in turn are determined pursuant to the recommendations of the Remuneration of Directors Advisory Committee, which is composed of members, majority of which are Independent External Directors and will be allotted in the number determined and resolved at a Board of Directors meeting once a year.

• To promote shared priorities with shareholders over long periods, eligible directors who are allotted transfer-restricted stock may not cancel the restriction on transfer of the allotted shares during the period from the date of delivery of the transfer-restricted stock until the date of retirement from the position of director, Audit & Supervisory Board member, or executive officer of the Company or any of its subsidiaries as determined by the Board of Directors of the Company.

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

• For our External 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 External Audit & Supervisory Board Members, we have established an administrative office for our Audit & Supervisory Board. The prior briefings for our External Audit & Supervisory Board Members on the proposals presented to the Board of Directors' meetings are conducted by our Internal Audit & Supervisory Board Members.

### 【Status of persons who have resigned from positions such as President and Representative Director】

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

Name	Title/Position	Services	Work style and conditions (Full-Time, Part-Time, Remuneration, etc.)	Date of resignation as President, etc.	Term
Yoshikata Tsukamoto	Honorary Chairperson	They offer their opinions and advice in response to requests from the Company's management. In addition, some of them serve in positions at external organizations. [Major public office positions] Chairman, Kyoto Chamber of Commerce and Industry Vice Chairman, Japan Chamber of Commerce and Industry Chairman, Nihon Body Fashion Association Chairman, Kyoto Costume Institute	Full-time with remuneration	Jun. 29, 2022	No particular stipulations

The total number of former Presidents, Representative Directors, etc. serving as advisors, consultants, etc.:

1

Other Matters

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

•The following situation regarding our current corporate governance structure is described at the end of this report using charts and graphs (Updated September 2023).

- (1) <Outline of Current Corporate Governance System> (Updated September 2023)
- (2) <Outline of the Board of Directors and Other Organizations> (Same as above)
- (3) < Status of Activity of the Board of Directors, Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee (Fiscal Year ended March 31, 2023)>
- (4) < Status of Audit>

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

•The Company has adopted a governance system by a “Board of Directors” composed of Directors who are experts in each business area and External Directors with diverse careers, and an “Audit & Supervisory Board” including External 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.

•In addition, the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee have been established as advisory bodies to the Board of Directors. The fairness, independence and objectivity are enhanced by having a majority of both of these Committees composed of Independent External Directors and by having an Independent External Director serve as the Chair of each of these Committees.

For the foregoing reason, we have adopted our 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. We also post on our website since the 74th Ordinary General Meeting of Shareholders held on June 29 2022.

#### 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. : Corporate Governance <a href="https://www.wacoalholdings.jp/en/group/governance/">https://www.wacoalholdings.jp/en/group/governance/</a> : Basic Policy on Information Disclosure <a href="https://www.wacoalholdings.jp/en/ir/management/discloser/">https://www.wacoalholdings.jp/en/ir/management/discloser/</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. For the fiscal year ending March 31, 2023, we held a seminar for individual investors by the CFO (Representative Director, Vice President and Executive Officer in charge of Group Business Management).	No
Holding Regular Briefing Sessions for Analysts and/or Institutional Investors	Briefing sessions are held every quarter. In the second quarter and the settlement of accounts (fourth quarter), the President and Representative Director explains financial results, management policies, and management strategies. In addition, in the first and third quarters, the CFO explains the financial results, and business managers provide explanations in response to requests from analysts and institutional investors.	Yes
Holding Regular Briefing Sessions for Foreign Investors	The Company conducts regular meetings with foreign investors using online tools to explain corporate performance and strategy. In addition, the President and Representative Director participates in conferences hosted by securities companies. (For the fiscal year ending March 2023, we participated in an online conference hosted by a securities company).	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. In addition, we provide a video presentation of management policy and strategy by the Representative Director, President and CEO in the second quarter and fourth quarter of each fiscal year, and a video presentation of financial results by the CFO (in charge of Group Business Management) on a quarterly basis.	

	: Investor Relations <a href="https://www.wacoalholdings.jp/en/ir/">https://www.wacoalholdings.jp/en/ir/</a>
Division (Person) in charge of IR	Investor Relations Dept. Corporate Communication Dept. Director of Investor Relations CFO (Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management) Akira Miyagi Investor Relations Administrative Liaison Manager Head of Corporate Communication Dept. Keiji Komatsubara
Other	In addition to quarterly financial results briefings, we hold sequential briefings and one-on-one meetings on individual businesses and important issues. In addition to above, our outside directors hold one-on-one meetings with analysts and institutional investors as appropriate. (In the fiscal year ending March 31, 2023, outside director dialogues were held with nine companies.)

### 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 established 11 materialities (material issues) with our customers, our employees, the environment, society, and governance as targets. These will serve as our benchmarks until 2030 for our business' growth and our work to achieve a sustainable society. The Corporate Communications Department has been appointed to promote sustainability, and is actively driving the group's sustainability activities. As for environmental conservation activities, we strive to create products that will be loved by consumers for a long time while also promoting business activities that take environmental issues into consideration, based on our recognition that "protecting the environment is a corporate responsibility." Report integrating the CSR Report and Annual Report is published once a year. : Material Issues <a href="https://www.wacoalholdings.jp/en/ir/management/materiality/">https://www.wacoalholdings.jp/en/ir/management/materiality/</a>
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." : Basic Policy on Information Disclosure <a href="https://www.wacoalholdings.jp/en/ir/management/discloser/">https://www.wacoalholdings.jp/en/ir/management/discloser/</a>
Other	We believe that constructive dialogue to enhance corporate value is important to deepen mutual trust with all stakeholders. : Engagement with Stakeholders <a href="https://www.wacoalholdings.jp/en/sustainability/talk_with_stockholder/">https://www.wacoalholdings.jp/en/sustainability/talk_with_stockholder/</a>

## **IV. Matters Regarding the Internal Control System**

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

• Pursuant to the provisions of Item 6, Paragraph 4, Article 362 of the Companies Act (Authorities of Directors, etc.), we have established the following systems to ensure that the execution of duties by the Directors of the Company complies with laws and regulations and the Articles of Incorporation, and the systems required by the applicable Ordinance of Ministry of Justice to ensure that the business conduct of the business group comprised of the Company and its subsidiaries is appropriate.

• We will continue to improve this internal control system and will work to build a system that is more appropriate and efficient.

<System to Ensure Appropriate Business Conduct>

- (1) 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 comprised 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."
  - We have established a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and CEO acts as the administrative manager and our Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management acts as the chairperson, in order to improve our system of compliance, to consider any compliance issues which may have a material impact on the Wacoal Group, to enhance awareness and enlightenment on corporate ethics and to effectively promote control of any management risks on the Wacoal Group.
  - We have established a system under which our legal/compliance department could be promptly notified if a Director and/or employee of the Wacoal Group becomes aware of a compliance issue which may have violated the "Wacoal Code of Ethics" or the "Corporate Ethics and Wacoal Standards of Conduct", or of any other compliance issues. The system includes an internal alert system (corporate ethics hotline to the legal/compliance department and an external law firm) in which, 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.
  - The "Corporate Ethics and Wacoal Standards of Conduct" prescribes that Directors and employees shall firmly refuse to comply with demands of antisocial forces. In order to handle unjust demands of antisocial forces, we cooperate with outside specialized institutions, collect and/or control information related to antisocial forces and are building an internal system.
- (2) 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 "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 Meeting, 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 10 years. The Directors and Audit & Supervisory Board Members shall have access to these documents at all times.
- (3) Rules and Other Systems concerning Risk Management of Losses
  - In order to understand the management risk within the Wacoal Group in general and to improve and/or strengthen our risk management system, we have established a Corporate Ethics and Risk Management Committee, for which our Representative Director, President and CEO acts as the administrative manager and our Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management acts as the chairperson.
  - The Corporate Ethics and Risk Management Committee prescribes "Risk Management Basic 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.
  - In order to formulate our basic policy on issues related to sustainability surrounding the Wacoal Group, we have established a Sustainability Committee, for which our Representative Director, President and CEO acts as the administrative manager and the chairperson.
  - The Sustainability Committee meets regularly on the same day as a meeting of the Board of Directors is held, to formulate specific measures, monitor progress, and evaluate the status of achievement based on our basic policy on sustainability issues including climate change, global environmental issues and human rights issues.
  - The Board of Directors oversees the implementation of strategies related to the allocation of management resources and the business portfolios to ensure that the initiatives of the Sustainability Committee contribute to sustainable growth.
- (4) System to Ensure Effective Execution of Duties by Directors
  - The Board of Directors consists of a diverse group of Directors, taking into account gender, international experience and background, professional experience, age and other factors, while ensuring that the Directors have the requisite balance of skills, such as knowledge, experience and expertise, each in light of management strategies.
  - Independent External Directors shall include those who have management experience at other companies, and in order to enhance appropriate decision-making by our Directors, at least one-third of all Directors shall be independent External Directors.
  - In addition to decision-making on significant matters as stipulated in the applicable laws and regulations and/or our Articles of Incorporation, the Board of Directors formulates a management plan to be shared by the Directors and/or employees within the Wacoal Group based on consideration of medium- to long-term management strategies and social issues, directs courses of action and performance targets in the medium to short-term that are consistent with this plan and supervise the progress of its implementation.
  - The Group Management Meeting is responsible for the group's management strategies and other important management issues under the medium- to long-term management strategies determined by the Board of Directors.
  - 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, we discuss our business plan at the Management Issues Review Meeting, and hold quarterly meetings of the Quarterly Achievements Review Meeting, in which we review and confirm the quarterly business results and the implementation of measures and policies, and consider enhancement measures as may be necessary.
  - In the specified wholly owned subsidiaries of the group, we establish appropriate and efficient system by delegating authority and clarifying responsibilities through the executive officer system.

- (5) System to Ensure Appropriate Business Conduct within Group Companies
- We have enacted our "Group Management Rules", which prescribes 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 and manages our Group companies in accordance with the rules.
  - We conduct any intercompany transaction fairly in compliance with laws and regulations, accounting principles and the tax system.
  - Our audit office will conduct audits of operations within the Wacoal Group, including audits of the establishment and/or operation of our compliance system and risk management system, and will report the results of its audits to the Board of Directors and the responsible departments and give guidance and/or advice related to the above to Group companies to ensure 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.
- (6) 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 serve on a full-time basis. In order to ensure the effectiveness and independence of such assistants, decisions on personal affairs, including appointment, evaluation, relocation and discipline of such assistants will be subject to the consent of the Audit & Supervisory Board Members.
- (7) Reporting System of Directors and Employees to the Audit & Supervisory Board Members and Other Systems related to the report to Audit & Supervisory Board Members
- Directors of the Wacoal Group shall 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 Articles of Incorporation of each company, 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 Articles of Incorporation of each company, 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 audits of operations  
The condition of our internal alert system  
Other significant matters
- (8) Other Systems to Ensure Effective Audit by the Audit & Supervisory Board Members
- The majority of the Audit & Supervisory Board Members of the Company will be independent External Audit & Supervisory Board Members to enhance the transparency and neutrality of audit.
  - The Audit & Supervisory Board Members may order employees who belong to the audit office to perform any tasks that are required to provide their services. In addition, the Audit & Supervisory Board Members may request the Company for reimbursement of expenses incurred for 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 consult legal counsel, certified public accountants, consultants or other outside advisors as it deems necessary.

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

- (1) System to ensure that execution of duties by Directors and/or employees is in compliance with laws and regulations and the Company's Articles of Incorporation
- In order to specifically develop and operate our compliance system, we have established a Subcommittee for Compliance under the Corporate Ethics and Risk Management Committee. The Subcommittee for Compliance holds quarterly meetings, and discusses and reviews awareness of compliance and matters reported to us through the internal alert system.
  - Our legal/compliance department continues to provide level-specific group education and e-learning programs as part of our educational activities on compliance for our employees, and has also launched periodic compliance newsletters starting from the fiscal year ended March 31, 2023. We have been making step-by-step efforts to provide compliance awareness training, carry out third-party compliance review, and expand the operation of the Corporate Ethics Hotline for our overseas subsidiaries.
- (2) System concerning the Storage and Management of Information related to Execution of Duties by Directors
- Documents prescribed in the "Document Management Rules" have been properly stored in accordance with the "Document Management Rules" and the Directors and Audit & Supervisory Board Members have access to these documents on a timely basis.
- (3) Rules and Other Systems concerning Risk Management of Losses
- In accordance with the "Risk Management Basic Rules", the Corporate Ethics and Risk Management Committee conducts a scoring evaluation of risks extracted from each risk management organization it designates from the perspective of likelihood of occurrence and degree of impact by using the "Business Risk Evaluation Sheet". Risk items that are evaluated as having a significant potential impact on the management of the Wacoal Group are submitted to the Board of Directors on a yearly basis for decision as "Group's Materials Risks".
  - Accordingly, the Corporate Ethics and Risk Management Committee promotes risk-mitigation initiatives, identifies risks, monitors the implementation of countermeasures, and reports to the Board of Directors on a quarterly basis and on an ad hoc basis as necessary. The Corporate Ethics and Risk Management Committee met 6 times in June, July, September, December, January and March during the fiscal year ended March 31, 2023.
  - In the fiscal year ended March 31, 2023, we have established a new Sustainability Committee to accelerate our initiatives to achieve balancing "to resolve social issues" and "sustainable growth" through our business. The Sustainability Committee regularly meets on the same day as a meeting of the Board of Directors is held, monitors progress of specific initiatives with respect to issues surrounding sustainability and evaluates achievements. The Sustainability Committee met 7 times in May, August, September, November, December, February, and March during the fiscal year ended March 31, 2023.
- (4) System to ensure Effective Execution of Duties by Directors
- We engage in highly transparent decision-making by appointing 5 Independent External Directors among our 7 Directors.

- Based on the medium- to long-term management strategies of the Wacoal Group, the persons responsible for business execution (our Directors (excluding External Directors) and Executive Officers) fully deliberate important management issues through the Management Issues Review Meeting and the Group Management Meeting, which are followed by a meeting of the Board of Directors to consider and make decisions on the management plan of the Wacoal Group for the fiscal year ending March 2024.
  - We hold quarterly meetings of the Quarterly Achievements Review Meeting, to confirm the business results and implementation of measures, and implement remedial measures as necessary.
- (5) System to ensure Appropriate Business Conduct within Group Companies
- 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.
- (6) Matters concerning Assistants to Audit & Supervisory Board Members
- Our audit office assists 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.
- (7) 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 attend primary meetings and receive reports on matters that are discussed and on the management condition
  - The Audit & Supervisory Board Members also receive reports, from time to time, on the results of audits on the operation by the audit office and matters reported through the internal alert system.
- (8) Other Systems to ensure Effective Audits by Audit & Supervisory Board Members
- We enhance the effectiveness of audit by appointing 3 Independent External Audit & Supervisory Board Members among the 5 Audit & Supervisory Board Members.
  - The Company reimburses any and all expenses incurred by the Audit & Supervisory Board Members for performing their duties.
  - The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, conduct hearings with the Directors and also visit our subsidiaries to conduct audits. In addition, the Audit & Supervisory Board Members preside at Audit & Supervisory Board Group Meetings and receive periodic reports from the Audit & Supervisory Board Members of the domestic subsidiaries.
  - The Audit & Supervisory Board Members, regularly and whenever necessary, exchange 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 external institutions, collect and control information related to antisocial forces and are building an internal system.



## V. Other

### 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures

No

Supplementary Information

### 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, 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.
    - 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

**I. Basic Concepts, Capital Structure, Corporate Attributes and other Basic Information on Corporate Governance**

**1. Basic Concepts**

**<Disclosure Based on Certain Principles of Corporate Governance Code>**

Principle 1.4. Cross-shareholdings	When companies hold shares of other listed companies as cross-shareholdings*, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed. Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards
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- (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.
  - From the perspective of improving asset efficiency, we have decided to reduce our overall cross-shareholdings by over 15.0 billion yen by the end of the fiscal year ending March 31, 2025, and to reduce the ratio of policy shareholdings to net assets to 15% or less.
- (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.
  - During the current medium-term management plan (from the fiscal year ending March 2023 to the fiscal year March 2025), we initially decided to reduce our cross-shareholdings by at least 10 billion yen. The Board of Directors examined whether income realized from each stock holding exceeds the Company's capital cost, and whether such cross-shareholding contributes to the enhancement of our corporate value. Based on results of such examination, we disposed of and reduced a total of 7 stocks that had diluted value amounting to approximately 4.0 billion yen during the current fiscal year. And we have decided to raise our reduction of cross-shareholdings target to 15.0 billion yen.
- (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 Updated 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	When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.
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- 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.)	Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals, and midcareer hires to middle managerial positions, as well as disclosing their status. In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.
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(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>

- Wacoal Corp. has established a workplace environment that is appropriate and in line with women’s unique life stages, promotes more flexible work styles, and has instituted a system for promotion and advancement based on ability and performance, regardless of gender or age.
- In February 2021, Wacoal Corp., 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 Corp. has formulated a general employer action plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life, under which we aim to increase the percentage of women in managerial position (section manager and higher level) to 30% or higher by the end of fiscal year ending March 31, 2025. The percentage of women in managerial position (section manager and higher level) as of April 1, 2023 was 29%.
- We will continue to identify human resources with a high aptitude for leadership from an early stage, regardless of gender, and further promote the provision of training opportunities to candidates for managerial positions. We will also develop talents capable of being in charge of managerial and executive positions by supporting the autonomous growth of employees, encouraging them to gain experience in a variety of businesses and positions, and continuously working to foster career awareness.
- Please see our website for more information.

Promotion of DE&I (Action Plan Based on the Act on the Promotion of Women’s Active Engagement in Professional Life)

<https://www.wacoalholdings.jp/en/sustainability/resource/diversity/>

ESG Data Book (human resources (Diversity & Inclusion) , Work-Life Balance, How to work and rest)

[https://www.wacoalholdings.jp/en/ir/library/esg\\_presentation/](https://www.wacoalholdings.jp/en/ir/library/esg_presentation/)

[Ministry of Health, Labor and Welfare HP] Database of women's participation in each company / “Wacoal Corporation” (Japanese only)

<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=284>

□ <Promotion of Foreign Nationals to Managerial Positions>

- Our group, as a corporate group operating in countries and regions around the world, appoints local personnel to the positions of representative (president) and key managerial positions in each of our overseas entities, including the U.S., Europe and China. The representatives (president) of Wacoal Hong Kong Co., Ltd., Philippine Wacoal Corp. and Intimates Online, Inc. are served by female.
- We will continue to hire diverse local human resources regardless of nationality and promote them to key managerial positions in order to expand our business from the customer's perspective and strengthen our competitive advantage in the overseas markets.

□ 【Promotion of midcareer hires to management positions】

- Our group believes, just as our predecessors have built today's corporate group without sticking to the precedents, that it would be the source of our competitiveness to continue to value a culture of boldness and daring to take on challenges, and to respect diversity which creates new value by bringing in new ideas, and we are focusing on recruitment of new graduates as well as lateral hires (including recent graduates and career recruits).
- At Wacoal Corp., we plan to continue to use lateral hires for approximately 30% to 50% of the total number of career track positions, including management candidates, global, EC and DX specialists and other personnel.
- Hiring Status at Wacoal Corp. (career-track positions):

		Fiscal Year ended March 2020	Fiscal Year ended March 2021	Fiscal Year ended March 2022	Fiscal Year ended March 2023
Lateral hires	Male	2	4	1	4
	Female	6	6	1	6
	Total	8	10	2	10
New graduates	Male	10	13	7	6
	Female	13	16	16	10
	Total	23	29	23	16
Lateral hire ratio		26%	26%	8%	38%

- Human resource development and internal environment Improvement to ensure diversity  
For our group, which has established the majority of its value chains, spanning from basic research and product planning and development to materials procurement, production and sales, using the resources within our group, the most important management resource is "human resources", so maximizing our human capital is an important management initiative. We believe that realizing an attractive corporate culture in which each of the employees of our group can work while "being emotionally fulfilled", "feeling fulfillment in their work", and "maintaining motivation" will enable each employee to maximize his/her potential, produce organizational results such as improved productivity and competitiveness, and eventually lead to sustainable growth.
- For our group, which has established the majority of its value chains, spanning from basic research and product planning and development to materials procurement, production and sales, using the resources within our group, the most important management resource is "human resources", so maximizing our human capital is an important management initiative. We believe that realizing an attractive corporate culture in which each of the employees of our group can work while "being emotionally fulfilled", "feeling fulfillment in their work", and "maintaining motivation" will enable each employee to maximize his/her potential, produce organizational results such as improved productivity and competitiveness, and eventually lead to sustainable growth.
- Aiming to transform into a company where individuality and strengths of each employee are fully realized, our group provides various training programs to support the growth of each employee by providing learning opportunities and career advancement support.
- At Wacoal Corp., we believe that improving the job satisfaction and happiness of each employee is the driving force to achieve high productivity, and we will implement initiatives to achieve well-being to improve employee engagement. We are promoting initiatives at Wacoal Corp. that seek to raise awareness and change behavior on how to increase working productivity through a combination of proactive use of remote work tailored to each department, promotion of flexible hours, and operation of a limited work location system. While promoting organizational reforms which emphasize on performance and achievements, we are focusing on creating a corporate culture that respects each individual as a business partner by recognizing diverse opinions and values. Please see our website for more information.

Human Capital (Initiatives to maximize human capital) <https://www.wacoalholdings.jp/en/sustainability/resource/>

Promotion of DE&I (Respect for Diversity (Employment of people with disabilities, Participation from senior citizens) , including) <https://www.wacoalholdings.jp/en/sustainability/resource/diversity/>

Achievement of well-being (Wacoal GENKI Project 2025, including) <https://www.wacoalholdings.jp/en/sustainability/resource/wellbeing/>

<p>Principle 2.6. Roles of Corporate Pension Funds as Asset Owners r</p>	<p>Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.</p>
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- To appropriately manage the contributory defined retirement benefit plan, a Pension Committee composed of the executive duties from the Accounting Department, Finance Department, and Personnel and Administration Department has been established, with the Director Corporate Officer In charge of Administrative Control of Wacoal Corp. serving as the chairperson, which 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.

<p>Principle 3.1. Full Disclosure</p>	<p>In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:</p> <ul style="list-style-type: none"> <li>i) Company objectives (e.g., business principles), business strategies and business plans;</li> <li>ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;</li> <li>iii) Board policies and procedures in determining the remuneration of the senior management and directors;</li> <li>iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku candidates;and</li> <li>v) Explanations with respect to the individual appointments/dismissals and nominations based on iv)</li> </ul>
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- 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, et c., 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 "Remuneration of Directors Advisory Committee," of which over half the members are independent outside directors, including the chairperson.
- 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] Policy for Determining the Amount or Calculation Method of 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] Other Matters concerning Independent Officers) in “1. Matters Concerning Organization Structure and Operations” of this Report II. The Board of Directors appoints and the Nomination of Directors 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 election and nomination of individual candidates for Directors and Audit & Supervisory Board Members are stated in the convocation notice of the ordinary general meeting of shareholders, together with a brief personal history of each candidate.

Convocation Notice of the Ordinary General Meeting of Shareholders [https://www.wacoalholdings.jp/en/ir/general\\_meeting/](https://www.wacoalholdings.jp/en/ir/general_meeting/)

<p>Supplementary Principle 3.1.3 Full Disclosure</p>	<p>Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.</p> <p>In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.</p>
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- (1) The Company’s initiatives towards sustainability
- In addition to responding to the demands of society, our group will strive to enhance our corporate value by promoting “sustainability management” that aims to both “solve social issues” and “achieve sustainable growth” through our business activities, viewing our efforts to address increasingly complicated and diversified social issues as future “growth opportunities”.
  - It is also important to increase the number of employees who can act with a clear vision of what the company should be and the company’s mission should be in order to realize the enhancement of our group’s corporate value. By increasing the number of employees practicing our management philosophy, we will achieve personal growth for each employee, as well as corporate growth.
  - In April 2022, based on our basic policy on issues surrounding sustainability, including climate change, global environmental issues, and respect for human rights, we established the Sustainability Committee. The committee is responsible for formulating specific measures to address these issues, monitoring progress, and evaluating achievement. The committee is chaired by the Representative Director, President and CEO and holds a meeting on the same day as the meeting of the Board of Directors. The Board of Directors monitors the allocation of management resources and the implementation of strategies related to the business portfolios to ensure that the initiatives of the Sustainable Committee contribute to sustainable growth.
  - We have also established 4 Steering Committees (Subcommittee for Carbon Neutral, Subcommittee for Resource Circulation, Subcommittee for CSR Procurement, Subcommittee for Human Rights, D&I) under the Sustainability Committee in order to strengthen our response to important sustainability issues.
  - Please see our website for more information.

Sustainability policy <https://www.wacoalholdings.jp/en/sustainability/>  
System for promoting Sustainability <https://www.wacoalholdings.jp/en/sustainability/system/>  
Material Issues <https://www.wacoalholdings.jp/en/ir/management/materiality/>

## ① Climate change / global environment issues

- We believe that climate change, which has a significant impact on the Earth and our business activities, presents both risks to our group's management, and at the same time new business opportunities. In order to achieve a sound corporate development and a sustainable society, we are promoting initiatives to solve environmental issues and working to expand disclosure of environmental related information.
  - Our group has set its own environmental activity goals for 2030, the "Environmental Goals for 2030" in order to promote efforts to solve increasingly serious climate change issues and realize a carbon-free society.
- Environmental Goals for 2030
- i) In-house Emissions (Scope 1 & 2) "Net Zero" <Target: Domestic offices >  
Gradually switch to renewable energy, aiming to achieve net zero in-house greenhouse gas emissions (Scope 1 & 2).
  - ii) Product disposal "Zero" <Target: Wacoal Corp. >  
Aim for zero discarded products and promote efforts to reduce disposal of waste materials at plants.
  - iii) Environmentally friendly materials "50%" <Target: Wacoal Corp. >  
Increase the percentage of environmentally friendly materials used to 50%, such as switching to recycled fibers and yarns.
  - iv) "20% Reduction" in Supply Chain Emissions (Scope 3) <Target: Wacoal Business (Domestic) >  
Promote efforts with partner companies to reduce supply chain greenhouse gas emissions (Scope 3) by 20%.
- Please see our website for more information.  
Response to Climate Change <https://www.wacoalholdings.jp/en/sustainability/environment/activities/>

## ② Respect for human rights

- The Company has been built on its "founding spirit" 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. The "Wacoal Group Human Rights Policy" was created based on the United Nations "Guiding Principles on Business and Human Rights" as a guideline for promoting human rights initiatives throughout the Group and fulfilling that responsibility.
- In April 2022, the Group became a signatory to the United Nations Global Compact (UNGC), proposed by the United Nations. At the same time, we have joined the "Global Compact Network Japan", a local network in Japan. We will support the 10 principles in the four areas of "human rights," "labor," "environment," and "anti-corruption" set by the UNGC, and will enhance our efforts to resolve social issues and achieve sustainable development.
- 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.
- The Company believes that the appropriate use and protection of personal information is an even more important social responsibility and established the Subcommittee for Information Security under the umbrella of the Corporate Ethics and Risk Management Committee. The initiatives of the Subcommittee for Information Security are as follows.  
(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.)
- Please see our website for more information.  
Human Rights <https://www.wacoalholdings.jp/en/sustainability/rights/>  
CSR procurement based on mutual trust and cooperation <https://www.wacoalholdings.jp/en/sustainability/csr/>

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

- As the business environment is becoming increasingly uncertain, the strategies related to human resources, which will play a key role in the rapid transformation of the business model, will only increase in importance. In Japan, in particular, as the working population declines due to the aging of the population and the declining birthrate, competition for human resources is certain to intensify more than ever before, and it is therefore necessary to formulate and implement a human resources strategy to be an attractive company. In addition, in order to promote reforms without interruption, it is necessary to create an environment and/or a culture that will enable individual employees to grow further and to link their strengths to the organizational strengths.
- At Wacoal Corp., in parallel with measures to quickly improve profitability, we will promote initiatives based on the three axes of (i) supporting career autonomy and providing growth opportunities (human resources development), (ii) strengthening management capabilities to maximize teamwork (organizational development), and (iii) creating systems and mechanisms that support job satisfaction, DE&I and well-being (culture development) in order to be a company that is chosen and will continue to be chosen over the medium to long term.
- Please see our website for more information.  
Initiatives to Maximize Human Capital <https://www.wacoalholdings.jp/en/sustainability/resource/>

④ Fair and proper transactions with business partners

- 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.)
- Please see our website for more information.  
Fair Trade and Competition [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 “Subcommittee for BCP and Disaster Control Measures” as a subordinate organization of the “Corporate Ethics and Risk Management Committee” chaired by the Corporate Officer in charge of the Group HR. Under the assumption of accidents and damage caused by natural disasters, the organization formulates policies for preventing and responding to emergencies, and the continuation of work, and implements monitoring for crime and misconduct.

(2) Investment in human capital and intellectual property

- In April, 2019, Wacoal Corporation began operating a new human resource development system called “WACOAL TERAKOYA”, 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.
- In addition to modifying our programs to increase the focus on productivity and practical training, we are conducting joint training with other companies to expose employees to diverse viewpoints. By fostering personnel who can create new value through the implementation of our management philosophy, we will achieve sustainable growth in the changing business environment.
- 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 2023” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. (for the third year in a row.) In a recent example, by linking with our official app “Wacoal Carnet”, 3D images and data of one’s own body measurement can be viewed on a smartphone anytime, anywhere. and this contribute to enhance the convenience of the customer.
- Of investments of 5.1 billion yen implemented in the fiscal year ended March 31, 2023, intangible investments were 2.2 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
- In accordance with the recommendations of the TCFD, our group conducted a scenario analysis on climate change during the fiscal year ended March 31, 2023. In the scenario analysis, we examined countermeasures and identification of risks and opportunities for Wacoal Corp., which has the highest percentage of overall sales in 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, 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. We will expand 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.
  - Please see our website for more information.  
Response to Climate Change <https://www.wacoalholdings.jp/en/sustainability/environment/activities/>

Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors (1) (Scope of Delegation to Management)	The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.
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- 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 determined 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”. 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, we discuss our business plan at the Management Issues Review Meeting and hold quarterly meetings of the Quarterly Achievements Review Meeting, in which we review and confirm the quarterly business results and the implementation of measures and policies and consider enhancement measures as may be necessary. In the specified wholly owned subsidiaries of the group, we establish appropriate and efficient system by delegating authority and clarifying responsibilities through the executive officer system.
- 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 Independence Standards and Qualification for Independent Directors	Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.
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- The Company has established its own “Criteria for Quality of Officers” as has established its own ([Information on Independent Officers] Other Matters concerning Independent Officers) in “1. Matters Concerning Organization Structure and Operations” of this Report II.

<p>Supplementary Principle 4.10.1. Use of Optional Approach</p>	<p>If the organizational structure of a company is either Company with Kansayaku Board or Company with Supervisory Committee, and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.</p> <p>In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.</p>
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- We have voluntarily established the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee, which stipulate that the Independent External Directors constitute a majority of the members and serve as chairpersons.
- The outline of both advisory committees and their activities in the fiscal year ended March 31, 2023 are described in "2. Matters Concerning Functions of Business Execution, Audits/Supervision, Nomination and Decisions etc. Compensation (Outline of Current Corporate Governance System) " in Section II of this report.

<p>Supplementary Principle 4.11.1. Preconditions for Board and Kansayaku Board Effectiveness</p>	<p>The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.</p>
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- 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] Other Matters concerning Independent Officers) in "1. Matters Concerning Organization Structure and Operations" of Section 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 five (5) Independent Outside Directors, four (4) of them have management experience at other companies, and two (2) is a woman.

The skill matrix of the Directors and Audit & Supervisory Board Members  
<https://www.wacoalholdings.jp/en/group/governance/system/>

<p>Supplementary Principle 4.11.2. Preconditions for Board and Kansayaku Board Effectiveness</p>	<p>Outside directors, outside kansayaku, and other directors and kansayaku should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and kansayaku also serve as directors, kansayaku or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.</p>
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- 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).
- The situation regarding important concurrent positions, such as Directors and other listed company officers, see ([Information on Directors] [Information on Audit & Supervisory Board Members] Relationships with each of the Company (2) and Supplementary Information on Eligibility Requirements) in "1. Matters Concerning Organization Structure and Operations" of Section II in this Report.

Supplementary Principle 4.11.3 Preconditions for Board and Kansayaku Board Effectiveness	Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.
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- The Company conducts an annual evaluation on the effectiveness of the Board of Directors and strives to continuously enhance the functions and effectiveness of the Board of Directors. We work on the improvement measures for issues identified by the evaluation and confirm the status of improvement during the evaluation of the Board of Directors in the following fiscal year, while at the same time continuing to confirm the evaluation of the current issues.
- Evaluation Process
- Starting from the previous fiscal year (ended March 31, 2022), we have changed to a method of analyzing and/or evaluating the effectiveness of the Board of Directors using a third-party evaluation design (including, among other things, preparation, analysis, and comparison with other companies of questionnaire survey, identifying issues, drafting action plans).
  - With the aim of further improving the effectiveness of the Board of Directors from the viewpoints of “enhancing trust from stakeholders (creating social value)” and “improving organizational performance (enhancing corporate value)”, we conduct a questionnaire survey for all Directors and Audit & Supervisory Board Members, and conduct interviews of External Directors and External Audit & Supervisory Board Members through a third party organization to gain a deeper understanding of their responses and awareness of the issues raised in their comments. We compile improvement measures based on the analysis of such responses and issues. The improvement measures are discussed at the Independent External Auditors & Directors Meeting and recommendations are provided to the Board of Directors.
  - The evaluation items of the questionnaire survey are as follows:
    - a. roles and/or responsibilities of the Board of Directors
    - b. structure of the Board of Directors
    - c. quality of discussions (agendas, content of materials, etc.)
    - d. constructive dialogues with stakeholders
  - The analysis and/or evaluation based on the questionnaire survey and interviews using the third-party evaluation design is conducted every other year. During the interval year, we focus on initiatives to improve the issues identified from the questionnaire survey, while at the same time conducting evaluation through monitoring and sharing opinions at the Independent External Auditors & Directors Meeting.
- Evaluation Results of Effectiveness and Progress on Initiatives for Improvement
- As a result of the analyzing the responses to the questionnaire survey conducted during the previous fiscal year (ended March 31, 2022), each evaluation item received a score higher than the standard score and we received an evaluation from a third-party vendor to the effect that our Board of Directors is generally functioning properly and its effectiveness can be confirmed.

	Evaluation Result (Issues and Concerns)	Progress/Plan of Initiatives for Improvement
Previous Fiscal Year (ended March 31, 2022)	i) Expansion of agenda (process for reviewing medium to long-term strategies, subsequent reporting of matters to be resolved)  ii) Common recognition and equalization of roles expected from External Directors	i) We expanded the scope of delegation of decision-making related to business execution and improve the efficiency of the operation of our Board of Directors, while expand the time for confirming the progress on medium to long-term strategies and/or investment projects, understanding the management situation of our group companies, and sharing promotional initiatives. We also focused on more efficient operations by striving to provide meeting materials as early as practicable, and by sharing discussions at the Group Management Meeting.  ii) We organized the roles expected and reviewed the skills matrix, taking into account the key strategies of the new medium-term management plan, whose first year starts from the current fiscal year (ended March 31, 2023). We also promoted participation in meetings and projects relevant from the view of roles expected and utilization of skills possessed by each Director.

	<p>iii) Clarification of roles of the Nomination of Directors Advisory Committee, and improvement in transparency in the process of considering succession and Director selection and/or dismissal</p> <p>iv) Improvement in input to External Directors through store visits, expanded contacts with employees, trainings, etc.</p>	<p>iii) We revised the committee rules and established operational guidelines for the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee to clarify their roles. At the beginning of the current fiscal year, we provided recommendations to our Board of Directors on the annual activity plan including the matters to be considered and schedule, and thereafter, we reported regularly to our Board of Directors, thereby striving to improve transparency.</p> <p>iv) We visited stores and business offices to gain the better understanding of the business and to update the current awareness as necessary. In order to increase communication and mutual understanding among the members of the Board of Directors, we also held lunch meetings on a regular basis to have open and frank conversations, while following COVID-19 guidelines.</p>
Current Fiscal Year (ended March 31, 2023)	<p>i) Allocation of more time to the consideration of important business matters, such as medium to long-term strategies, and at the same time, utilization of knowledge of External Directors and promotion of more active discussion at the meetings of the Board of Directors</p> <p>ii) Further improvement in the quality of deliberations based on communication with our employees and inspection of local business offices in order to understand the reality of business conditions as well as risks and opportunities</p>	<p>i) We have increased the number of agenda items other than decision-making items related to business execution, such as consideration of medium- to long-term business issues, reporting and/or sharing important brand strategies or promotion strategies. We also have moved forward with advance preparation and environmental arrangement that led to active discussion.</p> <p>ii) We have set up an opportunity for a planned visit and/or inspection at stores, factories and business offices including overseas, as well as opportunities for communicating with the Corporate Officers and managers.</p> <p>Our plan is to further strengthen the supervisory and/or advisory functions of our Board of Directors by further utilizing the knowledge of External Directors, while continuing to implement the initiatives described above.</p>

Supplementary Principle 4.14.2 Training of directors and auditors	Companies should disclose their training policy for directors and kansayaku.
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- 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	Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.
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- The Company established the “Policy on constructive dialog with shareholders” and disclosed it on its website as follows. Engagement with Stakeholders [https://www.wacoalholdings.jp/en/sustainability/talk\\_with\\_stockholder/](https://www.wacoalholdings.jp/en/sustainability/talk_with_stockholder/)

Updated

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans	When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.
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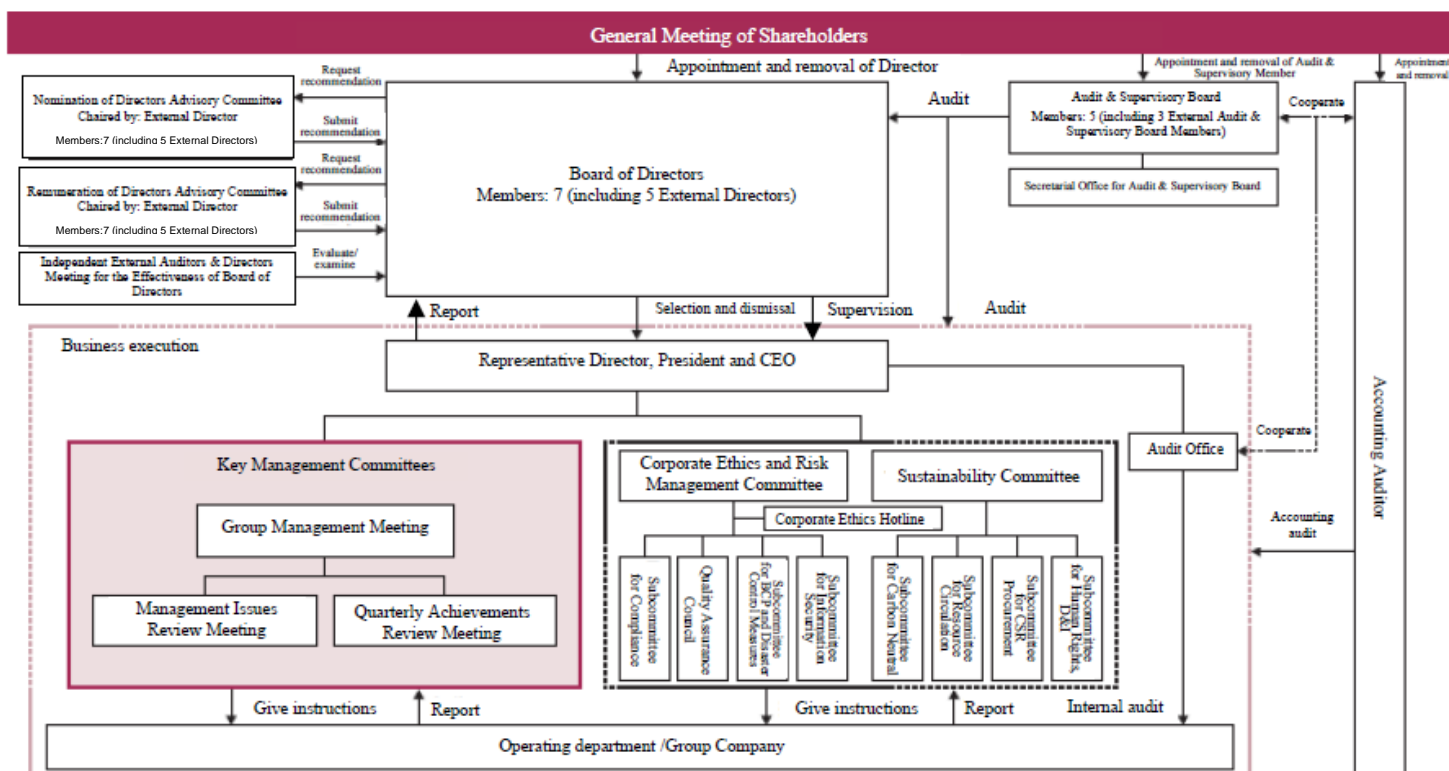
- In our Medium-Term Management Plan (Revised) announced on November 9, 2023, we outlined the following four basic policies: 1. Business model reforms to improve profitability, 2. Growth strategy to achieve VISION 2030, 3. Introduction of ROIC management, 4. Promotion of asset reduction.
- Furthermore, in response to the disclosure requests from the Tokyo Stock Exchange regarding “Measures Aimed at Realizing Management that is Conscious of the Cost of Capital and Stock Price,” we have disclosed our initiatives aimed at improving capital efficiency and our target values for ROE and ROIC for the fiscal year ending March 2026 on our company's website as follows.

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

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

(1) Outline of Current Corporate Governance System

- We, as a holding company, have adopted the company with Audit & Supervisory Board system in accordance with the Companies Act for the purpose of ensuring the corporate governance of group companies, and have both the Board of Directors and the Audit & Supervisory Board monitor and audit the management and operation of the Company.
- In addition, we have voluntarily established the Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee, the majority of which are composed of Independent External Directors, as the advisory bodies to the Board of Directors.
- The following diagram illustrates the outline of our corporate governance system (as of September 1, 2023).



- The members and chairpersons of the Board of Directors, the Audit & Supervisory Board and the committees established on a voluntary basis are as follows. While the members of the Group Management Meeting, the Corporate Ethics and Risk Management Committee and the Sustainability Committee include the employees of the Company as well as the Directors and employees of our domestic and overseas group companies, only the Directors, Audit & Supervisory Board Members and Corporate Officers are shown below.

Title	Name	Board of Directors' Meeting	Audit & Supervisory Board Meeting	Nomination of Directors Advisory Committee	Remuneration of Directors Advisory Committee	Independent External Auditors & Directors Meeting	Group Management Meeting	Corporate Ethics and Risk Management Committee	Sustainability Committee
Representative Director, President and CEO	Masaaki Yajima	◎		○			○	☆	☆◎
Representative Director, Vice President and Executive Officer	Akira Miyagi	○		○	○	◎	◎	◎	○
External Director	Shigeru Saito	○		○	○	○			△
External Director	Tsunehiko Iwai	○		◎	◎	○			△
External Director	Chizuru Yamauchi	○		○	○	○			△
External Director	Hisae Sato	○		○	○	○			△
External Director	Koji Nitto	○		○	○	○			△
Standing Audit & Supervisory Board Member	Shinichi Kitagawa	□	◎			○	○	△	△
Standing Audit & Supervisory Board Member	Katsuhiro Okamoto	□	○			○	○	△	△
External Audit & Supervisory Board Member	Mitsuhiro Hamamoto	□	○			○			△
External Audit & Supervisory Board Member	Hitoshi Suzuki	□	○	△	△	○			△
External Audit & Supervisory Board Member	Motoko Tanaka	□	○			○			△
Corporate Officer	Katsuya Hirooka	△				○	○	○	○
Corporate Officer	Atsuko Shinoduka	△					○	○	○
Corporate Officer	Shinsuke Fukazawa	△			○	△	○	○	
Corporate Officer	Takuya Yoshitomi						●	●	
Corporate Officer	Teruo Fukumoto						○	○	

(Note) The name in the family register of Corporate Officer Ms. Atsuko Shinoduka is Ms. Atsuko Yoshimura.

(☆: supervisor, ◎ chair or chairperson, ○ member, □ Attendee, △ observer, ● non-standing member)

**(2) Outline of the Board of Directors and Other Organizations**

- The outline of the Board of Directors, the Audit & Supervisory Board and the committees established on a voluntary basis is as follows:

Name	Outline	
Board of Directors	Members	<ul style="list-style-type: none"> <li>7 members (including 5 External Directors) (and 5 Audit &amp; Supervisory Board Members (including 3 External Audit &amp; Supervisory Board Members))</li> <li>Representative Director, President and CEO, Mr. Masaaki Yajima serves as the Chair of the Board of Directors.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>Our Board of Directors is entrusted by shareholders and makes the best decisions based on fair judgment. In addition, our Board of Directors exercises its supervisory function for the execution of its business and aims to maximize corporate value.</li> <li>Our Board of Directors conducts a review of our medium- to long-term management strategy and social issues, as well as decision-making regarding material matters as stipulated in applicable laws and regulations or in our Articles of Incorporation. The Company will formulate basic policies on sustainability issues and monitor the allocation of management resources and the implementation of business portfolio strategies to contribute to sustainable growth.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>In accordance with the number of Directors as prescribed in our Articles of Incorporation, the Board of Directors is composed of an appropriate number of Directors who are capable of performing the functions of the Board of Directors in the most effective and efficient manner, taking into account the portfolio and size of business.</li> <li>The Board of Directors consists of a diverse group of Directors, taking into account gender, international experience and background, professional experience, age and other factors, while ensuring that the Directors have the requisite balance of skills, such as knowledge, experience and expertise, each in light of management strategies.</li> <li>Independent External Directors shall include those who have management experience at other companies, and at least one-third of all Directors shall be Independent External Directors.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the ordinary meeting of the Board of Directors is held once a month, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Nomination of Directors Advisory Committee	Members	<ul style="list-style-type: none"> <li>7 members (including 5 External Directors)</li> <li>External Director Mr. Tsunehiko Iwai serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>This Committee discusses and provides recommendations to our Board of Directors on matters related to evaluation, election, dismissal, and promotion of Directors, and on matters regarding establishment and revisions of rules and bylaws of Directors.</li> <li>Attendance and approval of all committee members is required to pass resolutions.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of the following 7 members. A majority of the members the Committee consist of Independent External Directors to enhance its independence and objectivity. Representative Director and President, Director of Supervisor of Group Business Management, and Independent External Directors (5 members)</li> <li>The Committee is also attended by 1 Independent External Director as an observer.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Committee holds meetings in July, November and January when the Board of Directors' meetings are held, while extraordinary meetings are convened whenever necessary.</li> </ul>
Remuneration of Directors Advisory Committee	Members	<ul style="list-style-type: none"> <li>7 members (including 5 External Directors)</li> <li>External Director Mr. Tsunehiko Iwai serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>This Committee discusses and provides recommendations to our Board of Directors on matters regarding performance review and remuneration of Directors and matters regarding remuneration system of Directors.</li> <li>Attendance and approval of all committee members is required to pass resolutions.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of the following 7 members. A majority of the members the Committee consist of Independent External Directors to enhance its independence and objectivity. Director of Supervisor of Group Business Management, Director in charge of Group Personnel (or Corporate Officer), and Independent External Directors (5 members)</li> <li>The Committee is also attended by 1 Independent External Director as an observer.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Committee holds meetings in April, July and February when the Board of Directors' meetings are held, while extraordinary meetings are convened whenever necessary.</li> </ul>
Independent External Auditors & Directors Meeting for the Effectiveness	Members	<ul style="list-style-type: none"> <li>12 members (including 5 External Directors and 3 External Audit &amp; Supervisory Board Members)</li> <li>Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management, Mr. Akira Miyagi serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The meeting attendees, mainly composed of our Independent Officers, exchange and share opinions regarding corporate governance and our Board of Directors. The meeting attendees analyze and evaluate the effectiveness of our Board of Directors, identify issues, compile improvement measures, and provide recommendations to our Board of Directors.</li> </ul>



of Board of Directors	Structure	<ul style="list-style-type: none"> <li>This Meeting is composed of all External Officers (8 members of External Directors and External Audit &amp; Supervisory Board Members), Director of Supervisor of Group Business Management, Standing Audit &amp; Supervisory Board Members (2 members) as well as General Manager of Corporate Planning.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>The Meeting is held at least once a year to discuss issues and measures in aim to improve the effectiveness of our Board of Directors.</li> </ul>
Audit & Supervisory Board	Members	<ul style="list-style-type: none"> <li>5 members (including 3 External Audit &amp; Supervisory Board Members)</li> <li>Standing Audit &amp; Supervisory Board Member Mr. Shinichi Kitagawa serves as the Chair of the Board.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The Audit &amp; Supervisory Board is entrusted by shareholders to discuss or resolve important matters relating to the audit and establish a high-quality corporate governance system that responds to social trust.</li> <li>The Board builds a system to enhance the effectiveness of audit by each Audit &amp; Supervisory Board Member.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>The Company appoints a person as an Audit &amp; Supervisor Board Member who has the appropriate experience, ability and necessary knowledge to perform the audit function. Especially, we appoint at least one Audit &amp; Supervisor Board Member who has sufficient knowledge of finance and accounting.</li> <li>A majority of the members are External Audit &amp; Supervisory Board Members.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Board holds meeting every month prior to the ordinary meeting of the Board of Directors, while extraordinary meetings are convened whenever necessary.</li> </ul>

Name	Outline	
Group Management Meeting	Members	<ul style="list-style-type: none"> <li>8 members (Note: excluding the employees of the Company as well as the Directors and employees of our domestic and overseas group companies)</li> <li>Representative Director, Vice President and Executive Officer and CFO in charge of Group Business Management, Mr. Akira Miyagi serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The Meeting considers matters concerning the management strategy of our group and important management issues.</li> <li>The Meeting also conducts preliminary deliberations on important matters mainly related to business execution, prior to resolutions by the Board of Directors, from the viewpoint of legality, objectivity and rationality.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Meeting is composed of Executive Directors who are below the Representative Director, President and CEO, and the Standing Audit &amp; Supervisory Board Members, as well as the Corporate Officers who are appointed by the Chair, and the employees of the Company as well as the Directors and employees of our domestic and overseas group companies who are responsible for execution.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Meeting is held twice a month (early and later in the month).</li> </ul>
Corporate Ethics and Risk Management Committee	Members	<ul style="list-style-type: none"> <li>11 members (Chair and standing committee members) (in addition, 7 non-standing committee members)</li> <li>(Note: including the employees of the Company as well as the Directors and employees of our domestic and overseas group companies)</li> <li>Representative Director, Vice President and Executive Officer and CFO in charge of Group Management, Mr. Akira Miyagi serves as the Chair of the Committee.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>The Committee identifies risks related to the overall management of our group and build and strengthen our risk management system.</li> <li>This Committee prescribes the “Risk Management Basic Rules” subject to the approval of the Board of Directors. The 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 our group.</li> <li>This Committee promotes risk-mitigation initiatives, identifies risks, monitors the implementation of countermeasures, and reports the operation status of our risk management system to the Board of Directors on a quarterly basis.</li> </ul>
	Structure	<ul style="list-style-type: none"> <li>This Committee is composed of Representative Director, President, and CEO, who serves as the administrative manager, the Executive Directors, and the Corporate Officers who are appointed by the Chair, and the employees of the Company, as well as the Directors and employees of our domestic and overseas group companies.</li> </ul>
	Frequency	<ul style="list-style-type: none"> <li>In principle, the Committee holds quarterly meetings, while extraordinary meetings are convened whenever necessary.</li> </ul>
Sustainability Committee	Members	<ul style="list-style-type: none"> <li>6 members (Note: including the Directors of our group companies)</li> <li>Representative Director, President and CEO (administrative manager), Mr. Masaaki Yajima concurrently serves as the Chair of the Committee.</li> </ul>

Purpose	<ul style="list-style-type: none"> <li>In order to accelerate our initiatives to achieve balancing “to resolve social issues” and “sustainable growth” through our business, this Committee formulates specific measures, monitors progress, and evaluates the status of achievement based on our basic policy on sustainability issues including climate change, global environmental issues and human rights issues.</li> <li>The Board of Directors monitors the allocation of management resources and the implementation of strategies related to the business portfolios to ensure that the initiatives of the Sustainable Committee contribute to sustainable growth.</li> </ul>
Structure	<ul style="list-style-type: none"> <li>This Committee is composed of the Representative Director, President and CEO, who serves as the administrative manager, the Executive Directors, the Corporate Officers who are appointed by the Chair, and Directors of our group companies.</li> </ul>
Frequency	<ul style="list-style-type: none"> <li>The Committee broadly categorizes issues surrounding sustainability, and holds quarterly meetings, in principle, while extraordinary meetings are convened whenever necessary.</li> </ul>

**(3) Status of Activity of Board of Directors, Nomination of Directors Advisory Committee and Remuneration of Directors Advisory Committee (Fiscal Year ended March 31, 2023)**

a. Activities of Board of Directors

Name	Matters to be Discussed and Considered	Number of Meetings Held
Board of Directors	<ul style="list-style-type: none"> <li>In addition to the matters as prescribed by laws and regulations and the Articles of Incorporation, all important matters related to our business are discussed.</li> <li>The following matters were mainly discussed and considered during the fiscal year ended March 31, 2023.</li> <li>Corporate Governance <ul style="list-style-type: none"> <li>i) In order to clarify the roles of the Nomination of Directors Advisory Committee and the Remuneration of Directors Advisory Committee, which is one of the issues that we have raised to improve the effectiveness of the Board of Directors, we discussed the details of revision of the Committee rules and establishment of operational guidelines which were submitted by these Committees. We will oversee the proper operation of the Board of Directors in accordance with the annual activity plan, including the structure of the Board of Directors and formulation of skills matrix established in the operational guidelines for the Nomination of Directors Advisory Committee.</li> <li>ii) Sustainability <p>We received reports from the Sustainability Committee on business risks and opportunities related to climate change (response to TCFD), issues related to sustainability such as CSR procurement and ensuring diversity including promotion of activities by women, as well as a plan for initiatives by our group. At the same time, we also received and confirmed updates on progress on a regular basis. We will continue to oversee the allocation of management resources and implementation of strategies related to business portfolio in order to achieve specific performance goals.</p> </li> <li>iii) Corporate Ethics and Risk Management <p>The Corporate Ethics and Risk Management Committee conducts a scoring evaluation of potential risks related to business environment and/or business strategies, and operational risks from the perspective of their likelihood of occurrence and impact of such risks. The risk items that are evaluated as having a significant potential impact on the management of our group, are annually reviewed based on the recommendations of the Corporate Ethics and Risk Management Committee and determined as the Group's Material Risk. Subsequently, we received reports on a regular basis to ensure that the initiatives to mitigate risks are being appropriately implemented, including responses to incidents of operational risk that occurred unexpectedly during the fiscal year ended March 31, 2023, and monitored measures to prevent recurrence.</p> </li> <li>iv) Medium- to Long-Term Business Strategies <p>We discussed whether the business strategies, including strategies and plans for entering new business, directions for achieving discontinuous growth in our domestic and overseas businesses, brand strategies for our core brand products, and responses to social issues, are appropriately formulated and/or implemented based on the business environment and competitive advantages. We will continue to aim to maximize our corporate value and confirm the effectiveness of our strategies and status of progress of our plans. We will also deepen our discussions on fundamental initiatives to achieve sustainable growth.</p> </li> <li>v) Capital Efficiency <p>In order to reevaluate our business portfolios and achieve an appropriate reallocation of management resources, we have made decisions to reorganize our domestic business office and to withdraw from our underperforming business in China. We will continue to look into the issues related to improvement of capital profitability.</p> </li> </ul> </li> <li>In addition to the above, reports are made from the Director and Corporate Officer monthly on the status of execution and deliberations at the Group Management Meeting.</li> </ul>	17

b. Activities of Nomination of Directors Advisory Committee

Name	Matters to be Discussed and Considered	Number of Meetings Held
Nomination of Directors	<ul style="list-style-type: none"> <li>We held a meeting to discuss the roles expected from the Directors, formulated skills matrix based on such roles, and confirmed personnel requirements, the details of which were reported at a meeting of the Board of Directors held in May 2022.</li> </ul>	8

Advisory Committee	<ul style="list-style-type: none"> <li>We have revised the bylaws of Directors as well as the rules of this Committee, established the operational guidelines of this Committee, the details of which were reported at a meeting of the Board of Directors held in May 2022. We also reported on our annual activity plan (initial draft and considerations on whether to continue) in May 2022.</li> <li>We held a meeting to discuss the annual activity plan of this Committee, looking ahead to June 2023, the details of which was reported at a meeting of the Board of Directors held in August 2022.</li> <li>We held multiple meetings to discuss on evaluation system for our Directors, the details of which were reported at a meeting of the Board of Directors held in November 2022.</li> <li>We held a meeting to discuss the change and business assignments of Directors, the details of which were reported at a meeting of the Board of Directors held in November 2022.</li> <li>We held multiple meetings to discuss the structure for the Board of Directors after June 2023, considering the appropriateness of skills balance using matrix, ensuring diversity, career summary of candidates and reason for nomination, the details of which were reported at a meeting of the Board of Directors held in February 2023.</li> <li>We held a meeting to discuss the review of bylaws of Directors, the details of which were reported at a meeting of the Board of Directors held in March 2023.</li> </ul>	
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c. Activities of Remuneration of Directors Advisory Committee

Name	Matters to be Discussed and Considered	Number of Meetings Held
Remuneration of Directors Advisory Committee	<ul style="list-style-type: none"> <li>The amount of performance-based bonus payable based on the business performance of the previous fiscal year (ended March 31, 2022) was reported at a meeting of the Board of Directors held in May 2022. In addition, this Committee held a meeting to discuss the current issues and direction of the review of the remuneration system for Directors, the details of which were reported in May 2022.</li> <li>We have revised the rules of this Committee and established the operational guidelines of this Committee, the details of which were reported at a meeting of the Board of Directors held in May. We also reported on our annual activity plan (initial draft and considerations on whether to continue) in May 2022.</li> <li>We held a meeting to discuss the annual activity plan of this Committee, looking ahead to June 2023, the details of which was reported at a meeting of the Board of Directors held in August 2022.</li> <li>We exchanged opinions and ongoing discussions about the current issues and improvements related to the remuneration system for Directors. We deliberated a proposal for remuneration for the fiscal year ending March 31, 2024 which is linked to the restructuring of the evaluation system for the Directors, the details of which were reported at the meeting of Board of Directors held in November 2022.</li> <li>We confirmed the direction of the amount of performance-based bonus payable based on the projected performance for the current fiscal year (ended March 31, 2023).</li> </ul>	7

(4) Status of Audit

① Initiatives to Strengthen Functions of Audit & Supervisory Board Members

- Our Audit & Supervisor Board are composed of 5 members, who are 2 Standing Audit & Supervisory Board Members and 3 External Audit & Supervisory Board Members. They conduct not only legal audits but also validity audits.
- One person who has a respectable degree of finance and accounting knowledge has been elected as one of our Standing Audit & Supervisory Board Members. The three external auditors are Ms. Motoko Tanaka, a certified public accountant with considerable knowledge of finance and accounting, Mr. Mitsuhiro Hamamoto, an attorney with knowledge of the legal profession and experience in the business law field in which he specializes, and Mr. Hitoshi Suzuki, who has a high degree of insight from his work in the financial industry and experience as a member of the Policy Board of the Bank of Japan. Each external auditor maintains a high degree of independence and strengthens the auditing system with their knowledge and experience.
- The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings such as Group Management Meeting, express their opinions as necessary and hear explanation on important operational matters from the Directors etc. in accordance with the audit standards prescribed by the Audit & Supervisory Board. The Audit & Supervisory Board Members also monitors and inspects the system to ensure appropriate business conduct to perform audits on legality and validity of the execution of duties of the Directors.
- The Audit & Supervisory Board monitors and inspects the status of the audit by the accounting auditor through results of quarterly review and the status of its accounting audit at the end of the fiscal year, as well as hearings on the system to ensure the appropriate execution of duties of the accounting auditor and the results of audits on the internal controls as appropriate.

② Status of Accounting Audit

- Name of Audit Firm Deloitte Touche Tohmatsu LLC
- Consecutive Number of Years during which Audit Was Performed 55 years
- Names of the certified public accountants who were engaged in the audit:  
Designated Limited Liability Partners and Managing Members: Koichiro Tsukuda, Tomomi Tsuji
- Composition of the assistants for the audit services:
- 15 certified public accountants, 10 persons who passed the certified public accountant examination and 24 other persons
- Evaluation of Audit Firm

When the Audit & Supervisory Board considers and resolves to reappoint or not reappoint an accounting auditor, the Company conducts an evaluation from the following six perspectives.

- how the compliance system has been established and operated
- ensuring and/or monitoring of independence
- system to ensure audit quality
- high level of audit and/or accounting expertise
- communication with the Audit & Supervisory Board Members
- sufficiency of time taken for audit procedures and adequacy of compensation for audit

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

