



SUSTAINABILITY

REPORT

2024

WORLD MODE HOLDINGS

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CEO MESSAGE

Mission of WORLD MODE HOLDINGS for the fashion and beauty industry now and in the future



Shinsuke Kafuku
CEO
WORLD MODE HOLDINGS CO., LTD.

Since last year, I have had more opportunities to visit Southeast Asia. In addition to Singapore, Malaysia, and Vietnam, where WORLD MODE HOLDINGS has global bases, I have also visited Thailand, where we furthermore expect new business opportunities. What I saw there was a booming economy, including retail the vitality of young people, who are also consumers, and their passion for fashion. It reminds me of the atmosphere in Japan about 20 years ago, when I first entered into the fashion business, and gives me the energy to excel in what we do best. Looking at the fashion and beauty industry in Japan today, more companies are earnestly working to promote their activities for sustainability, such as solving social issues. I believe it is extremely important to promote sustainability while valuing the freedom and fun that fashion inherently represent. The mission of the fashion industry is to provide people with spiritual enrichment, and the products and services that reflect the aesthetic sense and creativity of designers, as well as the spirit of hospitality, bring joy and excitement to many people. I believe it is aligned with the promotion of sustainability. Today, we are currently facing various social issues such as the

environment and human rights, not only in the fashion industry.

I am convinced that the fashion industry can have a positive impact on people's lifestyles. I know that it is the common aspiration of us working in the industry and for Japanese fashion and beauty industry to join forces to solve problems, inspire more people for the future, and continue to contribute to a sustainable society. I believe that the Japanese fashion and beauty industry, which is reaching a stage of cultural and social maturity, can develop beyond sustainability transformation, and can serve as a role model for the rest of the world. We are a group of people moved by passion for fashion, believe in its value, and have a desire to grow with people and companies while contributing to the development of the industry. Our mission is to contribute to the sustainable transformation of the industry as a whole. In 2024, sustainability is officially integrated into the Group's business strategy. We are determined to transform the fashion and beauty industry into a more sustainable environment of the future and to be a group that continues to be there for all fashion lovers and companies.

SPECIAL DIALOGUE

SPECIAL DISCUSSIONS *Yamada Soen* ✕ *Kafuku Shinsuke*

The common state of mind in 'SADO' (Japanese tea ceremony) and fashion, passing it on to the future

Kafuku Shinsuke visited Yamada Sohen, the first Grand Master of the Sohen School of tea ceremony which has been practiced for over 370 years. Based on the history of the tea ceremony and its essence, they discussed the points in common with the Japanese fashion industry and the important ideas that should be passed on to the future.

The tea ceremony is where guests' life story coincides with our story

— We heard that this is the first time for you two to meet.

Kafuku : Nice to meet you. Thank you for inviting me to your beautiful tearoom today.

Yamada : I have a connection with Kamakura since my father, the 10th generation Sohen, moved the Ichijyo Keikan Villa in Kyoto to his residence in Kamakura. I was born and raised in Kamakura. but my father passed away suddenly when I was 20 years old while still in college. That is the time I officially took over the Sung Huan School. It was not easy for me to make up my mind when I assumed the name Yamada Sung Huan at the age of 24.

Kafuku : We have something in common. After graduating from university, I joined a major office equipment manufacturer, but after a few years, I joined the company that my father had started when I was in my third year of university.

After working my way up from sales manager, manager and then to general manager, I became CEO at the age of just 30, five years after joining the company.

— Did you have a lot of pressure to carry on the Sung Huan School, which has a tradition of more than 300 years?

Yamada: The first generation of Yamada Sung Kwon studied under Sen Sung Tang, grandson of Sen no Rikyu.

He is known as the person who established chanoyu as a widespread tea ceremony, receiving Kaiden initiation to the art) at the age of 26 and compiling the "Chado Yoroku", a manual of the tea ceremony. Visitors can enjoy tea in a beautifully created tranquil setting and admire the tea utensils served in a place of hanging scrolls and seasonal flowers. In its foundation, Rikyu

believed that the essence of the chanoyu was simply for the guests to say, "It is delicious and calming" when tea was served.

As the 11th generation, I have been contemplating how I can contribute to the future while continuing the tradition of Rikyu's way of thinking.

— How do you take care of the guests you invite to your tea ceremonies?

Yamada: I think that a tea ceremony is a place where the context of the guests and our context of welcoming them meet. It is where the guests' life story meets our story. There are various guests such as a business owner who is interested in the tea ceremony, or a guest who wants to see tea utensils as works of art, or of course, my disciples coming from around Japan to experience performance of the Iemoto, the Grand Master. In all these cases, I try to get to know my guests in advance.

Kafuku: Do you mean prior research?

Yamada: Yes, that's right.



Born in Kamakura in 1966. At the age of 21, while still a student at Sophia University, he succeeded to the 11th Iemoto of the Sohen school upon the death of his father. 24 years old, he took the name Sohen. He also presides over the Urban Cabin Institute under his real name, Nagamitsu Yamada.

Yamada Soen

Shinsuke Kafuku

CEO
World Mode Holdings Co., Ltd.

SPECIAL DISCUSSIONS *Yamada Soen* ✕ *Kafuku Shinsuke*

Thinking of our guests, we start preparations for the tea ceremony. Soon after the guests arrive, they nervously walk through the gate and up the approach to the tea room. We serve tea and they enjoy the tea ceremony in a relaxed atmosphere. If they feel relaxed when they leave, we have achieved our goal.

Kafuku: I understand. Respecting the other person, it may be the same about fashion. There is a word "TPO" (time, place, and occasion). Choosing clothes to express one's self while taking the situation into consideration and being conscious of harmony with other people. I believe this is fashion that makes others happy and makes oneself feel uplifted. It is similar to your interpretation of layering the context of the other person and oneself in the tea ceremony.

Performing" through the Tea Ceremony

Q: I hear that more and more corporate executives are becoming interested in the tea ceremony.

Yamada: Many of our managers are Oda Nobunaga lovers (laughter). As



you know, there was a deep relationship between Oda Nobunaga the ruler of Japan and Sen no Rikyu, who established "wabicha," or tea ceremony that you find beauty in simple utensils rather than in glittering Imported wares. The dance of Noh that Nobunaga danced at the departure for battle in Okehazama is also widely known. In fact, "Noh" had a strong connection with "tea ceremony" for a long time. Nobunaga believed that that he could not control the people around him only by force, and adopted Noh and the tea ceremony as his own training and skillfully used them to seize the hearts of the people and move toward unifying the country.

Kafuku: The story line about not thinking of conquering only by force is rather reminiscent of the recent uncertain world situations...

Yamada: There is a term "right-brain leadership," which is a style of management that focuses on creativity, empathy, and intuition, rather than the traditional profit-oriented style. Sengoku warlords may have been practicing this right-brain leadership since that time.

Kafuku: To be a right-brained leader, we have to expand our knowledge in various fields besides power and numbers, and be always sensitive to changes in the environment around us

Yamada: We tea masters must be widely versed in more than just the tea ceremony. One of the most beautiful skills of the tea ceremony is "mixing and matching". We must be able to harmonize various tea ceremony utensils, combine seasonal flowers with hanging scrolls, and blend the traditional with the modern. In addition, it is necessary to "play" the role required for each occasion, especially at once in a lifetime moments such as the tea ceremony. As Yamada Sohen I think that it required to the lemoto by disciples of each region.

Kafuku: I may be playing myself as a manager. I want to be the person who is sought after as a leader by the people I work with through my own daily study. I also want to acquire a wide range of knowledge to be trusted by my business partners. Perhaps since I play the role of such a manager all day long, this is why when I go home, I am so tired.

Yamada: It is necessary to distinguish work time and off time, isn't it? People tend to think that lemoto is usually dressed in kimono and eating Kaiseki, but recently I went to Disney Sea with my family and had a great time. Of course, I was wearing a T-shirt and jeans, and even put a character hat on my head (laughter).

**Japanese Culture and Sustainability**

Q: Japan has developed its own unique fashion and culture, such as kimono.

Kafuku: At the stage of making, kimono fabrics were used without any leftover fabric, and even if they became old, they were re-tailored for children or used as dustcloths, diapers, etc. afterwards. So ultimate sustainability has been the norm in Japan since the Edo period.

Yamada: Around the 16th century, during the Age of Discovery in Europe, nations repeatedly fought for supremacy over one another.



At that time, Japan was in the midst of the upheaval of the Warring States period, and cultures such as the tea ceremony were growing out of the chanoyu. In the world of wabicha in particular, there was the concept of "less than enough is good," which was originally derived from Zen, and an aesthetics of subtraction was born. The tea ceremony has used kunugi charcoal to heat water since that time, and this is an environmentally friendly method that also helps to restore satoyama, woodlands near a village.

Kafuku: In recent years, the West seems to have taken the lead in the concept of sustainability. Perhaps now is the time for us to re-examine the way of seeing and thinking about things inherited in Japan from long ago, and to respect the Japanese culture. In this way, people must change awareness and mindset.

Yamada: I have always loved Yohji Yamamoto's clothes. I think the way its casually thrown on look of this brand's clothes is really beautiful, similar to the movement of the hem of a kimono or hakama. In a way, it is a style that somehow reminds me of Japanese culture and tradition, and I feel that it expresses a Japanese-ness that the world recognizes.

Kafuku: I also think that there are only few global luxury brands originating from Japan. Besides tea ceremony, in Japan, there are many elements to be proud of in the world, such as various cultural qualities, craftsmanship,

traditional crafts that have been passed down from generation to generation.

Yamada: One aspect of traditional Japanese crafts is that they have continued to develop for tea utensils in their own time. There was a time when asset value of tea utensils increased and people competed to own them. However, in modern capitalism, the value of new vessels as works of art is not recognized and as a result, they have been discontinued.



A Sustainable Future through Tea Ceremony

— Various environmental issues, such as global warming, are being discussed by many

Yamada: In our garden in Kamakura, hagi (bush clover) flowers, which usually bloom in the fall, can now be seen in May, and I hear that tropical fish are in the sea near Hayama beach. The rice paddies and fields where I used to play in my childhood have been converted into residential areas before I knew it, and I hear that the temperature has risen several degrees Celsius, although I am not sure if this is because of global warming or not. We definitely feel the effects of global warming in our daily lives.

Kafuku: You are wearing a cool kimono today, but in the fashion industry, the polarization of long summer and short winter is the norm, with spring and fall becoming extremely short. This seems to be a global trend, not just in Japan, and global warming is something that each and every one of us needs to keep in mind in our daily lives as well as in the industry.

— What are your concerns for a sustainable future?

Yamada: I think the culture of seniors taking care of juniors, which was the norm in our time, is fading away. In the past, we learned a lot from our parents, grandparents, work seniors, and neighbors, but I feel that the "humanity" that has existed in Japan since ancient times has diminished, and today, individualism that does not involve others as much has spread. It was natural for leaders such as those in management, in authority and of high social standing to have reasonable obligations. As the Iemoto of the Sohen school of tea ceremony, which has a long tradition, what I can do is limited. But as the Yamada family, I wondered if there was anything that I could do to be of service to society, and I am now presiding over an organization called "Urban Cabin Institute. The organization is dedicated to the promotion of aesthetics and values centered on the tea ceremony to the successors of Japanese and foreign business circles and long-established companies, as well as to the education of children, the leaders of the next generation.



Kafuku: The fashion industry faces a variety of social issues that threaten a sustainable world, including environmental and human rights issues. In confronting these issues, it is important for the fashion industry as a whole to act as one, but at the root of it all, I thought it is important to change the mindset of everyone involved. Right-brain leadership was mentioned earlier. Instead of the profit-seeking management of capitalism that has been the norm in the past, future managers, including myself, must broadly consider the global environment and human rights issues, and keep in mind that the raison d'être of a company is to solve social problems.

Yamada: Just as Nobunaga loved Noh and the tea ceremony even in the age of war, I hope that future leaders will have embrace creativity, empathy, and other spiritual qualities.

Kafuku: I received many hints from the tea ceremony, such as preparing for a tea ceremony while thinking about the guests, the idea that less than enough is good, and relation of Nobunaga to Noh, and the tea ceremony. We will make the most of what we learned today and continue to contribute in any way for the sustainability of the fashion and beauty industry.

— Thank you both very much for your time this valuable discussion today.

BUSINESS OUTLINE

We are a unique solution group specializing in fashion and beauty in Japan and abroad

Management Policy

Specializing in the fashion and beauty industry and combining diverse professionals and services, we aim for customer success, industry growth, and community involvement

Business

Human resource for the the fashion and beauty industry, training, store operations management, visual merchandising, marketing, retail tech, and global business operations. We provide diversified solutions

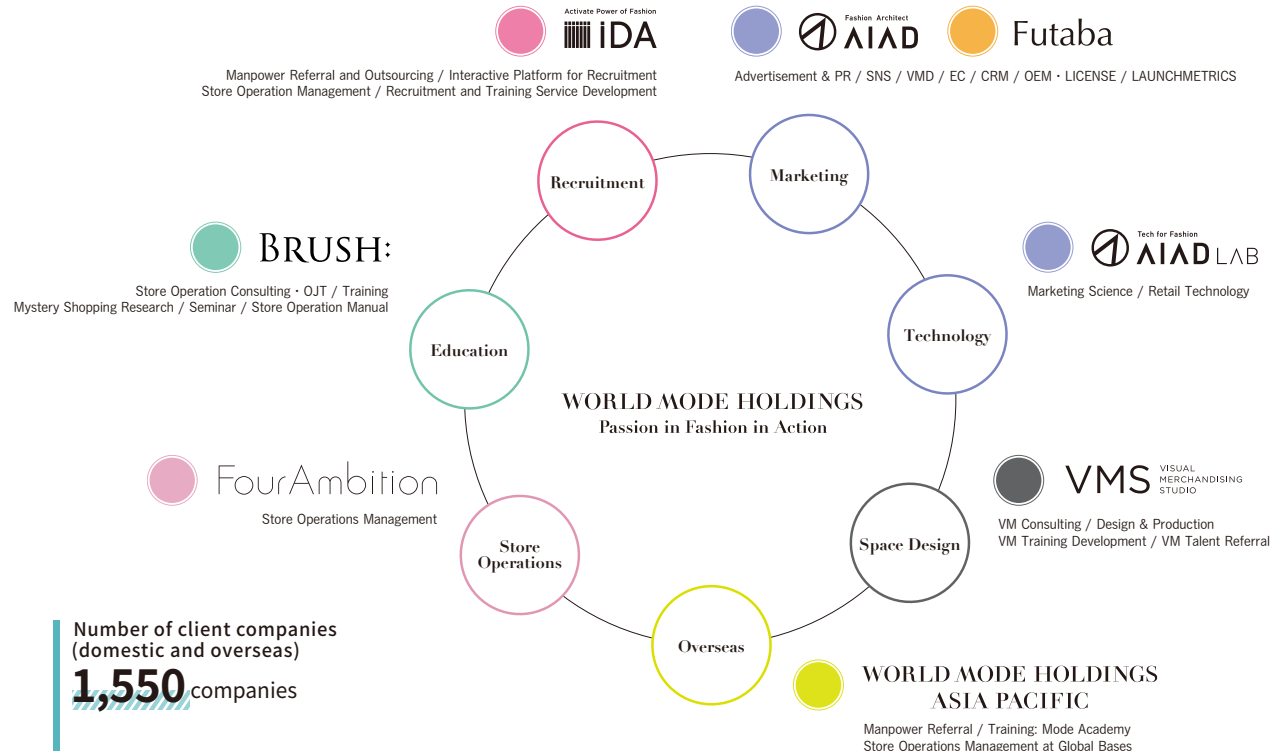
Business Scale

Annual sales: 37.7 billion yen (actual results for FY2023)
7 operating companies and 27 offices in Japan, 7 global bases

Group Employees
Domestic and overseas total
10,000 people
(including domestic and international
outsourcing employees)

Total number of registered
personnel
380,000 people

Number of client companies
(domestic and overseas)
1,550 companies



GROUP PHILOSOPHY

Our PURPOSE • VISION • MISSION

WORLD MODE HOLDINGS aims to be a company that continues to provide joy to people and society and to enrich through fashion.

We have formulated our **PURPOSE • VISION • MISSION** with the objective of realizing a future where everyone, from the people who support fashion to the consumers who enjoy it, to live with excitement.



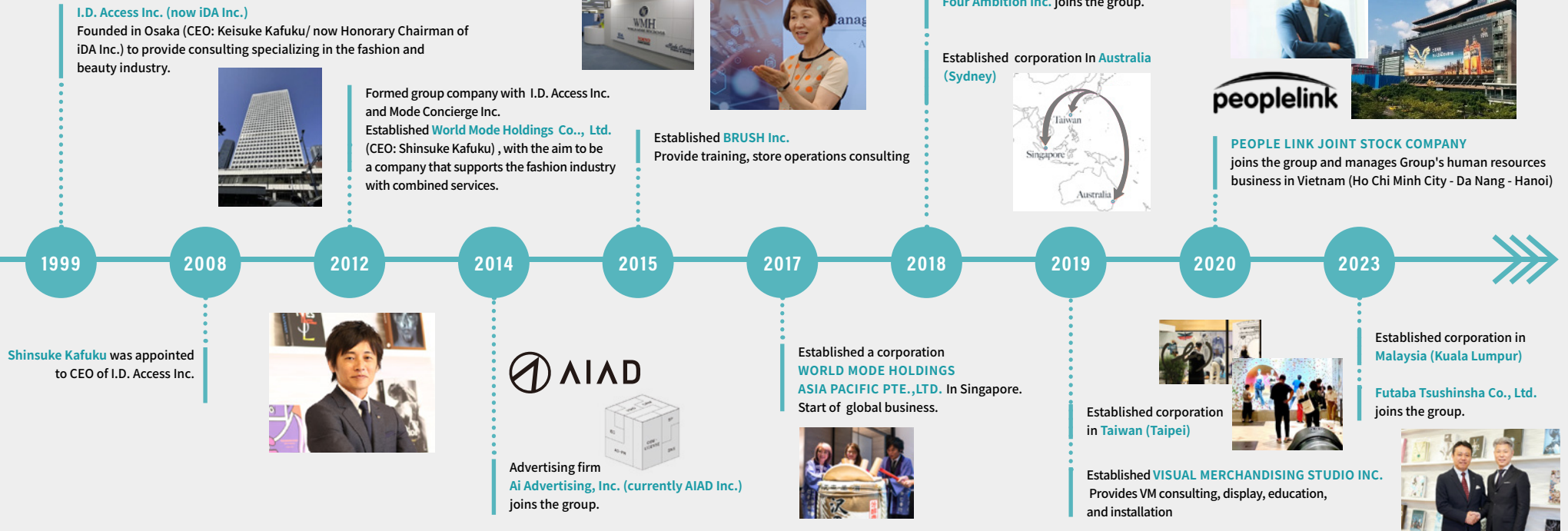
OUR HISTORY

Our path and stories created with our as a team teams

We first established ourselves as a consulting firm for fashion and beauty.

After continuing to grow with industry-specific human resource services as the core of its business, the company was converted to moved towards group management in order to respond to more diverse industry issues.

Through merging and founding highly specialized operating companies and overseas expansion, the company now has operating 7 companies in Japan and 5 countries. We provide solutions that leverage our comprehensive capabilities.

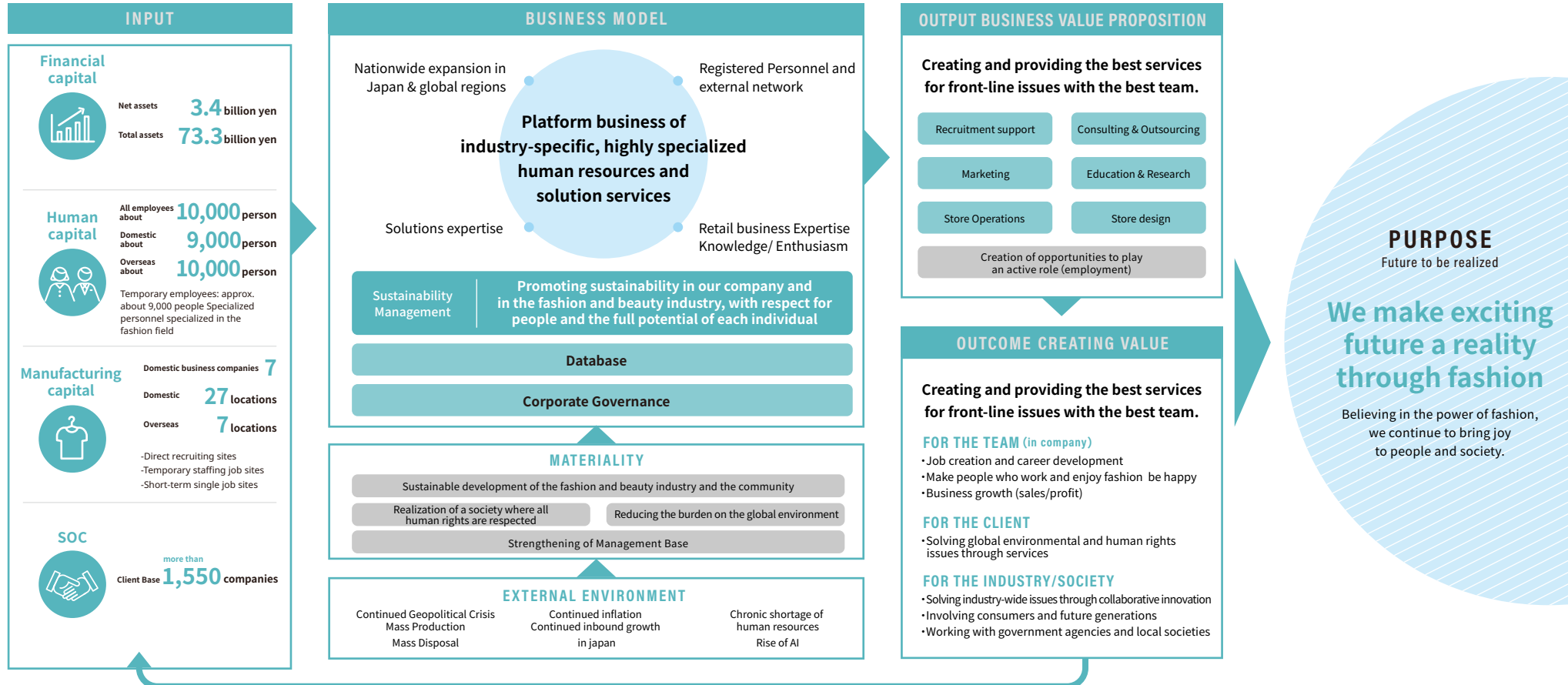


VALUE CREATION PROCESS

Value Creation Process

World Mode Holdings specializes in the fashion field.

We will bring joy to people and society by providing solutions to our clients' problems in areas such as human resources, education, store operations, and marketing.



MESSAGE FROM SUSTAINABILITY OFFICER

Promoting sustainability through dialogues with diverse people

Since I began my career as a sales representative for a domestic apparel company, I have consistently been involved in the recruitment and storefront areas of the fashion and beauty industry. My strong desire to create an environment where everyone involved in this industry can build an ideal lifelong career and to increase the number of people who love and enjoy fashion with the same passion as I do is what drives me to work for transforming the industry.

Since its establishment, WORLD MODE HOLDINGS has developed its business based on the belief that fashion is created by people. After the corona disaster, now that society as a whole is promoting sustainability, I strongly feel through daily dialogues with our clients and partners that the "power of people," which we have valued as a group, is becoming more and more important. On the other hand, we are required to face many social issues when promoting sustainability activities, and it is not easy for one company to make efforts alone. Now is the time for the entire fashion and beauty industry to unite and cooperate with each other to become a sustainable industry.

To realize this goal, first of all, we ourselves will embody the Sustainability Transformation by conducting responsible management as a public entity of society. In each materiality, such as human rights and the environment, our Sustainability Committee plays a central role in making recommendations to management, formulating rules, managing KPI, and implementing improvement measures, while emphasizing the development of an organizational culture in which we help each other and engage in positive sustainability promotion activities.

Furthermore, in each of our group businesses, we are refining our services from a sustainability perspective and strengthening them as solutions to fundamental issues. In particular, we are focusing on the education of sales staff in the fashion and beauty industry.

For all brands that put value on customer service at the stores, sales positions hold a very important role as the representative of the brand, conveying the values and enjoyment of the brand.

However, at present, there are not many opportunities for sales staff to learn about a number of social issues, industry issues, and the sustainability status of the brands they work for. By promoting sustainability education for sales staff to convey to customers with passion the environmentally friendly product information and messages contained in the creative work of products, we believe that we can gradually change the value of consumption and the global society for the better.

We will further act and engage in thorough dialogues with companies and people in the fashion and beauty industry. By doing so, we will work together with all of our stakeholders to achieve sustainability transformation and contribute to create a fulfilling society for the future.



Kenichiro Horii
Director
Sustainability Officer
World Mode Holdings Co., Ltd.

DRIVING FORCE

Organization structure to promote sustainability activities

World Mode Holdings initially established a Sustainability Committee chaired by the CEO in 2020 to work with all stakeholders to realize a sustainable future society. We promote sustainability activities focusing on activities to improve current external inefficiencies and information dissemination within and outside the organization.

The Sustainability Committee is chaired by the director in charge of sustainability, and is made up of a diverse range of members from across the Group organization.

Members continually learn about sustainability issues surrounding their industry and business and actively engage in activities throughout the year, such as identifying issues through analysis and discussing improvement measures. In addition, external experts with extensive knowledge of sustainability in the fashion and beauty industry participate as advisors to enhance the quality of discussions. Measures decided by this committee are implemented in cooperation with each business company and business execution division, and regular reports and recommendations are made to the group management.

The Executive Committee and the Board of Directors are responsible for overseeing the Sustainability Committee.

The decision-making process is based on reports on the up to date status of and measures taken to address climate-related issues and human rights problems, as well as the results of the implementation of measures. Each operating company and business execution division acts as an execution function within its own division, working together with its members to put each measure into action.



EXTERNAL ENVIRONMENT

External environment surrounding us

There are dizzying changes in the fashion and beauty industry and the environment surrounding our company. In recent years, geopolitical risks (conflict in the Middle East, conflict in Ukraine, conflict in Russia, and fears of an emergency in Taiwan) have increased, and there have been a variety of issues, such as inflation caused by the rise in crude oil prices and the yen's depreciation resulting from interest rate discrepancies with other countries. We aim to analyze the impact of changes in the external environment promptly and consider measures to address them.

	Event	Contents	Impact on and measures for our company and the fashion and beauty industry
Politics	Geopolitical crisis continues	Geopolitical risks are on the rise, including the Middle East conflict, the Ukraine-Russia conflict, and the Taiwan contingency. Increased focus on Japan and ASEAN, considered to be relatively less affected by these risks.	Capture opportunities to win new projects not only in Japan but also in ASEAN, as the presence in Japan and ASEAN will relatively increase due to the turmoil in the Middle East, Europe, and the U.S.
Economy	Mass production and mass disposal	To reduce the cost per product, there are cases where production lines seek efficiency and produce more than necessary. It is difficult to accurately forecast market demand and to avoid lost sales opportunities, production is carried out more than sales capacity, leading to waste.	Mass production and mass disposal lead to global warming from depletion of natural resources and greenhouse gas (GHG) emissions. Improved accuracy of demand forecasting from data-driven marketing is required. Support for efforts to promote the circular economy is also needed.
	Continued inflation	Inflation continues due to supply chain disruptions and rising energy prices. Continued price increases predict reduced purchasing power and slow consumption.	As asset prices rise with inflation transition to a world where the rich become even richer. Demand for luxury brands is increasing, and the response to luxury is continually being fortified.
Society	Increase in inbound visitors	Easing of travel restrictions and the weak yen have increased the number of tourists. Continued strong performance of global brands is expected to revitalize the local economy.	Demand related to inbound support is increasing. To strengthen the supply of bilingual and multilingual human resources, we will promote the search for talent on a global basis.
	Chronic shortage of human resources	There is a shortage of human resources due to the declining birthrate, aging population, problems in the work environment, and changes in work ethic.	The supply-demand imbalance has resulted in a chronic shortage of human resources in the industry, which results in requiring more efficient store operations. →Consideration for global sourcing/work sharing/use of robots, etc.
Technology	Rise of Generative AI	Increased efficiency in all operations. AI-based content generation is rapidly becoming popular in the advertising and design industries.	Consider creating new value and improving operational efficiency by utilizing generative AI. Full use of AI in the human resource business for matching capabilities, and AI generation usage for copy and creative in the marketing business can be considered.

OUR MATERIALITY

The four materialities we address

To develop sustainably with people and companies around the world in an external environment where many social problems exist and change rapidly, We believe it is essential to take a broad view over the medium to long term and incorporate sustainability into our activities by placing it at the core of the Group's management. This year, we have identified four materiality issues for the management of our company. In each materiality area, we define the "value we provide to society" and actively engage in activities to create a sustainable and better society through our business activities.

MATERIALITY 1

Sustainable development of the fashion and beauty industry and the community

- Providing quality personnel and solutions
- Promoting industry-wide change
- Diverse workforce who has the opportunity to aspire for their ideal careers, and creating opportunities for prosperous work
- To be an infrastructure that connects fashion lovers and companies all over the world.
- Revitalization of local communities



MATERIALITY 2

Realization of a society where all human rights are respected

- Achieving diversity and inclusion
- Realization of gender equality
- Mental and physical health
- Protect and nurture the future generation that will be responsible for the society of the future.



MATERIALITY 3

Reduced impact on the global environment

- Achieve carbon neutrality
- Break away from a society based on mass production, consumption, and disposal
- Realization of a circular economy



MATERIALITY 4

Strengthening of management base

- Compliance and risk management
- Transparent, sound, fair and equitable management
- Strengthening information security



IDENTIFICATION PROCESS OF MATERIALITY

Materiality Identification Process

This term's Sustainability Committee members began by summarizing the stakeholders that surround us. Next, after each member listed the stakeholders and the sustainability issues (mainly social issues and business issues) that we face, we summarized them into representative 21 issues.

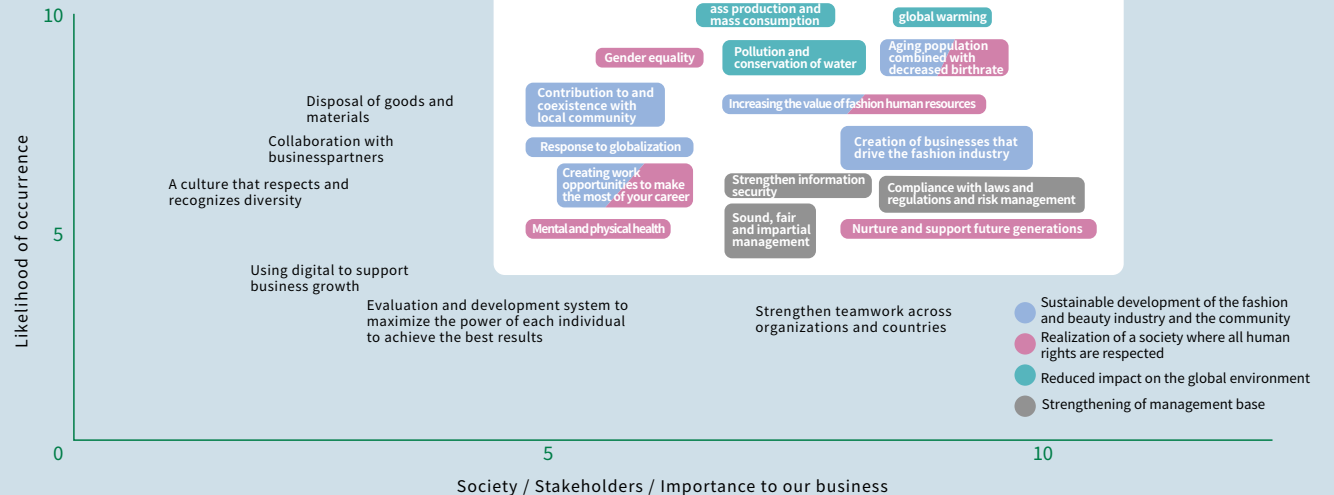
In this discussion, we were conscious of thinking in terms of values that are relevant for World Mode Holdings. The issues were then quantified on the axes of (1) importance to society/stakeholders/the company and (2) likelihood of occurrence, and a matrix was created to identify the issues with the highest values as materialities. For each materiality, the value of contribution to society and corresponding SDGs targets were incorporated, and after approval by the Board of Directors, they were shared with Group employees at management meetings and on the intranet.

SPECIFIC



stakeholders	
1	World Mode Holdings Co., Ltd. Directors, employees and job seekers
2	Clients Clients Vendors Business partners, competitors, financial institutions, shareholders, investors, consumers
3	International and Local Communities Government, local government, UN, international organizations, NPOs, NGOs
4	future generation Students & Children

Sustainable Issue Matrix



CO-CREATION

Sustainable development of the fashion and beauty industry and the community

We will provide human resources and services that "build bridges between brands and consumers" to address the many social issues faced by companies in the industry. We will leverage our unique position as a marketing and other solutions company to help the industry grow by educating businesses and consumers about the promotion of sustainability. In addition, through our business activities, we are working to promote regional revitalization in Japan and to activate local community development of APAC and other regions of the world to the global community.

INITIATIVES FOR THE DEVELOPMENT OF INDUSTRY AND LOCAL COMMUNITIES

Co-creating with stakeholders Create new value and contribute to sustainable development

As a group of fashion lovers, we believe in the value that fashion holds. Based on this belief, we are committed to solving our client's problems, and we are committed to "creating sound employment opportunities," "learning and development that leads to careers," and output for "creative services and goods." With these efforts, we will contribute to further growth for a sustainable fashion and beauty industry.

We hope that this value provision will lead to revitalization of local communities in Japan and ASEAN countries, and we aspire to achieve this through co-creation with a variety of stakeholders.

These activities will be promoted based on the concept of "Creating Shared Value (CSV)," which aims to achieve both business activities and social contributions, rather than the old CSR activities that positioned social contribution activities as an incidental part of the company's business.

[The development of the fashion and beauty industry]

In addition to environmental pollution issues surrounding products, client companies face many social issues related to people, such as work ethics and respect for diversity. We contribute to the development of the fashion industry by promoting the "Sustainability Transformation of the Fashion Industry," through various means, in addition to providing human resources, education, and various other solutions.

[Development of local communities]

Currently, we have a network of offices throughout Japan (27 locations) and in APAC (5 countries · 7 locations.)

By maximizing the strength of this network, we work to solve the issues faced by each local community from both a global and local perspectives and contribute to the development of local communities in cooperation with people, businesses, educational institutions, local governments, and various organizations.

Ms. Chizuru Muko
Sustainability Advisor
World Mode Holdings Co., Ltd.
Director of Sustainability
WWDJAPAN



The words of salesperson encourage consumers to change their behavior

Sustainability shift in the fashion industry is being driven by a shift to energy conservation and renewable energy sources in factories to reduce CO2. emission. The first step was the transformation of the manufacturing process. The next challenge will be in storefronts. In particular, we believe that the role of sales staff, who are in direct contact with consumers, will play a very important role. This is because no matter how many "products" and business systems are modified to be environmentally conscious, many of them are not apparent at first glance, and unless they are conveyed in words, the value will not reach the consumers.

Parallel to traditional customer service terms such as "it suits you," "it's convenient," and "it's a great deal," I believe that only when "how this shopping is sustainable" is attractively communicated from the sales staff to the consumers, and only when these actions are accumulated, will there be a positive impact on society. In addition, in order to accelerate the speed of change, it is necessary to take the leadership to unite the actions that are being taken by individual companies and make them into a major movement in the industry as a whole.

In this sense, I think that WORLD MODE HOLDINGS has a significant role to play.

CONTRIBUTING TO GLOBAL SOCIETY

Contribution to Global Societies

We contribute to global societies by supporting various challenges that transcend national borders.

Expanding overseas sales channels is one of the key themes for sustainable growth for the Japanese fashion and beauty industry.

Through this support initiative, we will be actively working to provide stable employment opportunities and education, which are social issues in ASEAN countries.

Support for overseas expansion of Japanese companies

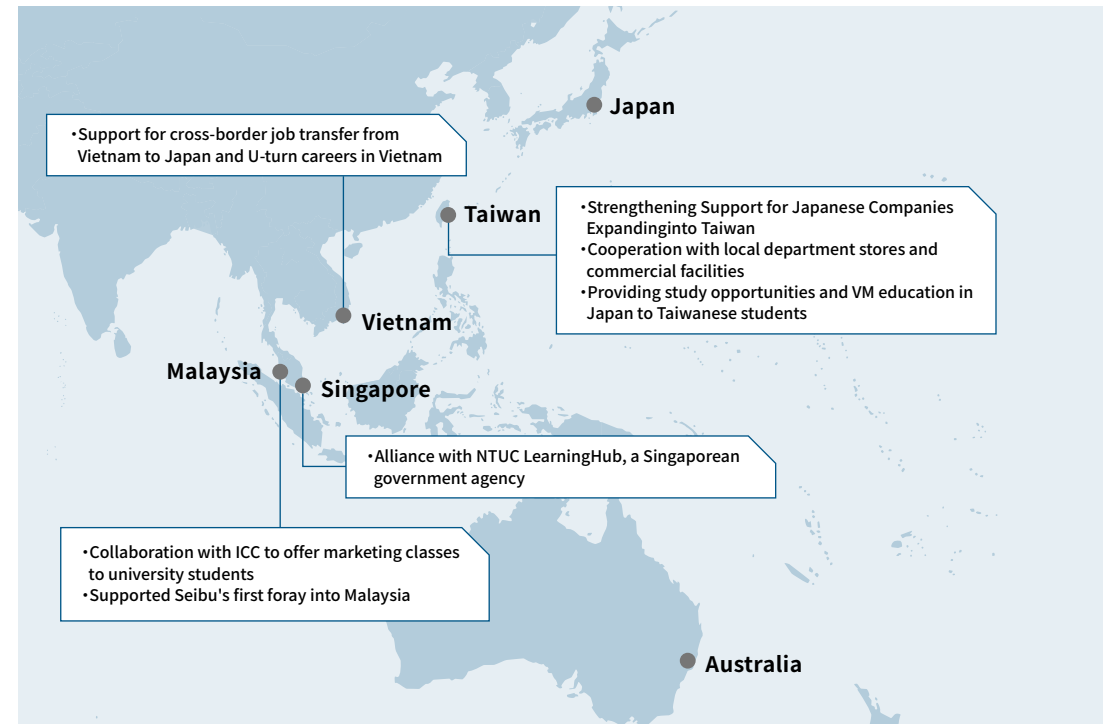
Companies that start new businesses across countries cannot avoid issues such as language barriers, differences in business practices, culture, and laws, and the acquisition of excellent human resources. While needs vary from country to country, we accompany companies from the initial stages of business expansion to allow them to focus on business expansion, with our focused services in store management and human resource services utilizing our network of local subsidiaries and know-how in the APAC region. By enabling a variety of people overseas to enjoy high-quality Japanese brands, we will also contribute to the succession of Japan's outstanding creativity and its underlying culture, values, and technologies.

Provide employment opportunities and education

The overseas expansion of Japanese companies creates new employment opportunities in the countries where they operate, and we also provide retail customer service training based on the Japanese "Omotenashi Spirit" to local staff. In addition, we are involved in the "Global Ambassador System," which supports cross-border employment, creating opportunities to utilize language skills and work as sales staff in stores in Japan.

Through these activities, we contribute to enriching the lives of people in various countries who need education and stable jobs.

World Mode Holdings Overseas Offices



INITIATIVES IN VIETNAM

Retail business support through collaboration between Vietnam and Japan

In April 2020, Vietnam's leading human resources company developed to become a business partner as part of World Mode Holdings. With PEOPLE LINK JOINT STOCK COMPANY ("PEOPLE LINK") joining WMH, our business in Vietnam began in earnest. Since then, we have been expanding our services to support the fashion and beauty fields, promoting initiatives such as supporting the entry of Japanese companies into the Vietnamese market.

Full support for Vietnamese human resources in Japan

The "Global Ambassador" service started in Taiwan in 2019 and has been expanded to Vietnam since 2023. We fully support retail human resources hired in Vietnam to work in Japan and help them become a competitive force in the Japanese storefront, including serving inbound travelers. In the future, we aim to link this to the circulation of human resources across national borders, who will bring the customer service skills they acquired in Japan to support the development of the fashion and beauty industry in their home countries.



PEOPLE LINK members celebrating the company's 15th Anniversary

Supporting Japanese Companies Expanding into Vietnam

In 2023, we concluded a business alliance agreement with ONE-VALUE Corporation, a management consulting firm with a top-class track record in assisting Japanese companies to enter the Vietnamese market. Leveraging the strengths of both companies, we have strengthened our support system for companies seeking to enter the Vietnamese market, including full business support from the establishment of a local subsidiary in Vietnam to online and offline sales of products, as well as training programs for working in the country.



Strengthening the service system through collaboration among companies (Ms. Phihoa Representative Director ONE-VALUE)

SOLUTION DEVELOPMENT IN EACH REGION

Developing the best solutions to meet local needs

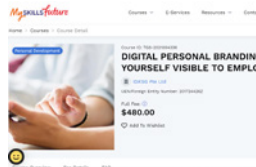
Depending on the needs of each client company and the conditions in each region, what is required of us as a solutions company varies. World-Mode Holdings supports the business growth of domestic and international clients by enhancing the quality and expanding the scope of our services with the most suitable partners.

Working with Singapore's top training providers

The Singapore government is focused on the ongoing training of its workforce to ensure that workers can keep up with evolving business needs and technological advancements, and is working with businesses to implement measures to help them acquire and update their skills. The learning opportunities are provided by NTUC LearningHub (hereafter NTUC LHUB), which belongs to NTUC (National Trades Union Congress of Singapore) as a social enterprise. World Mode Holdings, which has an overseas office in Singapore and develops human resource services and other businesses, is promoting initiatives aimed at improving the skills of sales staff and enhancing their social status together with NTUC LHUB by utilizing knowledge and expertise in sales staff development.

Cooperation in providing learning content and program development CX Ambassador Program

We have provided learning content to NTUC LHUB as a training provider in the area of human resource development. We also work on collaborative learning program development and upskilling and reskilling of sales staff.



Providing learning content for "MY SKILLS FUTURE," an educational platform operated by the Singaporean government.

In order to address the human resource development issues in the retail industry in Singapore, we are working with NTUC LHUB. In November 2023, we started the "CX Ambassador Program" at our Singapore base, WORLD MODE SINGAPORE, to recruit and train people who aim to become sales professionals.



Support for Japanese retail companies entering the Taiwan market

In order to strengthen business support in Taiwan, which has a strong affinity with Japan and a proven track record, we have formed a business alliance with NISHIKAWA ASSOCIATES to provide practical support such as store operation, recruitment, training, and marketing, as well as local research, sales channel development, corporate establishment, various legal consultations, and import/export procedures for market entry. In addition to practical support for store operations, recruitment, training, marketing, etc., we are strengthening our support for market entry in Taiwan by leveraging the strengths of both companies, which have local subsidiaries, to provide local research, sales channel development, incorporation, legal consultation, import/export procedures, etc.

New measures to support Japanese companies entering the market in collaboration with commercial facilities

Taiwan's commercial facilities are increasingly in need of Japanese brands and World Mode Holdings and NISHIKAWA ASSOCIATES provide support for Japanese companies to expand into commercial facilities on their own, as well as pop-up stores and events where multiple companies can sell their products jointly. We also provide import/export agency support in cooperation with logistics companies.



VARIOUS LEARNING OPPORTUNITIES

Creating various learning opportunities for people and students involved in fashion

Our group brings together professionals from all areas of the fashion and beauty industry.

We collaborate with national and international business partners, educational institutions, and sustainability awareness events, we are engaged in a variety of initiatives aimed at solving industry issues and fostering the development of future generations.

01 Practical Marketing Seminar Conducted in Malaysia

WORLD MODE MALAYSIA held a marketing seminar for Japanese students studying abroad in Malaysia. The students conducted market research, company interviews, and insight surveys on the theme of effective marketing of local brand products, and presented their solutions. Through this seminar, we provided a practical marketing experience.



Date: November 2023

02 Seminar on the challenges of recruiting sales staff for those in charge of personnel in the industry

Japan Professional Salespeople's Association (JASPA), iDA CEO Kenichiro Horii spoke at the 5th JASPA HR Forum. He spoke about the challenges and possibilities of sales recruitment from the perspective of an expert in human resource services to an audience of HR professionals from luxury goods, apparel, and department stores.



Date: July 31, 2023

03 Visual merchandising workshop for university students in Taiwan

VISUAL MERCHANDISING STUDIO studying fashion at Shijian University. Kenichiro Hotta, the president of the company, gave a lecture and workshop on the know-how and knowledge of visual merchandising with practical information and hands-on experience.



Date: July 24, 2023

04 Sustainability Webinar held for salespersons

We regularly offer free webinars designed to support sales associates in deepening their understanding of sustainability. Each webinar features a guest speaker from the fashion industry to discuss a wide range of sustainability issues.



Date: December 6, 2023

05 An event with students to discuss sustainability and life style brands' practices

Held at the The BEST SDGS AWARD FOR UNIVERSITY, the largest SDGs award for students in Japan. The 2nd "Student Symposium" was held in Japan. The guest speaker was Yukari Negishi, Business Manager and Women's Director of lifestyle brand Lon Herman, who joined students in a discussion on how to tackle sustainability.



Date: February 12, 2024

06 Presenting industry challenges and initiatives at Sustainability Awareness Events

Representative Shinsuke Kafuku spoke at the SUSTAINABLE BRANDS OPEN SEMINAR with FRaU Editor-in-Chief Tatsuhiko Seki and WWDJAPAN Sustainability Director Chizuru Mukai. They presented and discussed sustainability issues and initiatives from the industry and of sales staff.



Date: February 22, 2024

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PEOPLE

Realization of a society where all human rights are respected

For the fashion industry supply chain includes design, manufacturing, logistics, and marketing until it reach the consumers in retail sales and it includes a variety of diverse people all around the world.

We are also a company that brings together a diverse group of people to conduct business.

We are working to resolve human rights issues surrounding fashion and to realize a society where human rights are respected.

HUMAN CAPITAL MANAGEMENT

Promotion of human capital management

Our mission to support the fashion - beauty industry is built on the strength of many people, including clients, employees, registered personnel, and partners, and the concept of human capital is at the core of our management. We aim to continuously create innovation by creating an environment that allows individuals to maximize their strengths through the provision of learning opportunities, organizational management, and a personnel system that motivates and engages a diverse group of people who share the Group's philosophy as colleagues.

And last year, with the aim of transforming the industry into one where no one who loves fashion is left behind to enjoy life and work in a better working environment, we formulated a Group Human Rights Policy and expressed our commitment to solving internal and external social issues.

In order to promote these themes, the Human Rights Subcommittee of the Sustainability Committee has identified three themes: the improvement of the status of sales staff, which is the corporate philosophy of iDA, the Group's human resources company; diversity and inclusion, which is the Group's human resources philosophy; and the advancement of women. First, we conducted a survey of sales staff to understand the current situation, learned about background human rights issues, and created reskilling opportunities for human rights education towards Group executives and management employees to fortify management skills.

Improvement
of sales staff
status

Diversity &
Inclusion

Work environment that
responds to women's life
stages

Masanori Hirose

Director
Human Resources Officer
World Mode Holdings Co.,Ltd.
CEO
Four Ambition Inc.



Instilling joy to society with people power at the source

Our Group's PURPOSE is to "realize the exciting future through fashion involving those that create fashion and everyone enjoying fashion," and through our corporate activities we aim to continue to instill joy to people and society.

People are the source of future and joy. Our group's business is supported by the many people who work with us. In order for the Group to grow sustainably and contribute to society, we believe it is necessary to continue to create an environment in which all employees can acquire in-depth knowledge and advanced skills and maximize their value. To this end, we will formulate and implement a human resource strategy in line with the Group's medium- and long-term management strategy, and aim to become an attractive company where fashion lovers want to come together, in all aspects including people, systems, and corporate culture.

At the same time, our business can only continue to exist if the human rights of all people around the Group are respected. The fashion and beauty industry, which we support with passion, has many challenges, including issues of working conditions and harassment, and not only bright ones and not all positive. We will take the lead in supporting the efforts of each company in the industry to respect human rights. Furthermore, and as a Group company, we will strive to lead the way to elevate these actions for the whole industry so that it results in achieving a rich working environment.

HUMAN RIGHTS POLICY OF OUR GROUP

Formulation of Group Human Rights Policy

We believe in the power of fashion, and we will promote group-wide efforts to respect the human rights of all people in order to continue to provide joy to people and society. We aim to protect the human rights of our employees and treat them fairly, and to continue to provide a safe working environment free from discrimination and harassment. We will also contribute to the development of a sustainable society by respecting human rights in all aspects of our corporate activities. We have established the Group Human Rights Policy to demonstrate this commitment.

World Mode Holdings Group Human Rights Policy

– To create an exciting future for people living in fashion –

1. Commitment to Respect Human Rights

All directors and employees of World Mode Holdings and its group companies (hereafter, 'we') will contribute to the development of a sustainable society by respecting human rights in all aspects of our corporate activities.

2. Scope of Human Rights Policy

We respect everyone as an individual and are committed to ensuring a safe and healthy work environment that takes into consideration the physical and mental health of our employees, and to ensuring that our employees (hereinafter referred to as "we" or "us") are able to work safely and healthily in all aspects of our corporate activities. We shall respect human rights and endeavor to protect human rights, including gender identity, sexual orientation, physical characteristics, disease, age, nationality, race, and ethnicity, and shall comply with laws, regulations, and rules related to safety and health, and shall ensure a safe and healthy work environment.

3. Emphasize diversity and prohibit harassment

This Human Rights Policy applies to the directors and employees of the World Mode Holdings Group (World Mode Holdings Co., Ltd. and its consolidated subsidiaries). We aim to communicate in a way that is easy to understand for everyone to whom this Human Rights Policy applies, and to ensure that human rights violations are not caused or encouraged under this Human Rights Policy throughout the Group's value chain. Group executives and employees are protected from any human rights violations in the course of their work. At the same time, they are required to avoid involvement in direct or indirect human rights violations in the execution of their duties. For this reason, we focus on initiatives in accordance with this Human Rights Policy and on training executives and employees on avoiding human rights violations.

4. Control of working hours and wages

In accordance with the Labour Standards Act and labour-management agreements, we will stipulate rules in our employment regulations regarding appropriate working hours and rest periods, overtime work, late-night work, holidays and leave. We will also stipulate salary regulations that comply with legal requirements regarding minimum wages, statutory benefits and deductions, overtime work, etc., and pay employees directly.

5. Maintain employee safety and health

We will strive to ensure a safe and healthy working environment, taking care of the physical and mental health of our employees, and we will maintain this by complying with laws, regulations and rules regarding safety and health, and by taking appropriate action in response to health risks.

6. Information Protection

We will not use or leak information about customers, business partners, or our own company that we have obtained in the course of our work for any purpose other than the original purpose, without permission. In addition, we handle personal information with the utmost care. Depending on how it is handled, personal information that we obtain in the course of our work can cause significant damage to the individual concerned. Therefore, we do not use personal information for purposes other than those for which it was originally intended, or leak it, without the consent of the individual concerned.

7. Initiatives and Systems for Respecting Human Rights

We will create a system of effective measures by establishing appropriate reporting channels to prevent human rights violations. In the unlikely event that a negative impact on human rights arises through our business activities, we will respond appropriately with fair and impartial relief measures to mitigate and eliminate the impact.

HUMAN RIGHTS EDUCATION

Learn about human rights and take action

Ensure that the Group's human rights policy permeates all of the throughout the Group's workplaces, To put into practice in our business practices, we conduct a variety of training programs on human rights.

TOPICS 01 Learning at the Tokyo Human Rights Plaza

Upon formulating the Human Rights Policy, we promoted various actions to raise awareness so that the entire Group could put this policy into practice in concrete terms. As the first action, members of the Sustainability Committee and Human Rights Subcommittee visited the Tokyo Metropolitan Human Rights Plaza (Minato-ku, Tokyo). Through exhibits in the museum and wheelchair test rides, they learned that there are many human rights issues, including those for women, the elderly, people with disabilities, foreigners, and those with diverse gender identity/sexual orientation.



TOPICS 02 Human Rights Week Held

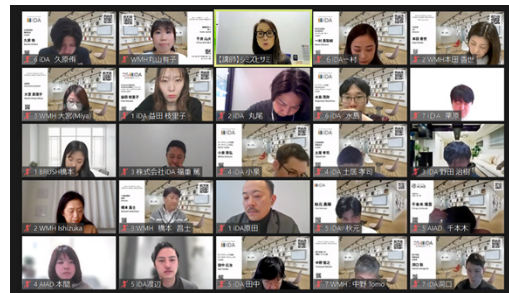


In December 2023, we held a Group Human Rights Week event to coincide with World Human Rights Day on December 10. The Group Human Rights Week was held as an opportunity for all Group employees to experience, learn about and think about human rights, to realize a society where all human rights in the fashion and beauty industries are respected and diversity is recognized. In

the Tokyo office, with the cooperation of the Tokyo Human Rights Plaza, we held a special traveling exhibition of paintings from the popular "Human Rights Culture Station" project. During the event, videos, music and books on the theme of human rights were displayed in the office for employees to freely browse.orientation.

TOPICS 03 Human rights training for group executives and managers

In their respective positions, participants took the training to find tips on how to practice respect for human rights in organizational management.Group executives visited the Tokyo Metropolitan Human Rights Plaza and participated in a study session on "Corporate Responsibility to Respect Human Rights." They learned what actions are required of individuals and organizations in order to eliminate rights violations. Meanwhile, managers from all Group companies participated in a diversity promotion training session and discussed on how to eliminate unconscious bias and build a



good teams while drawing out the individual strengths of each member. We Participants understood the need to raise awareness of human rights throughout the organization, regardless of rank, to create a safe work environment for all employees.

In addition, a human rights lunch roundtable discussion was held by volunteer employees. Using the Human Rights Culture Station as a model, they discussed their favorite works of art and what human rights issues they found in those works.The participants presented what they had noticed and newly felt about what the artwork represented and each team had a discussion about it. Through the roundtable discussion, we learned the importance of accepting and respecting each other's diversity, and deepened our realization that we, as human beings, should be aware of human rights issues in our daily lives, which will lead to the first step toward a future where human rights are respected not only in the fashion and beauty industry but also by all people around the world.



HUMAN RIGHTS AWARENESS SURVEY

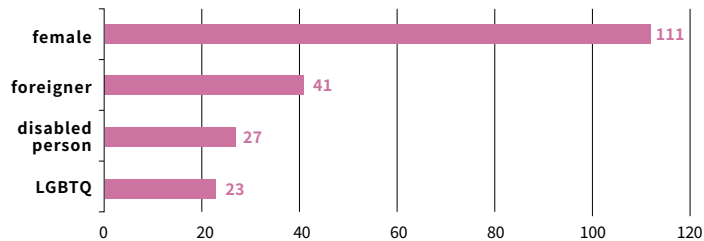
Human Rights Issues Deciphered from Human Rights Attitude Surveys of Salespeople

With 1,800 employees outsourcing per year and 380,000 registered users (mainly sales staff), for our group, improving the status of sales staff is a grave issue. We believe that by ensuring equal employment opportunities and receiving fair treatment and with respect for human rights, for everyone involved in our corporate activities, we can raise awareness of human rights throughout the fashion and beauty industry. In the fashion and beauty industry, where the percentage of women is high, providing workplaces where women can play an active role while taking into account life stages such as childbirth and child-rearing is an important issue that is directly linked to the future sustainability of the industry. Therefore, this year we conducted a human rights awareness survey to understand the current situation and promote awareness, while also taking initiatives related to respect for human rights.



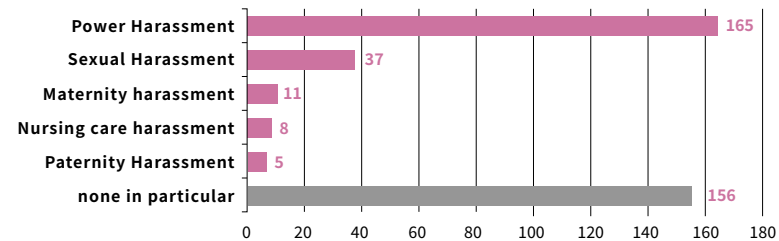
SURVEY Human Rights White Paper Questionnaire

Q What discrimination and human rights issues concern you in your workplace?



consideration Discrimination against women was the highest with 111 cases. Japan ranks 118th out of 146 countries in the Gender Gap Index (2024), the lowest among the seven major G7 countries. Unfortunately, the results of this survey also clearly show the existence of discrimination against women. One of the major causes is assumed to be the male-dominated workplace culture and decision-making structure, which points to the dire need to promote gender equality in the workplace and develop and support career paths for women.

Q Are there any harassment issues that concern you in the workplace?



consideration Question on harassment of concern in the workplace showed that power harassment had the highest number of responses. This indicates that a relatively large number of cases of perceived pressure or unfair treatment by superiors have occurred in the working environment of the fashion industry. This may be due to a lack of understanding of harassment by those in higher positions and a lack of communication due to their busy schedules.

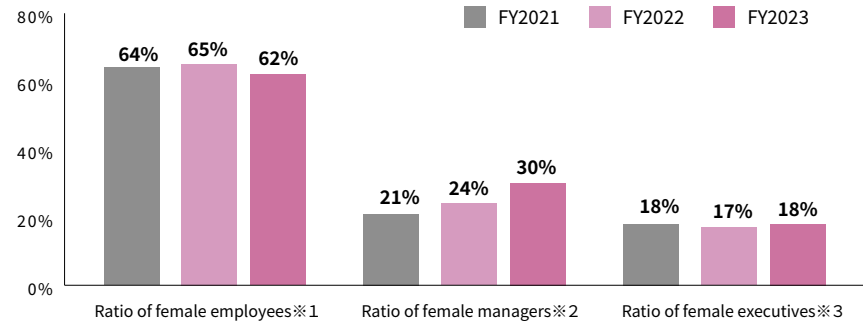
Survey subjects: People who have worked in the fashion and beauty industry, mainly in sales and customer service, nationwide.
Number of valid responses: 259. Survey period: December 2023 to January 2024.

For more information on the Human Rights Awareness Survey, please [click here](#).

SUPPORTING WOMEN'S PARTICIPATION

Women Leading the Group

Percentage of women in our group



Data as of the end of each fiscal year (7 companies in FY2021 and FY2022, 8 companies in FY2023)

※1 : WMH Group and domestic office employees (regular employees and fixed-term contract employees who have been with the company for at least years)

※2 : Managers who have subordinates at the section manager level and above ※3 : Directors and auditors

Like the fashion and beauty industry, which has a high percentage of female employees, the Group's female employees account for approximately 60% of the total workforce. We are working on a two-step approach so that everyone, regardless of gender, can work flexibly according to life events and continue to develop their careers.

1 Enhancement of the system

Each company has developed systems to enable employees to continue working while demonstrating their abilities in accordance with their individual lifestyles, including shortened work day systems (for childcare and family nursing care), flexible work hours, staggered work hours, paid time off during work hours, and remote.

2 Creating a climate of change

To promote the use of the system, we believe it is important to raise the awareness at the entire workplace, and we are focusing on awareness-building efforts. The company has implemented "Career Design Training for Young Female Employees," "Career Management Training" and "Diversity Promotion Training" for managers. The Group's internal newsletter introduces "returning employees" and visualizes the status of their use of the system. We are working to create a corporate culture in which employees can use the systems with peace of mind and those around them are more likely to support them.

Career Interviews

Yumiko Nikai

Senior Executive Officer Accounting and Finance Department
World Mode Holdings Co., Ltd.
Corporate Auditor
Futaba Tsushinsha Co., Ltd.



I joined I.D. Access (now iDA) in 2000, and after working in accounting, I took up my current position. Although I sometimes feel pressure or consideration for being a woman, I try not to think about it too much because I have experienced that in the end, people are judged by their humanity and work results. There were times when it was difficult to maintain my motivation for work, but I was able to change my mindset by listening to the stories of various people and repeatedly asking myself, "How do I want to live? I think I've chosen methods that allow me to continue working happily because I have a positive personality and I like working. I want to continue working hard to make the company and society more accessible to people who want to play an active role, regardless of gender.



Tomomi Kokubo

Kanto Sales Dept.
Human Resources
Coordinator Leader
iDA Inc.

In 2009, I joined I.D. Access (now iDA) and was in charge of introducing jobs to job seekers and following up with them after they started work. After that, I took on a leadership role and also began managing my team and team targets. After two maternity leaves, I returned to work in 2023. What has changed in the way I approach my work is my awareness of how to carry out my work efficiently. On days when I pick up my child from school, I can't work overtime, so I finish on time and also work to raise my own and my team's target figures. It's always a race against the clock. I'm grateful that my colleagues are always willing to help out when I need to use my paid leave (day or hourly) due to my child suddenly getting a high fever. I love working, so I want to continue working at the forefront of the human resources service industry and support everyone who is aiming for a career in the fashion and beauty industry.

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ENVIRONMENT

Reducing the impact on the global environment

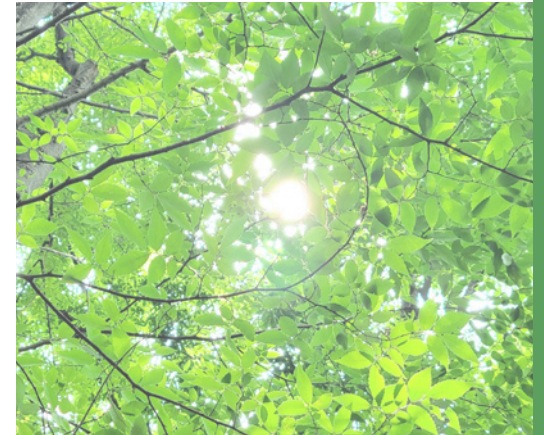
The environmental problems represented by global warming due to climate change are not to be solved by the fashion and beauty industry alone but an important issue that should be improved on a global scale.

Although we are not a company that manufactures products, from the standpoint of reducing greenhouse gas emissions generated in our own operations as well as working with our customers and partners of the fashion and beauty industry, we aim to contribute to the reduction of environmental burdens and leave behind a prosperous earth for future generations.

INITIATIVES FOR ENVIRONMENTAL ISSUES

Our Commitment to the Global Environment

The increase in natural disasters and the trend towards more severe disasters due to climate change are important issues that affect the whole world, and the fashion and beauty industries are also being called upon to respond quickly. As the only fashion-focused solutions group in Japan, we are confident that we can engage in multifaceted improvement activities to address the issue of climate change through our business activities, including human resources, marketing, and education. And, Also, with the long-term goal of the Paris Agreement adopted in December 2015, “a world with an average temperature rise limit to 1.5°C,” and the Japanese government's goal of “achieving carbon neutrality by 2050, we further strengthen group governance, analyze growth opportunities and risks for our business, and reflect these in our management strategy as part of our activities to achieve a decarbonized society. To leave a rich prosperous global environment for future generations, in addition to taking measures against climate change in our own business, we are working with companies in the fashion and beauty industries to think, act, and communicate on this matter and we hope to spread awareness for the need to tackle climate change throughout society.



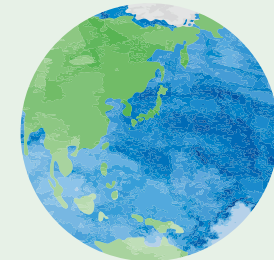
Basic Policy on Climate Change Issues

Reduce global average temperature increase by reducing greenhouse gas (GHG) emissions

In support of the long-term goals of the Paris Agreement, we are engaging in greenhouse gas reduction activities to mitigate the progression of climate change. In addition to reviewing the amount of electricity and fuel used in our offices, we are working to reduce and recycle paper resources and waste. In addition, we will work with our suppliers to reduce greenhouse gas emissions throughout the value chain in our business activities.

Realization of carbon neutrality (Long-term goal by 2050)

The Japanese government has declared that it will achieve carbon neutrality by 2050, with greenhouse gas emissions as a whole being reduced to zero. To achieve this, it is necessary to quickly limit greenhouse gas emissions to its current peak equalize greenhouse gas emissions with the amount absorbed by forests and other means in the second half of the 21st century. We support this policy and considering energy-saving measures and waste-reduction measures from all angles as a corporate responsibility. We will continue to disseminate the knowledge and results gained from these activities both internally and externally and work together as a Group to achieve carbon neutrality by 2050.



INFORMATION DISCLOSURE BASED ON TCFD RECOMMENDATIONS

Disclosure based on TCFD recommendations

SUMMARY

Open information based on TCFD (Task Force on Climate-Related Financial Disclosures)

Due to the increased risk of climate change in recent years, beginning with the Paris Agreement, investors around the world are evaluating the financial impact of climate change on the operations of the companies in which they invest in. We will assess risks and opportunities based on climate change scenario analysis of our major businesses and disclose this information in accordance with the TCFD approach, which was the basis for the new sustainability disclosure framework (IFRSS1 ,S2) and is still relied upon by many investors today. We will continue to regularly update the content and strengthen our governance and business strategy regarding climate change.

1 Governance (Refer to P.12)

Sustainability Committee chaired by the Representative Director is established to report and make recommendations to the Executive Committee and advise the Board of Directors.

Currently, the members of the Climate Change Subcommittee of the Sustainability Committee take the lead in discussions, together with external advisors, to review and deliberate on basic policies and important issues related to climate change.

1 Governance

Disclosure on the governance of the organization concerning climate-related risks and opportunities.

2 Strategy

Disclosure of relevant information when the organization's business, strategy and financial planning are impacted by risk and opportunities.

※Includes scenario analysis

FOUR FACTORS OF TCFD

3 Risk Management

Disclosure on the governance of the organization concerning climate-related risks and opportunities.

4 Indicators and Targets

Disclosure of indicators and targets used in assessing and managing risks and opportunities, if such information is material relevant.

INFORMATION DISCLOSURE BASED ON TCFD RECOMMENDATIONS

Disclosure based on TCFD recommendations

2 Strategy

In accordance with the scenario analysis recommended by the TCFD, we have examined and evaluated the risks and opportunities associated with climate change in our group under the 2° C and 4° C scenarios with timeline targets of 2030 and 2050, respectively*. In either scenario, we do not expect to face a crisis of a scale that would require a complete change in our business strategy in terms of demand in our core businesses, the human resources and marketing fields. However, there is a risk that the introduction of carbon taxes and other tax systems and stricter regulations will lead to higher production costs and store operating costs for our clients, and that this will in turn lead to a reduction in the spending on personnel costs. In these cases, we believe that there will be a wider elevation of business opportunities in the human resources field as a whole, due to the expected spread of energy-saving activities throughout society, as well as the requirement for comprehensive and flexible solutions to our clients' recruitment issues, and furthermore, an increase for consulting on environmental risk management. We also conclude that the risks would be reduced by expansion of the Group's business domain, including the advancement of overseas businesses.

Businesses to be analyzed

The Group focused on the core businesses of human resources and marketing.

Time axis

We analyzed the periods for risks and opportunities to be: Short-term (now to 2030, the target year for the SDGs), Medium-term (2031 to 2040), Long-term (2041 to 2050, the target year for carbon neutrality).

Type of Risks	Subitems	Periods	Risks	Opportunities/Measures	Financial Impact
Transition risk	Changes in energy costs as a result of taxes and regulations	Short - Long	<ul style="list-style-type: none"> Introduction of carbon tax, introduction of high-efficiency equipment, stricter regulations on fossil fuels, carbon tax, GHG emissions trading, regulations on fossil fuel use, recycling regulations, renewable energy policies, energy conservation policies, etc., may increase supply chain costs and store operating costs, leading to reduced investment by client companies 	<ul style="list-style-type: none"> Increased opportunities and demand in the consulting area for risk preparedness Increased demand from client companies to prepare for risk and convert fixed costs into variable costs 	
	Market Changes	Medium - Long	<ul style="list-style-type: none"> Consumers prefer materials, products, and services with lower environmental impact and designate lower priorities for fashion Changes in consumer demand may lead to a decrease in sales for client companies, which may lead to restrained investment If the Group's response is delayed while there is increased environmental awareness among its business partners, it may lead to a loss of customers. If the Group's response is delayed while there is increased environmental awareness among its business partners, it may lead to a loss of customers. 	<ul style="list-style-type: none"> Provide high value-added services through environmental awareness training for sales staff and improve profitability by capturing markets. Increased demand for human resources for sustainable fashion brands Increased demand for ESG/Sustainable PR 	
	Reputation change among clients and investors	Short - Long	<ul style="list-style-type: none"> Loss of business partners, staff turnover, and investment opportunities from investors if environmental management and information disclosure on climate change initiatives is assessed as insufficient 	<ul style="list-style-type: none"> Gain empathy from stakeholders and increase corporate value through promotion of ESG management 	
Physical risk	Intensification of natural disasters such as typhoons, floods, etc. Spread of infectious diseases, etc. (Acute risk)	Short - Medium	<ul style="list-style-type: none"> Temporary closure of commercial facilities such as department stores and paralysis of transportation systems Increase in expenditures due to salary compensation for absence from work Impact on head office and sales divisions due to building damage and transportation impact 	<ul style="list-style-type: none"> Increased demand for home-based employment for job seekers and demand for human resources and marketing related to online purchasing business Increased opportunities to respond to demand related to the transitions from an urban to a decentralized society and to the development of decentralized societies with multiple business locations and operations. variable costs 	<ul style="list-style-type: none"> Increase in BCP response costs Decrease in sales and increase in payroll compensation and other expenses
	Increase in average temperatures Change in weather patterns (Chronic risk)	Short - Long	<ul style="list-style-type: none"> Deterioration of financial standing of client companies due to a decrease in heavy clothing purchases Decrease in demand for over-the-counter sales due to increased online purchases as people refrain from going out due to the heat wave and other factors 	<ul style="list-style-type: none"> Expansion of business areas as a result of changes in purchasing channels Expand business domain by the advancement of overseas businesses 	<ul style="list-style-type: none"> Decreased sales and increased costs Increase in sales due to expansion of services in human resources and marketing areas

*2°C OR LESS: REFER TO IEA (INTERNATIONAL ENERGY AGENCY) APS (ANNOUNCED PLEDGES SCENARIO) SCENARIO
 *4°C: REFER TO IPCC (INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE) FIFTH ASSESSMENT REPORT RCP8.5 SCENARIO

INFORMATION DISCLOSURE BASED ON TCFD RECOMMENDATIONS

Disclosure based on TCFD recommendations

3 Risk Management

In addition to keeping a close eye on the situation surrounding global climate change, we monitor our own environmental indicators by utilizing the Sustainability Evaluation System, and report and make recommendations to the Management Committee through the Sustainability Committee. We will take appropriate prevention and response measures based on the assumption of apparent and potential risks and opportunities for our business.

4 Indicators and Targets

We began calculating greenhouse gas emissions in fiscal 2021 when we were hit by the coronavirus pandemic. We considered the trends that could be discerned from the changes in the figures and the activities we should be undertaking in the future, based on factors such as the expansion of our scale and business growth through business transfers. Currently, greenhouse gas emissions in fiscal 2023, which is the most recent year for which we have data, have increased as expected. The number of employees in the entire group increased due to business growth, and the number of people coming to the office changed, and sales activities became more active, which is thought to be factors in the increase in SCOPE 1 and 2.

We will continue to grow in order to provide even more value to all the people and companies around us and to be of use to society. At the same time, as a group, we will take on a great responsibility in terms of the environment, and while growing, we will consider and implement ways to reduce greenhouse gas emissions.



World Mode Holdings' greenhouse gas emissions over the years (SCOPE1,2)

	2021 fiscal year (2021/3-2022/2)	2022 fiscal year (2022/3-2023/2)	2023 fiscal year (2023/3-2024/2)
SCOPE 1 (Direct emissions from fuel use)	12.8 t-CO ₂	14.0 t-CO ₂	16.6 t-CO ₂
SCOPE 2 (Indirect emissions from electricity, etc.)	132.4 t-CO ₂	174.5 t-CO ₂	197.7 t-CO ₂

FY2021

Although vaccination against the new coronavirus has started, remote work was recommended. In the event of an outbreak of infection within the company, those who had contact with the affected were also discouraged from coming to work, and even during the busy season, about 80% of employees continued to come to work.

FY2022

Vaccines became more widely available, but restrictions continued to be imposed due to mutant strains that occurred one after another. However, the percentage of employees coming to work during the busy season increased.

FY2023

With the transition of the declined categorization of the new coronavirus, the sales department saw increased number of employees working in the office. Attendance rate gradually increased in other departments as well. This figure is close to the pre-coronavirus attendance situation and will serve as a benchmark for the future.

•Scope: All offices of World Mode Holdings and its consolidated domestic operating companies (excluding Futaba Communications, which joined in November 2011).
•Emission factor [gas]: Alternative emission factor by city gas utility Emission factor [electricity]: Alternative emission factor by electric utility
※Calculated by the Sustainability Committee based on GHG protocol

SUSTAINABLE ACTION IN VISUAL MERCHANDISING

Addressing environmental issues by promoting sustainability in our stores

One of the environmental issues surrounding the industry is the problem of materials for store setup and window design. As part of World Mode Holdings' environmental efforts, VISUAL MERCHANDISING STUDIO (VMS) proposes a "recycling-oriented store." We contribute to the promotion of sustainability in the industry by developing this project together with our brand and partner companies.



Even as the e-commerce rate in the fashion business is increasing year by year, the presence of stores remains very important for brands. With their value as touchpoints where customers can directly feel the products and the sales staff, offering coordination suggestions, real stores are increasingly valuable as places for physical experiences where customers can enjoy brand philosophies with all five senses, from the windows that invite them into the store to the decor, fixtures, accessories, music, and fragrances. The value of these touchpoints is growing, especially among European and U.S. luxury brands.

In addition to permanent stores, limited-time POP-UP stores and events as promotional measures are on the rise, generating many hardware materials. Many brands focus on design and cost, and only a few are implementing optimal initiatives that comprehensively consider the use of environmentally friendly materials, as well as disposal and recycling issues after the season or event is over.

VMS contributes to the realization of the circular economy by proposing "recycling-oriented stores" that effectively utilize various materials that are "offcuts" or "destined to be discarded" in the store designs of our customers, and spreading the concept throughout the fashion and beauty industry.

These activities also involve supply chain partners such as designers, contractors, and material suppliers to create innovations in response to the demands of society.

Kenichiro Hotta
Senior Executive Officer
World Mode Holdings Co.,Ltd.
CEO
VISUAL MERCHANDISING STUDIO Inc.



Making stores in the fashion and beauty industry more sustainable through "circulation and inheritance"

The situation has shifted from a few years ago. The number of inbound visitors to Japan has increased, and many visit the by retail stores. The whole city as well as stores in the metropolitan areas have returned to a lively and vibrant atmosphere. Brands have become more active in implementing measures to capture sales through events and promotions, and this has provided an opportunity to reevaluate the importance of the people working in the stores, the products, and their "presentations". While the number of events and pop-up stores has increased dramatically, the "materials" and "fixtures" used in these events are still being discarded or trashed after use, and as someone on the design and store creation side, I feel the weight of responsibility for this series of actions.

VMS is working daily on the theme of "Circulation and inheritance." We are working to address the urgent issue of environmental measures (especially on "circulation") and taking direct action to reduce waste as much as possible.

In terms of "inheritance," we place great importance on activities relay VISUAL MERCHANDISING and display techniques and ways of thinking the next generation towards the future. We actively educate at universities and vocational schools and continue to take initiatives to contribute to the fashion industry and society with a medium- to long-term perspective.

We will continue to ask ourselves, "What part of the industry should we be responsible for?" We hope to contribute to the sustainable development of the industry through the power of VISUAL MERCHANDISING.

SUSTAINABLE ACTION IN VISUAL MERCHANDISING

VISUAL MERCHANDISING STUDIO (VMS) proposes circular and sustainable stores and displays

To create brand engagement by communicating the brand's worldview and great products to customers, it is essential to offer attractive space design that makes customers stop in their paths VMS has adopted the theme of circulation and regeneration. Along with beautiful expressions, we propose recycling-oriented stores and displays that incorporate sustainable ideas that lead to interests for environmental issues.



Thinking about "Circulation"

With client Flanders and fixture design firm Workstudio, Inc. The fixtures, jointly developed by the two companies, are made of PANECO® recycled fiber board. The design is based on a single piece of custom-made white PANECO® with visuals and brand logos and is cut into pieces to minimize the waste portion. This fixture combines beauty and sustainability. The assembly type design allows for repeat use, thus realizing cyclicity as a fixture.



Decoration incorporating "Circulation"

A display of brightly colored flowers was used as a decorative touch for a fashion brand. These flowers, which left a strong impression on visitors, were unsold flowers at the market and were about to be discarded. The decorations were "recycled" by finding an option other than discarding them. This is one of the key points that Visual Merchandising Studio emphasizes when considering design.



Thinking about "Regeneration"

In an initiative with a car brand, spring decorations were created using cherry blossoms. The space was decorated with cherry blossoms that had been given new life adding petals made from recycled PET material on cherry tree branches.

SPONSORSHIP OF EVENT "THAT'S FASHION WEEKEND"

Sponsorship of "THAT'S FASHION WEEKEND an event to promote fashion circulation through shopping

"THAT'S FASHION WEEKEND" (Organizer: THAT'S FASHION WEEKEND Executive Committee / Management Office: Banksy Co., Ltd.)

is a concept event that aims to "bring healthy shopping, with your wallet and for our planet." It is an event that aims to reduce fashion waste to zero by working with a few fashion brands to deliver fashion items to as many people as possible that might otherwise have been thrown away.

This event, which was held for three days from Friday, March 22, 2024, at Seibu Shibuya, consisted of three shopping contents (① a fashion market where you can buy items from popular brands at bargain prices ② a flea market where you can buy items owned by celebrities and influencers ③ a pop-up store by brands that offer sustainable products) and many came to look for items they wanted.



World Mode Holdings supported and sponsored this event. In order to support an event that would attract many customers, iDA, a human resources company in the group, oversaw arranging staff with experience and skills in fashion and beauty sales. A total of 25 staff members supported the event by working in various areas of the venue, including customer service, cashier duties, and organizing and managing products.

PANEL DISCUSSION

Generation Z's views on sustainability and the future of the fashion industry

A roundtable discussion was held between two members of Rethink Fashion Waseda (ReF), Waseda University-recognized club that disseminates information on fashion and sustainability, and employees who joined our group companies this year.

We are moving backwards from when we learned about SDGs in middle and high school

— When did you first hear about the SDGs and the concept of sustainability?

Kishida : I learned about SDGs in school when I was in junior high school, but at the time I was starting to get interested in various things like sports and art, and I didn't think about sustainability in my everyday life. When I entered university, I felt conflicted about the boom among young people in Japan for cheap cross-border e-commerce brands from overseas, so I chose to write my graduation thesis on the sustainability initiatives of various brands in Japan overseas.

Goto : In my junior high school class, we watched a film called “The True Cost” and learned about human rights issues related to the 2013 Rana Plaza collapse and environmental problems caused by fashion, which was a huge shock to me. After that, there were only few news articles or people around me

talking about sustainability, and the impact I had received at the time gradually faded away.

Kanbe : I attended a junior high school and high school in the Shonan area, which faces the sea. There were many opportunities to learn about sustainability in school, and because of the location, the people around me were also very environmentally conscious, so I think it was familiar to me in my daily life.

Kitano : I attended school in the United States and Italy. It was natural to learn about and put into practice sustainability through classes and extracurricular activities. In Europe and America, there are even professionals who specialize in sustainability as a job, and I got the impression that it was firmly embedded in society.

Roundtable discussion of the generation that bears the future



Goto : When I hear stories like that, I get the feeling that, even though SDG education is being carried out in schools in Japan, society and companies don't have the culture or environment to foster sustainability.

Kishida : I'm not trying to blame anyone, but I do feel that the environment in which you are raised can make a difference in how the seeds of sustainability you planted as a child grow.

Kanbe : Recently, my parents seem to have become interested in sustainability, perhaps inspired by my activities in the club. I think it is important to have the right atmosphere and environment around you, as it encourages you to continue activities.

**Miona Kitano**

Rethink Fashion Waseda (ReF)
Representative: Waseda University,
School of Social Sciences

**Momoka Kanbe**

Rethink Fashion Waseda (ReF)
Otsuma Women's University Faculty
of Human Relations

**Hayato Kishida**

Assigned to Japanese designer brands (sales)
iDA Jr Ambassador Joined company in 2024

**Nana Goto**

Sales department
AIAD Joined company in 2024

Roundtable discussion of the generation that bears the future

“grown-up reasons” (laughter) In our group, we are promoting sustainability activities that can be done on an individual level, with a focus on communicating with people around us who are the same age. However, I would like companies to take on a “bigger role” and tackle them. However, in Japan, unfortunately, I feel that it is not easy to change the values and mindset of the “adults” who are currently working in companies.

Sustainability values of generation Z

— How do you see sustainability in your generation?

Kishida: I don't often talk about sustainability with the people around me. In particular, sustainability in fashion is generally seen as something that is overpriced, perhaps because of the added value.

Goto: Even around me, I think people choose cute and affordable things. It seems like there is no room to choose products that are sustainable.

Kobe: When we do activities like this in our club, we often get the impression that we are being looked at as “consciously high level people category”, which makes us sad. Some people see it as a special social activity that only those with a lot of money can afford to do. On the other hand, I think that there are more and more people who think of it as a part of their lifestyle, enjoying second-hand clothes and not buying things they don't need.

— Companies are practicing sustainability through various measures. How do you feel about this?

Kishida: Since I started working in April, I have a new perspective on things, and I think there are still things companies can do, such as with packaging materials, shopping bags, and the materials used for products. On the other hand, there are cases where companies are not actively communicating to the outside world that they are responding to sustainability to a certain extent, and I feel that it is difficult for this to reach customers.

Kanbe: I work part-time at Starbucks, and I get the sense that the entire company sees sustainability as a natural value and that all the people who work there are naturally working within that. In addition to the measures coming from the head office, we are also actively working on things we can do in our stores. For example, we offer drinks in mugs to customers, and we enjoy the conversations that arise from this as we work on sustainability.

Goto: I work for a company in the advertising and marketing field within a group, and when I hear about things like brands from client companies, it seems that the shortage of manpower is an urgent issue for the industry. Unfortunately, there are almost no requests related to sustainability, and I feel that it is a very low priority for companies. On the other hand, when I was a student I worked part-time at Adidas, and whenever they announced new shoes made from environmentally friendly materials, we were allowed to study them in-store, which helped me to maintain a high level of awareness of sustainability. In my current job in advertising, I think the main focus is on how to appeal to the target audience, and I feel that this is moving away from sustainability.

Kitano: Generally speaking, there are various reasons why companies change their strategies and I think that companies that are repeating small measures and companies that are not doing much in terms of sustainability have their own

Roundtable discussion of the generation that bears the future

Kitano: Compared to when I entered university, the word 'sustainability' has definitely become more common in recent years. There are also more and more university clubs that are involved in sustainability-related activities. Students are not looking for anything in return for their sustainability activities, and they are really just doing it for the pure love of it. The methods we use are also different from those used in Europe and America. In Japan, extreme methods such as demonstrations are frowned upon, so we focus on communicating the sustainable actions we can take in our own ways and in a concrete and steady manner. The number of friends around us who understand and support our activities is steadily increasing.

Kishida: In other industries, for example, e-sports, it has suddenly appeared and spread in the blink of an eye. I think that, without some kind of explosive impact, it will not be recognized by today's consumers. In terms of sustainability, I don't feel any major upheavals. It's sad



that even if companies change their direction a little, consumers don't understand, and sustainability is not included as a reason for choosing a product.

The fashion industry and sustainability in the future

— Who will take the initiative to change - companies, consumers, media, etc.?

Kishida: I think that companies should prioritize this over consumers. First of all, they should reveal what they are doing as it is. By visualizing and communicating both the good and the bad, such as the manufacturing process, details of the materials, and sales strategies, I think that empathy will be created and we will be able to take a step forward together.

Goto: The purpose of advertising is ultimately to sell products and services, but I think it is perfectly possible to use the messages that are sent between companies and consumers to raise awareness of sustainability. To do this, I think the first thing to do is to change the way companies think.

Kobe: When I was researching during my job hunt, I found out that companies are taking some kind of action to address sustainability. One can say that before the research as consumers, we were not fully aware of the activities of companies in this area. I would like companies to start by

doing what they can, even if it's something small, and to communicate this properly. Of course, pretending to be doing something is not good. (laughter).

Kitano: I would like companies to start tackling big things, especially those involved in the fashion industry. For example, I think that luxury brands and ready-to-wear brands were started with a clear intention to change something or to enrich people's hearts. Fashion has been an important way of expressing oneself, showing one's way of thinking and individuality, representing culture, and reflecting the times. In other words, if fashion changes first, consumer awareness will also change, and it should be possible to drive the times. I don't want the politicians of Japan today to use sustainability as a political tool. If necessary, shouldn't we also consider things like legal regulations? In fact, in the fashion powerhouse of France, there are strict legal regulations on textile recycling and raw materials, but even so, brands and citizens enjoy free fashion.

Kobe: That's right. In the end, I hope that society will reflect the opinions of young people who are thinking about the future.

— We, as a company, would like to sincerely accept and make use of the opinions of everyone who are responsible for the future. Thank you very much for your time today.

A TIMELINE FOR THE FUTURE

Creating the society of the future by promoting sustainability transformation that is close to people's hearts.

The fashion and beauty industry has been a part of people's lives, creating empathy for people's sense of beauty and altruism, and spreading new lifestyles throughout the world. Now, in order to solve the social issues facing the world, we believe that a paradigm shift based on coexistence with society and the environment is necessary, while maintaining the value that fashion has. In order to realize this, it is important to co-create in the right direction, not only within companies and industries, but also beyond the boundaries of industry and government, not only at the management level, but also through the manufacturing process to the front line of delivering products to consumers. We are convinced that the key to this is "human connections" and "a passion for making people happy." As a company that supports the fashion and beauty industry with its human resources and services, we contribute to the creation of a culturally rich, respectful, and vibrant society of the future by contributing to the transformation of the industry by promoting sustainability transformation that is close to the hearts and minds of diverse people around the world.

Timeline

Up to now

Sustainability activities are launched

Year 2020

- Sustainability Committee is established
- Sustainability Webinar is launched

Year 2021

- First Sustainability Report is published
- Establishment of a corporate-led nursery school (iDA)

Year 2022

- Start of calculation and publication of GHG emissions (Scoop1,2)

Year 2023

- Identification of materiality
- Formulation of the Human Rights Po

Present

Sustainability as a key management policy

Materiality

- Sustainable development of the fashion and beauty industry and the community
- Realization of a society where all human rights are respected
- Reduce the burden on the global environment
- Strengthening of management base

Promoting sustainability transformation

Year 2030

Achieving the goals of the SDGs



Assume responsibility as a member of the international community and work to improve the Group's materiality. Contribute by achieving the goals of our own business and activities co-created with external parties.

Year 2050

Exciting and fulfilling society through fashion



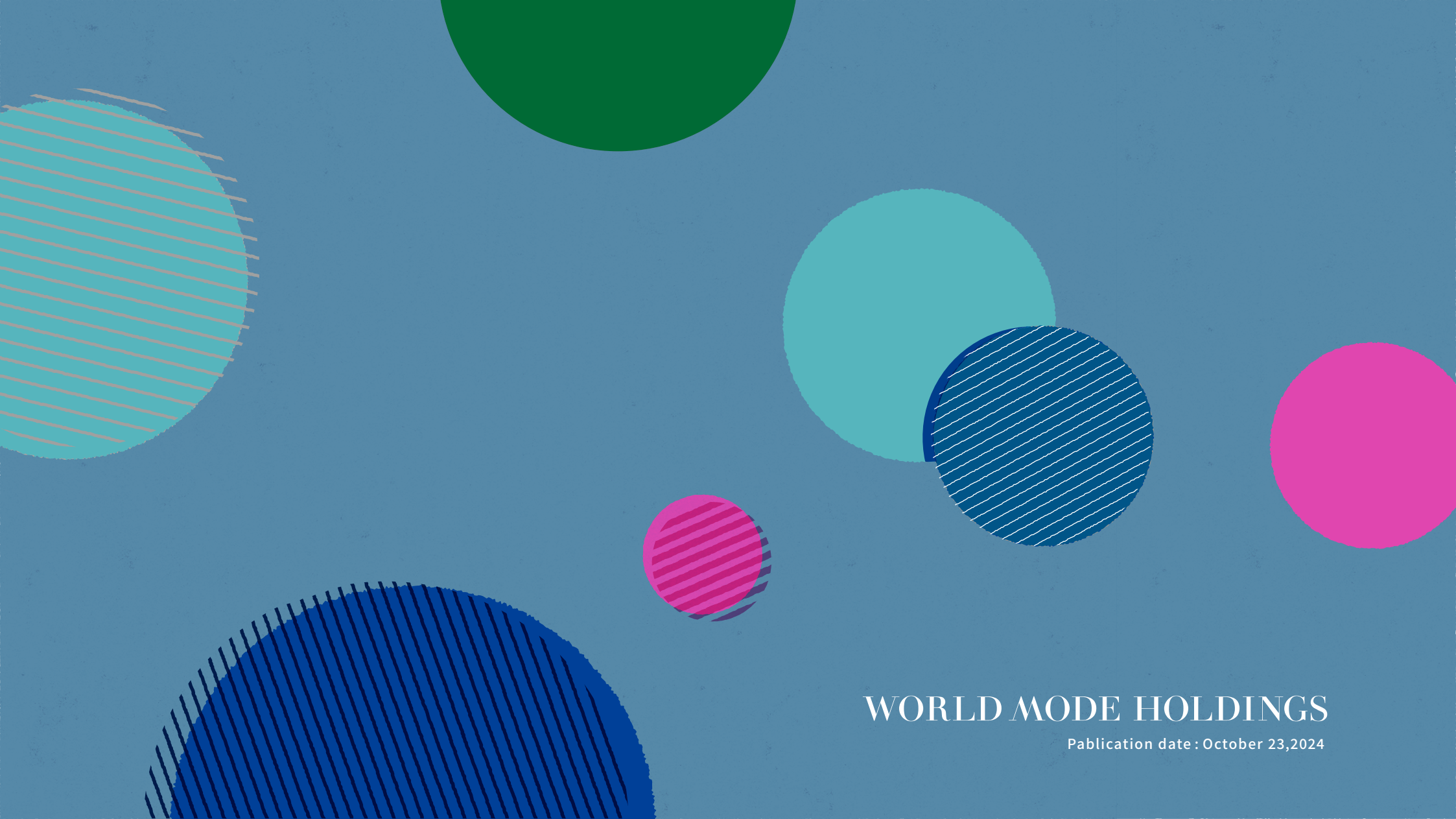
Fashion and Beauty Industry
Transforming the industry into the most sustainable



A society where diverse people live together without discrimination



Realization of carbon neutrality



WORLD MODE HOLDINGS

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