

Human Resources

Utilization and Development of Human Resources

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Our Basic Approach and Strategy

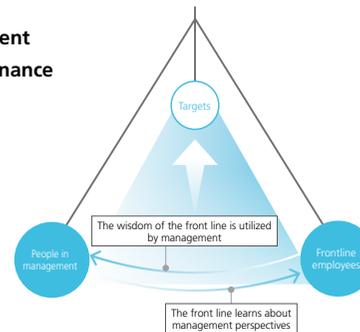
Unicharm maintains a basic policy on human resources of enabling each employee to pursue three aspects of wealth: aspirational wealth, economic wealth, and wealth of both mind and body. We believe that operating policies that strike a good balance between each of these types of wealth is of vital importance. Employees who are wealthy in terms of their aspirations aim to contribute extensively to society as a whole through their work while having an ambitious and broad outlook. Utilizing My Career Vision & Career Plan, a framework created by Unicharm, the Company has encouraged employees to consider how they can contribute to society and what actions they can take through their own personal growth and work over the medium and long terms of three years and 10 years, respectively. In addition, to help employees fulfill their personal goals, we enhance their appetite for learning and growth by expanding the scope of our training programs. In pursuit of economic wealth, we have endeavored to foster and strengthen engagement with employees in several ways, such as through establishing and maintaining a consistently industry-leading compensation system while also introducing a restricted share-based remuneration plan to serve as a medium- to long-term incentive for employees. For wealth of mind and body, we ensure that our employees maintain good health through various measures, such as providing health checkups once a year. In addition, through training programs on mental health awareness and stress checks to monitor the mental health of our employees, we do our utmost to provide an environment where they can work in good health, both mentally and physically, and with peace of mind. Unicharm will continue to engage in these and other measures along its path to becoming a company with a rewarding workplace environment where diverse human resources are able to utilize their individual strengths to the fullest and work vigorously. At the same time, we will remain

devoted to investing in our human resources and enhancing our corporate value in the process.

Management with Resonance: Unicharm's Unique Management Method

In order to realize the corporate philosophy, the industriousness of each and every employee becomes the epicenter of change, increasing the resonance of individuals who then reverberate together to effect change across the entire Company and allow each employee to realize their vision. We call this business practice and creation of such corporate culture "management with resonance." Through the implementation of this management method, we believe that people in management are able to come into direct contact with frontline employees and share information and viewpoints. Meanwhile, through dialogue with management, frontline employees are able to learn management perspectives, viewpoints, and time frames to develop mutual understanding while still working to resolve conflicts. In this way, both management and frontline employees work toward a shared goal, fostering a sense of comfortable unity even under strict conditions within the Company. Daily ingenuity and wisdom therefore resonate and swing between the front line and management like a pendulum. This is indeed management with resonance, through which the wisdom of the front line is utilized by management and the front line learns about management perspectives.

Management with Resonance

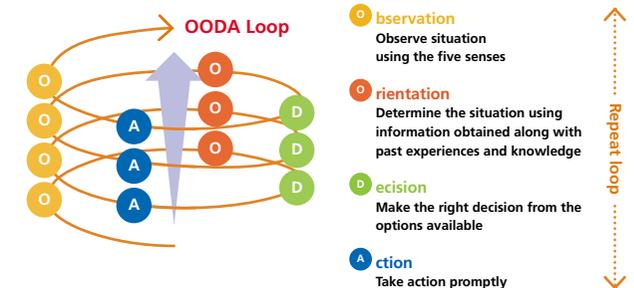


Operation of the OODA Loop Methodology

Since 2003, Unicharm has been operating the Schedule–Action–Performance–Schedule (SAPS) management model through which employees work to achieve goals using their own initiative by actively operating a PDCA cycle, enhancing the strengths of both employees and the organization. However, in the current "new normal" environment, where the business landscape is constantly changing, it became necessary to establish a model that flexibly accommodates such changes to the business environment. Recognizing this need, we replaced the SAPS management model with the Observe–Orient–Decide–Act (OODA) Loop methodology in 2019.

With the OODA Loop methodology, we quickly grasp unexpected changes by observing current business conditions and appropriately orient ourselves to the situation and reach a decision, and then take action. This cycle is repeated while constantly reviewing approaches and making fundamental changes. The OODA Loop methodology enables our employees to respond quickly to changes in the business environment, orient themselves to the situation, make decisions, and take actions that lead to results.

Philosophy of the OODA Loop Methodology



Establish a mechanism where we constantly review approaches and make fundamental changes

Correlation between Management and Human Resource Strategies

At Unicharm, we aim to resolve social issues and achieve sustainable growth by realizing a sustainable cohesive society through our business activities based on our purpose (raison d'être) of contributing to the achievement of the Sustainable Development Goals (SDGs). To that end, we are focused on strategically developing our human resources through the practice of management with resonance. With management with resonance, employees deeply embrace The Unicharm Way and work together as an organization to resolve issues and achieve goals by formulating plans on their own initiative using the Objectives–Goals–Issues–Strategies–Measures–Action Plan (OGISM (A))* table, while advancing such plans autonomously using the OODA Loop methodology. To instill this methodology throughout the Group, we utilize KYOSHIN, a Groupwide human resource development platform, and take thorough steps to ensure that leaders and members can grow together by strengthening communication.

* A format that compiles the necessary components of planning by streamlining them in the following order: Objectives (targets to be achieved within the period) → Goals (numerical targets) → Issues → Strategies → Measures (determination criteria) → Action Plan

Management Structure

Under the direction of the executive officer in charge of human resources, the Global Human Resources & Administration Division takes the lead in reporting regularly to management on the global development of resonant personnel who can demonstrate Best Practice-ship, Ownership, and Partnership (BOP-Ship)—one of Unicharm's strategies under the 11th Medium-Term Management Plan. Upon management approval, our human resource development strategies and measures are formulated and implemented throughout the Group, in conjunction with the human resource managers of the relevant divisions and the human resource departments of Group companies and affiliates.

Initiatives and Results

A Development Program Founded on The Unicharm Way

The Unicharm Way, a compilation of the values, action guidelines, and important statements from management to be shared throughout the Group, is embraced by all of our employees worldwide. By embracing The Unicharm Way in our day-to-day business activities, we ensure that management with resonance is practiced throughout the organization. In 2021, this statement of corporate ideals, which was previously only available in the form of a booklet, became accessible through a Company smartphone app offered in nine languages, including English and Japanese. This app has enabled all of our employees to immerse themselves in The Unicharm Way at any place and any time. By ensuring that management with resonance is practiced throughout the Group, we are developing, through quality, standardized on-the-job training, resonant personnel who practice our unique management model while deeply embracing The Unicharm Way, resolving issues and achieving goals by formulating plans on their own initiative using the OGISM (A) table, and advancing such plans autonomously using the OODA Loop methodology.

- P.008** The Unicharm Way
- P.086** Operation of the OODA Loop Methodology



My Career Vision & Career Plan

We introduced a system in which each employee creates their own career vision and career plan every year and receives career-related advice and support from their supervisor in order to realize their personal goals. We encourage our employees to envision where they want to be in three and 10 years from now, backtrack from there and think proactively about what skills they need to acquire now, and then take action.

KYOSHIN Human Resource Development Platform

Ensuring that employees receive appropriate guidance from their supervisors is essential to their development. To enhance the leadership skills of supervisors across the Group, Unicharm has been utilizing the KYOSHIN human resource development platform since 2021. The use of KYOSHIN has enabled us to minimize variations in the leadership skills of supervisors and establish a system that allows us to track the development of each employee around the world. Using KYOSHIN, we set semi-annual goals and hold interviews at the start of each year, monitor the details of employees' progress, and provide feedback at meetings every quarter. KYOSHIN has played an integral role in enhancing the frequency and quality of communication between supervisors and employees, as a result of which employees have become more motivated to pursue ambitious goals and supervisors have become more adept at developing younger talent.

Scrum Leader On-the-Job Training (OJT) Workshop

In Japan, the Scrum Leader On-the-Job Training (OJT) Workshop was established and held for the first time in 2022, which was attended by 245 scrum leaders. This workshop is an opportunity for leaders to learn about how behavioral changes can lead to the simultaneous achievement of strategy execution and human resource development. Through daily OJT, we aim to have scrum members and leaders grow together and, going forward, this workshop will be expanded across the Group as mandatory training for new leaders.

Reskilling

In a VUCA (volatile, uncertain, complex, and ambiguous) world marked by drastic changes to both our business and the environment thereof, keeping up to date with the latest information has become more important than ever to creating new value. Basic training for digital human resources was introduced in 2022 to build a foundation for developing all employees into individuals who can resolve business issues using digital technology. Around 680 employees participated in training courses on Microsoft Excel and PowerPoint as well as DX fundamentals. Moreover, to enable each employee to advance their careers by studying at their own pace without being bound by time or location, an online learning platform, LinkedIn learning, was adopted in Japan and at 12 overseas subsidiaries. In 2022, a total of 16,463 study courses were held, attended by approximately 3,400 employees, who each spent an average of 1.9 hours on their studies per year. We will continue to provide valuable information through these courses to ensure that employees remain deeply committed to their studies and to acquiring new skills and knowledge.



Basic training for digital human resources in session

Award for Excellence at the 4th Platinum Career Awards

At the 4th Platinum Career Awards, sponsored by Mitsubishi Research Institute, Inc.'s Initiative for Co-Creating the Future (ICF), Unicharm received an award for excellence in recognition of its efforts to support the career development of employees through self-directed learning.



Program for Realizing the Career Visions of Young Employees

An in-house internship program has been established to enable young employees to gain a deep understanding of the roles and responsibilities of those already working in departments they hope to be transferred to in the future and understand the required skills and background by allowing them to directly experience working in these departments. We have also introduced a career challenge program so that employees can voluntarily request transfers toward the achievement of their personal growth and career plan. Employees can apply to the recruiting departments through the Company's intranet by updating their My Career Vision & Career Plan, outlining the goals and objectives they hope to achieve through the transfer, and taking stock of the skills and knowledge required.

	2020 Results	2021 Results	2022 Results	2023 Results	Coverage
Number of employees participating in the in-house internship program	20	32	26	30	Unicharm Corporation
Number of employees participating in the career challenge internship program	12	17	26	25	

Brothers & Sisters Program

The Brothers & Sisters Program is where a "brother" or "sister" is assigned to new graduate employees who are in their third year of employment or less and mid-career employees who are in their first year of employment to provide work-related support and help them adjust to the workplace culture. This program provides employees with a setting in which they can discuss their concerns with their direct supervisors, who also gain a sense of personal and professional growth by contributing to the development of their subordinates. From January 2023, each brother and sister has been receiving compensation in the amount of ¥15,000 per month for their role in the program.

Strengthening Employee Engagement through the Reading Session of Integrated Report

At Unicharm, we regard each employee as an important stakeholder and, in view of this, we have been holding the Reading Session of Integrated Report in scrum teams throughout the Group every year since 2021. We aim to create innovation and achieve sustainable growth through this workshop by ensuring that each employee is aware of, supports, and is increasingly motivated to take action in line with the specific efforts being undertaken by the Company to realize a cohesive society.

	2021 Results	2022 Results
Percentage of scrum teams holding Reading Session of Integrated Report* (%)	100.0	100.0

* Held since 2021

The Unicharm Awards

The Unicharm Awards is held once a year as a means for all employees to recognize those employees and teams that achieved remarkable results by practicing management with resonance and applying on-site wisdom to management. Held via video conferencing with Group companies around the world, the Unicharm Awards serves as a venue for both the presenters and the audience to learn from each other by enabling them to benchmark the presentations of the teams representing various countries and regions and gain specific knowledge. In 2022, presentations were made by 16 representative teams, with the *Unicharm Face Visible Mask* project team in Japan taking home the Gold Prize, the *Sofy Charcoal Fresh* project team in Thailand winning the Silver Prize, and the *SOFY Olive* project team in Saudi Arabia receiving the Bronze Prize.



A presentation being made at the Unicharm Awards

Succession Planning

Unicharm is in the process of establishing a succession plan to develop management candidates into leaders who will guide the next generation and take on key strategic positions that are deemed essential to executing various strategies.

	2020 Results	2021 Results	2022 Results	Coverage
Succession preparedness rate (%)	203.3	208.3	201.6	Unicharm Corporation employees
Number of employees participating in the Strategy Secretary to CEO program	6	7	6	Unicharm Group

System for Fostering and Nominating Successors

- (1) Each executive officer conducts interviews with prospective directors and executive officers on a regular basis based on each candidate's career vision and career plan, and the results are used to create and update the human resource skills matrix.
- (2) The president & CEO conducts interviews with each executive officer on a quarterly basis, determines, in an objective manner, the targets to be achieved by the responsible department and each executive officer, evaluates performance, and provides guidance and training. The outside directors also meet with each executive officer at least once a year to confirm the status of and issues related to business execution, offer advice from a broad perspective, help resolve issues, and provide guidance and training so that they gain a higher perspective as a manager.
- (3) The operational status of the above schemes is reported regularly to the Nomination Committee for discussion and deliberation.
- (4) The Board of Directors nominates candidates for directors and executive officers based on the results of discussions by the Nomination Committee.
- (5) As a human resource development program directly supervised by the president & CEO, the Global 15 Project has been implemented to identify and develop candidates for directors and executive officers over the medium to long term, with approximately 15 department managers participating over the three-year term, during which a total of 18 meetings are held to acquire general knowledge through hands-on training. In addition, the Strategy Secretary to CEO program is held for mid-career employees in their 30s, whereby they are transferred to the Business Planning Office to serve as secretaries to the president & CEO for a two-month period to learn about the mindset and behavior of managers through OJT.

By establishing a forum for executive officers to discuss key Groupwide strategies with directors, including outside directors, the Company seeks to provide guidance and training through outside directors and substantiate discussions by the Nomination Committee, the members of which include outside directors.

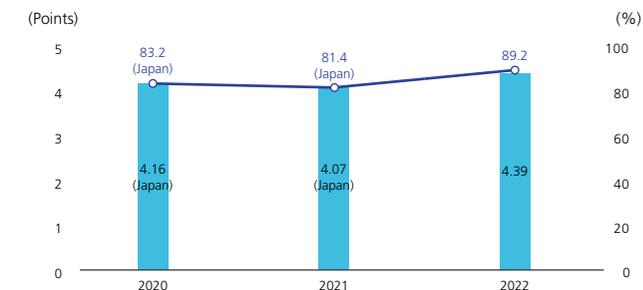
Employee Survey

We conduct an employee awareness survey once a year at all Group companies in order to verify employees' satisfaction, fulfillment, and attitude toward work. The surveys, which are translated into eight languages in order to receive responses from our employees based overseas, are conducted on an ongoing basis to invigorate employees and organizational reforms, but are also used as a reference when considering various personnel and management initiatives. In addition, we aim to establish a virtuous cycle in which employees develop through their work, which, in turn, leads to the growth of our business. Accordingly, the percentage of positive responses for the "Growth through Work" section of the employee awareness survey was 89.2% in 2022.

	2020 Results	2021 Results	2022 Results	Coverage
Percentage of employees who responded to the employee awareness survey (%)	100.0	100.0	100.0	Unicharm Group*
Percentage of positive responses for the "Growth through Work" section of the survey (%)	83.2 (Japan)	81.4 (Japan)	89.2	
Average score on a five-point scale on the level of satisfaction section of the employee awareness survey (%)	4.16 (Japan)	4.07 (Japan)	4.39	

* Results for 2022 cover all Group companies

Results of Employee Awareness Survey

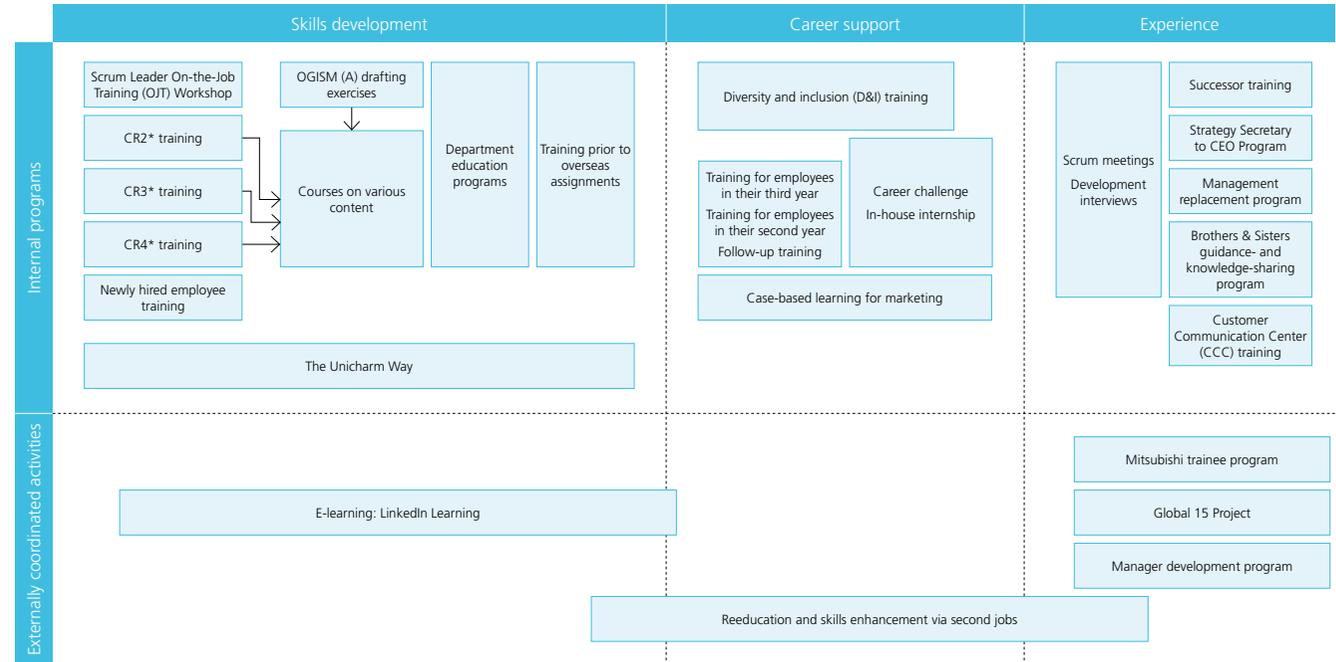


■ Employee satisfaction (average score on a five-point scale) (left)
— Percentage of positive responses for the "Growth through Work" section (right)

Skills-Enhancing and Career Planning Support Programs

The growth of our employees is essential to the growth of our company. At Unicharm, we are expanding our training programs and systems so that each employee continues to learn and grow toward the realization of their career vision. Our training programs include training according to levels and roles and mandatory professional development training, as well as training toward career advancement through self-directed learning and leader development training. We foster a corporate culture of continuous growth not only through the training programs we offer but also through a culture of self-directed learning.

► Skills-Enhancing and Career Planning Support Programs (2022)



* Competency ranking (CR) / Internal qualification standard

► Our Distinctive Skills-Enhancing Training Programs (Excerpt)

Title	Target	Summary	Number of participants in 2022
Training for newly hired employees	New employees	Deepening understanding of the Unicharm Spirit while experiencing the Company's history and nurturing a customer-oriented mindset Building a vision of youth leadership and developing their own 10-year career plans	41
Second-year follow-up training	Second-year employees	Looking back on their path of entering the Company, undergoing training and being assigned to a specific department in their first year with Unicharm, reviewing their own issues with the actual work, and understanding the mindset, behavior, and approach expected of second-year employees Recognizing their own issues as well as their root causes and deciding on a specific action plan to overcome them	50
Third-year follow-up training	Third-year employees	Looking back on the first two years of their working experience at Unicharm, reviewing their current mindset and skills, and understanding the roles, mindsets, actions, and approaches required for employees in their third year and translating them into an action plan Evolving My Career Vision & Career Plan for linking the growth of each individual and that of the Company	54
CR-based training	Qualified employees and employees who correspond to these roles	Training is carried out for people in keeping with their respective levels and roles. All training for employees is based on building their understanding of Unicharm's OODA Loop methodology, improving their practical skills, and providing opportunities and occasions to enhance their ability to think and take action. Employees create a 10-year career vision and career plan based on their thoughts of the leadership vision and their self-evaluations. Education on harassment is also provided by using specific examples and discussing prevention and solutions for various scenarios.	118
Training program for employees posted overseas	Employees posted overseas	Considering the high level of responsibility during overseas assignments, this program develops and fosters an independent professionalism, higher-level leadership for instructing subordinates, and the mindset of being a CEO of a small- to medium-sized enterprise, or that of a department head, so that expatriate employees can deliver results as soon as they begin their overseas assignments. The training program also thoroughly prepares assignees in terms of compliance and governance and helps them to understand cross-cultural management, as well as methods of crisis management in order to avoid any potential trouble in their new positions.	30
Training for new leaders	Person in charge of new leader training	As the most important responsibility for such persons is the development of personnel, this training includes practical methods for developing leadership, motivating subordinates, creating a good workplace, and preventing harassment.	26

► Time and Costs Allocated to Skills-Enhancing Training Programs

	2020 Results	2021 Results	2022 Results	Coverage
Total training hours allocated to employee skill development	24,045	45,018	49,824	Unicharm Corporation
Total training costs allocated to skills-enhancing training (thousand yen)	40,000	42,000	84,000	
Training hours per employee	16	31	35	
Training costs per employee (yen)	27,285	28,669	58,618	

Evaluations for Career Development

Unicharm's personnel evaluations involve systematic implementation of three aspects of human resource development; namely, evaluation, training, and treatment of employees. Specifically, evaluation is conducted for the purpose of training while treatment is determined in line with evaluation. Human resource development is carried out through an integrated implementation of these three elements.

Our thinking about evaluation and training is that it is about not only results but also the process and requires practices or behaviors that lead to results. To evaluate such behaviors, practice is needed to combine the thinking behind our evaluation and training system with that of the OODA Loop methodology. All employees create their My Career Vision & Career Plan and, with their supervisors, set semiannual as well as quarterly goals for achieving their plans. Supervisors monitor employees' progress each quarter and provide support for their career development by adjusting individual trajectories so that employees' efforts will lead to good outcomes and successful experiences.

	2020 Results	2021 Results	2022 Results	Coverage
Percentage of employees who regularly receive assessment reviews for career development (%)	100.0	100.0	100.0	Unicharm Corporation (%)