

02

Overview of Our Value Creation

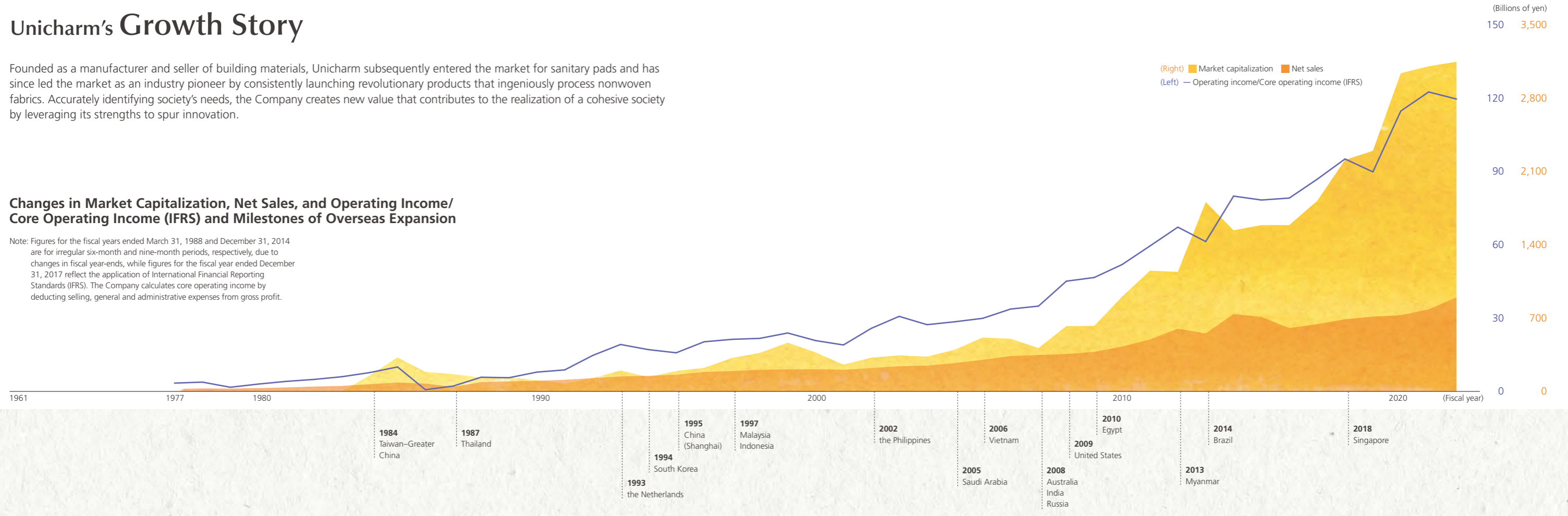
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Implementing Management with Resonance to Develop
Resonant Personnel Who Act on Their Own Initiative to
Address Issues

Unicharm's Growth Story

Founded as a manufacturer and seller of building materials, Unicharm subsequently entered the market for sanitary pads and has since led the market as an industry pioneer by consistently launching revolutionary products that ingeniously process nonwoven fabrics. Accurately identifying society's needs, the Company creates new value that contributes to the realization of a cohesive society by leveraging its strengths to spur innovation.

Changes in Market Capitalization, Net Sales, and Operating Income/Core Operating Income (IFRS) and Milestones of Overseas Expansion

Note: Figures for the fiscal years ended March 31, 1988 and December 31, 2014 are for irregular six-month and nine-month periods, respectively, due to changes in fiscal year-ends, while figures for the fiscal year ended December 31, 2017 reflect the application of International Financial Reporting Standards (IFRS). The Company calculates core operating income by deducting selling, general and administrative expenses from gross profit.



Social Issues and Unicharm's History of Spurring Innovative Solutions

1961 to Early 1980s (Japan)

- Changes in employment structure caused by rapid economic growth
- Acceleration in the advancement of women in society
- Improvements in living standards, with the majority of Japanese people feeling that they have attained middle-class status
- Advancement of the nuclear family



1976 Charm Nap Mini, Slim-Type Sanitary Pads

Challenging the widely accepted view at the time that a sanitary pad has to be thick to prevent leakage, Unicharm develops *Charm Nap Mini*, a slim-type sanitary pad approximately half the thickness of conventional sanitary pads. Slim-type sanitary pads with ample absorption capabilities play a significant role in facilitating the subsequent advancement of women in society.



1981 Moony, Disposable Baby Diapers

Against the backdrop of the advancement of women in society, Unicharm develops *Moony*, disposable baby diapers, from a desire to ease the burden of childcare in some small way. *Moony's* outstanding absorption capabilities trigger the rapid popularization of disposable diapers in Japan.

Late 1980s to Early 1990s

- International initiatives for achieving gender equality (Establishment of Japan's Act on Equal Opportunity and Treatment between Men and Women in Employment)
- Increase in the number of dual-income households and decline in the population (Japan)
- Remarkable economic growth in Asia



1992 Moonyman, Pants-Type Disposable Diapers for Babies

The year 1992 sees Unicharm develop *Moonyman*, the world's first easy-to-change and comfortable pants-type disposable diapers for babies. By changing the thinking around diaper design from something caregivers put on babies to something babies can be helped to put on, the development of *Moonyman* facilitates the evolution of disposable diapers into the standard underwear for babies.



1993 Sofy Sara Side Gathered, Sanitary Pads with Three-Dimensional Gathers

Unicharm takes inspiration from the gathers used in disposable diapers to create a solution to alleviate people's anxieties about sideways leakages from sanitary pads during menstruation. An idea to create sanitary pads with side barriers made from three-dimensional gathers leads to the development of *Sofy Sara Side Gathered* sanitary pads, which use such three-dimensional gathers.

Late 1990s to the 2000s

- Transition from an aging society to a super-aging society (Japan)
- Globalization of environmental issues
- Turmoil in financial markets across the world following the September 11 terrorist attacks of 2001 and the 2008 global financial crisis



1995 Lifree Rehabilitation Pants, Pants-Type Disposable Diapers for Adults

Clarifying the mechanism by which people become bedridden, namely that they are confined to their beds, Unicharm develops *Lifree Rehabilitation Pants* from the viewpoint of not only caregivers but also care recipients. "Aiming for zero bedridden people," the attention-grabbing slogan used to advertise the product, becomes widely known throughout Japan.



2007 Indonesia MamyPoko Pants Standard

We develop *MamyPoko Pants Standard*, disposable baby diapers balancing high quality with low cost, by focusing on the functions required of them by consumers in Indonesia and other ASEAN countries. Serving as their first experience of disposable diaper use, *MamyPoko Pants Standard* garners the endorsement of a vast number of consumers in the region.

2010 Onward

- Dramatic expansion of the Asian market
- Growth of emerging markets, such as Africa and South America
- Increasing severity of environmental issues, including global warming and pollution caused by plastics



2011 Urine Diapers for Male Dogs, Incontinence Care Products for Dogs

Unicharm develops products that both facilitate the care of elderly dogs and address the concerns of owners, including measures against scent-marking. In this way, the Company drives the expansion of the partner animals (pets) disposable diaper market by bolstering the development of incontinence etiquette products for dogs.

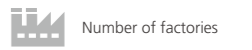
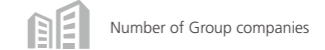
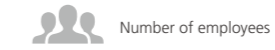


2013 China Ultra-Sound-Sleep Peace-of-Mind Pants, Pants-Type Sanitary Pads for Night Use

Unicharm carries out an exhaustive survey and analyzes in detail the unfiltered views of customers. Based on these views, Unicharm develops a pants-type sanitary pad for night use with a similar feel to conventional underwear that allows people to manage menstruation with ease and peace of mind, features sought by younger customers. The Company launches this product as *Ultra-Sound-Sleep Peace-of-Mind Pants*, creating a new category—pants-type sanitary pads—in the sanitary pads market.

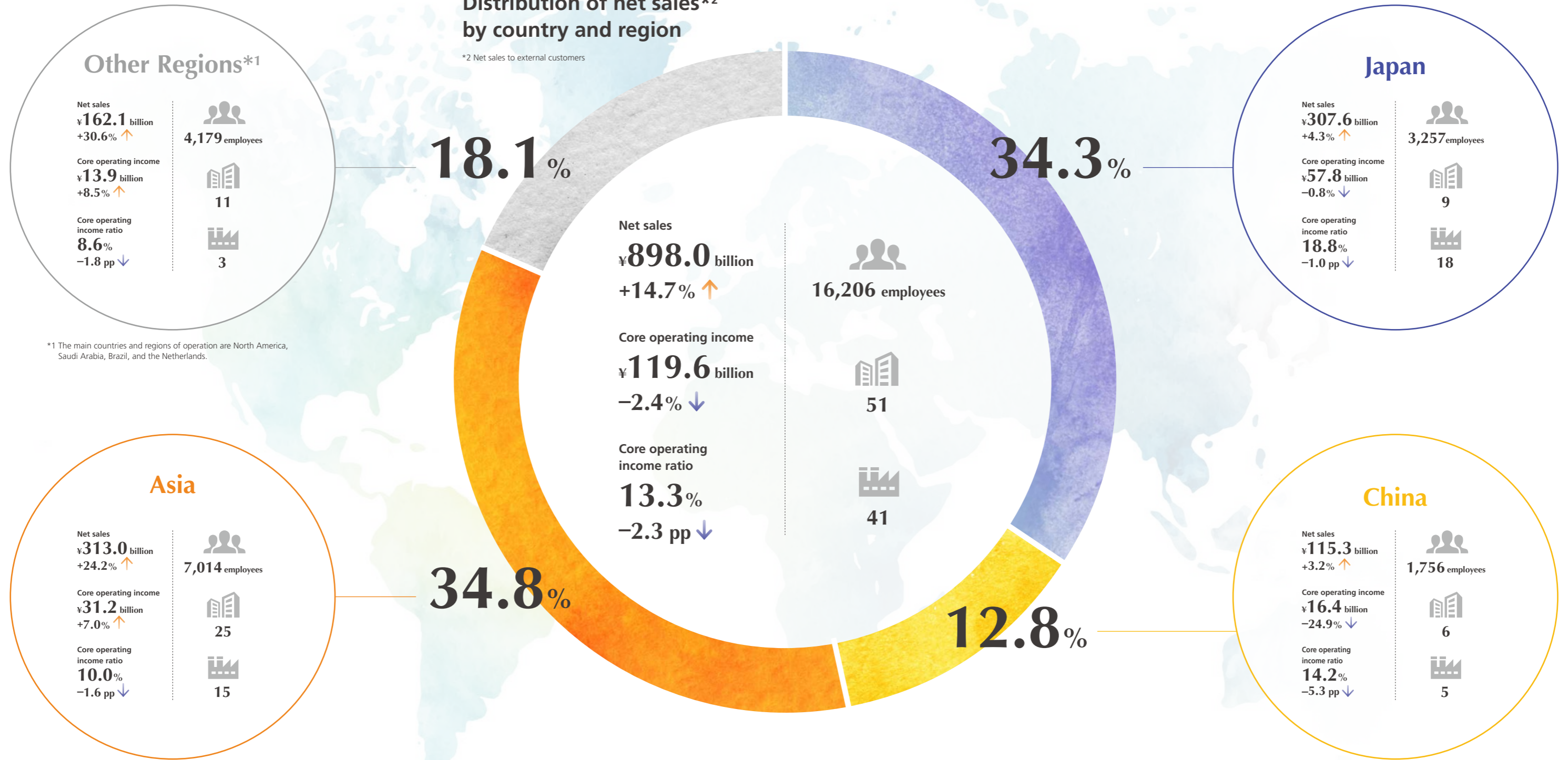
Unicharm's Business Expansion

Unicharm's various products and services are seeing increasing demand in regions throughout the world thanks to their being indispensable for leading hygienic and healthy lives. We currently operate businesses in approximately 80 countries and regions globally, garnering high praise for our activities.



Fiscal 2022 Distribution of net sales*2 by country and region

*2 Net sales to external customers

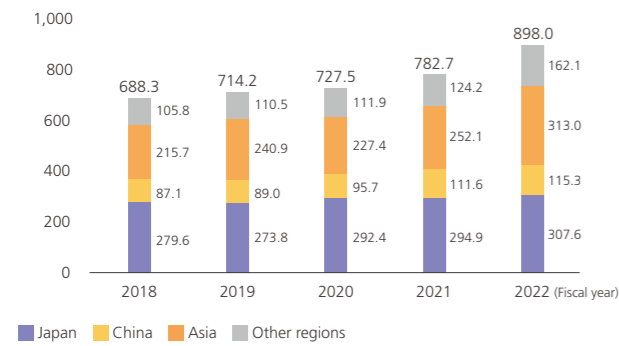


*1 The main countries and regions of operation are North America, Saudi Arabia, Brazil, and the Netherlands.

Financial Highlights

Net Sales by Geographical Region

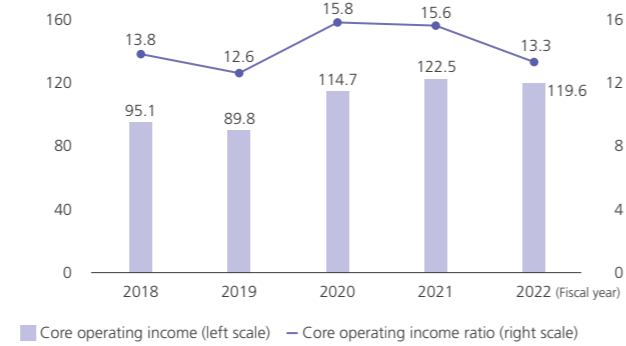
(Billions of yen)



In fiscal 2022, net sales increased 14.7% year on year, to ¥898.0 billion, reaching a record high for the sixth year in a row. In Japan, Unicharm's efforts to pass on value to customers led to a 4.3% increase in net sales amid a challenging operating environment. Despite the effects of lockdowns and other measures in China, overseas net sales—which accounted for 66.3% of total net sales—grew 21.0%, driven by results in other countries and regions including India, Indonesia, Vietnam, and North America.

Core Operating Income*1 / Core Operating Income Ratio

(Billions of yen) (%)

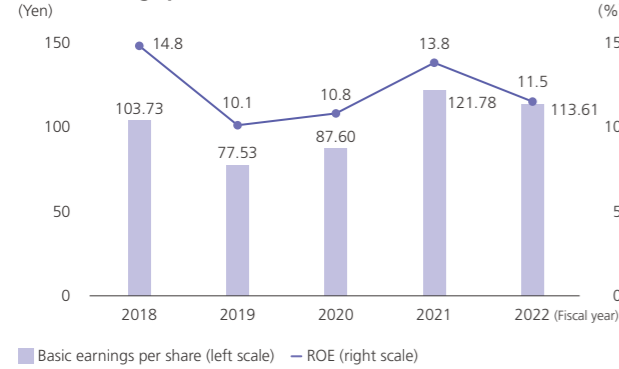


*1 Core operating income is calculated by deducting selling, general and administrative expenses from gross profit.

Core operating income in fiscal 2022 came to ¥119.6 billion, down 2.4% year on year. Core operating income ratio fell 2.3 percentage points to 13.3%. While income decreased over the year as a whole, it increased in the second half of the year (July to December) in the face of soaring raw materials prices, rising logistics costs, and other headwinds as profitability trended steadily upward.

Basic Earnings per Share / ROE*2

(Yen) (%)

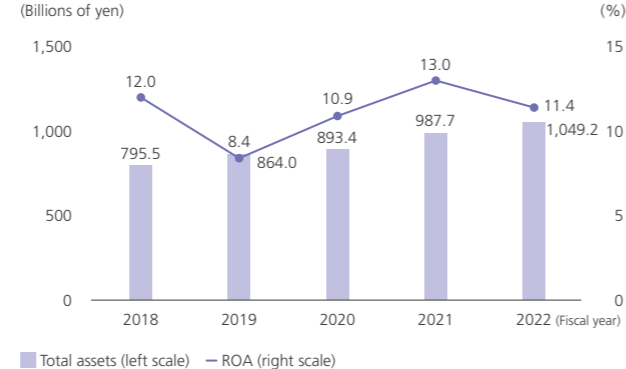


*2 ROE: Return on equity

In fiscal 2022, basic earnings per share and ROE were ¥113.61 and 11.5%, respectively. ROE deteriorated year on year, reflecting the decrease in core operating income and an increase in financial costs.

Total Assets / ROA*3

(Billions of yen) (%)

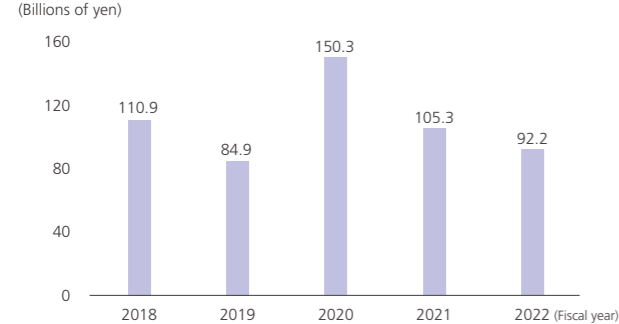


*3 ROA: Return on assets

As of December 31, 2022, total assets stood at ¥1,049.2 billion, up ¥61.6 billion compared with December 31, 2021. This outcome was mainly attributable to increases of ¥29.6 billion in cash and cash equivalents, ¥27.8 billion in inventories, and ¥23.6 billion in trade and other receivables. The major decrease was ¥29.3 billion in other current financial assets mainly due to time deposits with deposit terms exceeding three months.

Cash Flows from Operating Activities

(Billions of yen)



In fiscal 2022, cash flows from operating activities amounted to a net-cash inflow of ¥92.2 billion. The chief sources of cash inflows were profit before tax and depreciation and amortization expenses, while the chief sources of cash outflows were income taxes paid and an increase in trade and other receivables.

Cash Dividends per Share / Consolidated Dividend Payout Ratio

(Yen) (%)

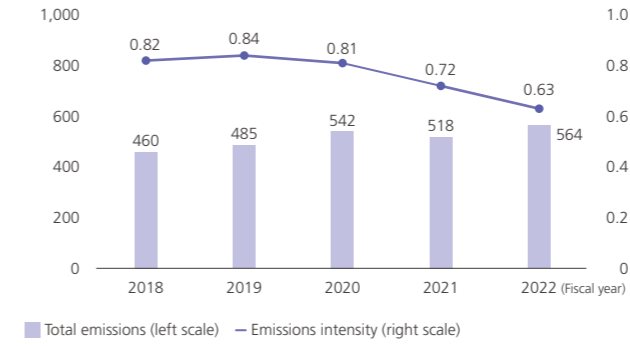


In fiscal 2022, annual cash dividends per share were ¥38, comprising a ¥19 per share dividend for the end of the second quarter and a year-end dividend of ¥19 per share, marking a dividend increase for the 21st consecutive year. Meanwhile, dividend on equity attributable to owners of parent (DOE) was 3.8% and the consolidated dividend payout ratio was 33.4%. Moreover, at Unicharm we aim to enhance shareholder returns with a total payout ratio of 50% through stable and consistent dividend increases and the purchase of treasury shares.

Non-Financial Highlights

Scope 1 and Scope 2* CO₂ Emissions

(Thousand tons) (Tons / million yen)

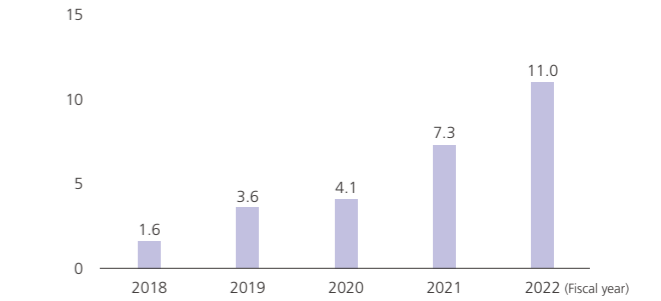


* Scope 1: Direct emissions from Unicharm's factories, offices, vehicles, etc.
Scope 2: Indirect emissions from the use of electricity and other energy sources by Unicharm

In fiscal 2022, total CO₂ emissions rose approximately 9%, due in part to the resumption of operations at the Neemrana Factory in India. However, we achieved a 13% reduction in CO₂ emissions intensity thanks to a variety of efforts. For Scope 1 emissions, these efforts included changing equipment and discontinuing the use of incinerator boilers; Scope 2 efforts included reducing electricity consumption by promoting energy saving and switching to renewable electricity. The scope of data collection included 34 of our 41 factories in fiscal 2018 and 2019, and has included all 41 since fiscal 2020.

Percentage of Renewable Electricity Used

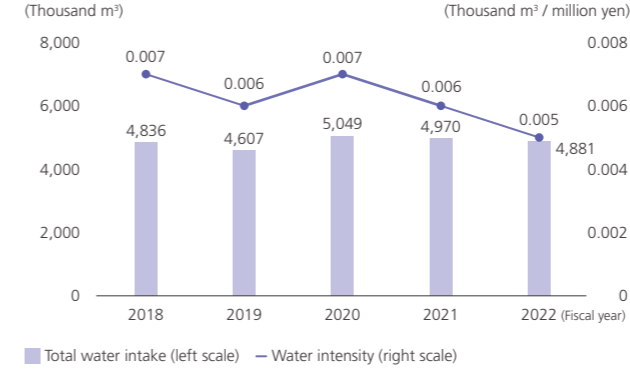
(%)



In fiscal 2022, the Saitama factory, the Mie factory, and the three factories of Peparlet Co., Ltd. in Japan, the Tianjin and Jiangsu factories in China, and Kawarang Factory No. 1 in Indonesia, began procuring renewable electricity, bringing the ratio of renewable electricity used by the Unicharm Group to 11.0%. We also created road maps for achieving a ratio of 100% by 2030 in each country and region, and we will promote the procurement of renewable electricity in accordance with the plans therein from fiscal 2023. Note: Data collection on the ratio of renewable electricity used began in 2020.

Water Use (Water Intake)

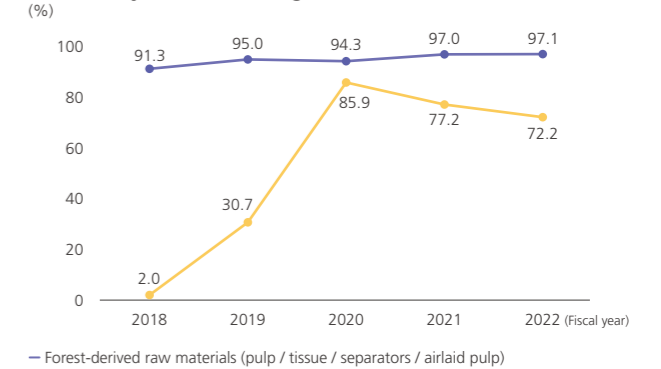
(Thousand m³) (Thousand m³ / million yen)



In fiscal 2022, total water intake and water intensity both decreased from the previous fiscal year. The scope of data collection included 30 of our 41 factories in fiscal 2018 and 2019, 40 in fiscal 2020 and 2021, and all 41 in fiscal 2022. Note: Figures for previous years have been revised as those data for a portion of the factories previously included estimates.

Traceability to Place of Origin

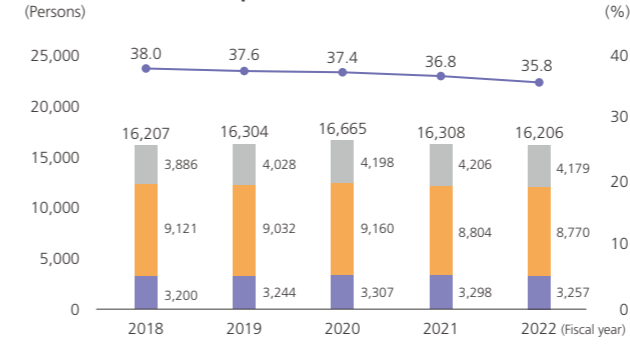
(%)



Unicharm promotes the acquisition of chain of custody (CoC) certification, a management certification for fabrication and distribution processes, for forest-derived raw materials to ensure that it both procures certified materials and other supplies and demonstrates that it manages them appropriately in its manufacturing and other processes. As part of these efforts, in fiscal 2022 the Mie Factory (Japan) acquired CoC certification from the Programme for the Endorsement of Forest Certification (PEFC). Unicharm increased its use of small quantities of palm oil in amounts that make it more challenging to procure certified supplies of the commodity. This has led to an overall decline of five percentage points in our use of certified palm oil.

Number of Group Employees / Ratio of Female Employees in the Unicharm Group

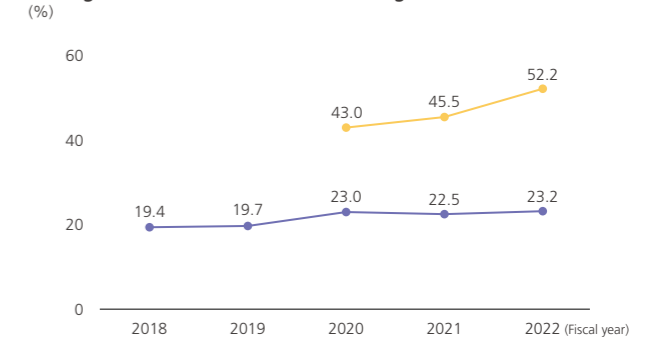
(Persons) (%)



The total number of Group employees as of December 31, 2022, stood at 16,206, with 3,257 in Japan, 8,770 in Asia, and 4,179 in other countries and regions. The fiscal 2022 total represents a decrease of 102 persons (approximately 0.6%) from fiscal 2021. Meanwhile, the ratio of female employees was 35.8%, down 1.0 percentage point from fiscal 2021.

Ratio of Female Managers / Ratio of Locally Hired Employees in Management Positions (General Manager and Above)

(%)

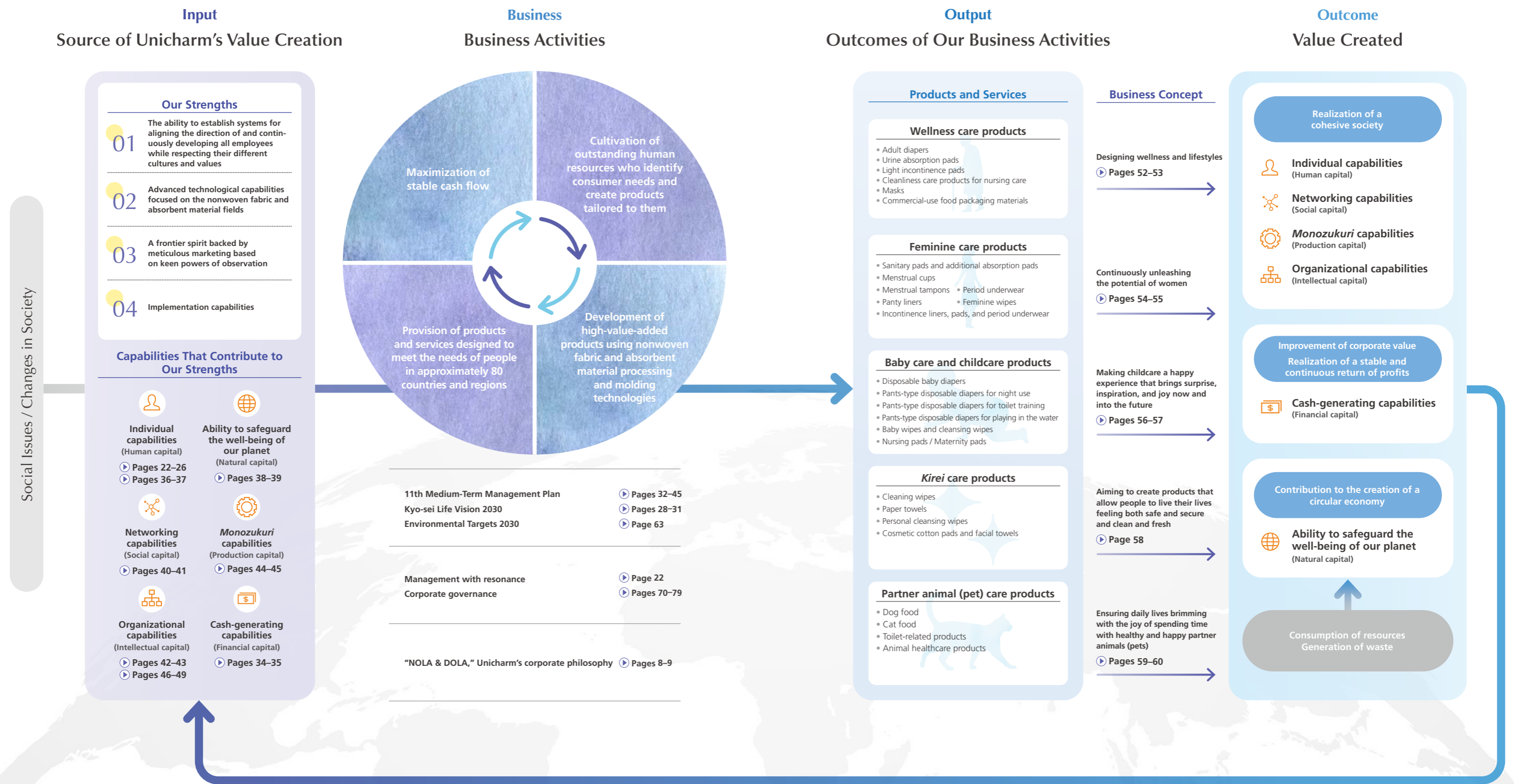


In fiscal 2022, the ratio of female managers edged up 0.7 percentage point, to 23.2% for the Group as a whole. The ratio of locally hired employees in positions of general manager and above was 52.2%, exceeding 50% for the first time.

Unicharm's Value Creation Model

Purpose

Contributing to the Achievement of the SDGs



Value Creation Process

Systems to Ensure That Unicharm Leverages the Unique Strengths That Are the Source of Its Value Creation in Its Business Activities

Realizing its mission to create a cohesive society through its business activities requires Unicharm's products and services to be the first choice of consumers throughout the world. We will not achieve a competitive advantage unless we go beyond offering products and services that reflect consumer needs to differentiating them by adding value that only we can create. Achieved by leveraging in our business activities the unique strengths that constitute the source of our value creation, a competitive advantage facilitates the creation of truly

unique value. To this end, determining and efficiently strengthening the capabilities needed to link our strengths to the development of our businesses and the improvement of our corporate value is of the utmost importance.

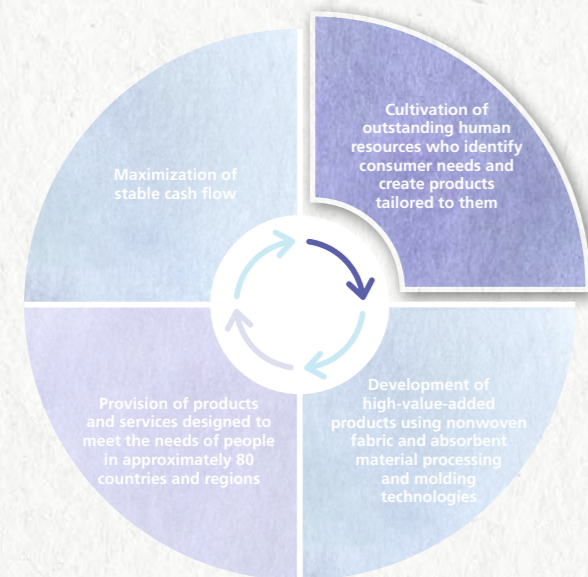
In this section, we outline the areas in which we leverage such strengths in our business activities and the capabilities that comprise them, and analyze and organize our value creation systems to identify the driving forces behind our efforts to create value.

Value Creation Drivers

Analysis of Unicharm's value creation system reveals that the source of its strengths are the individual capabilities of its human resources and the organizational capabilities that make the best use of these individual capabilities. The Company believes that maximizing each of these capabilities will lead to efficient business growth. Since the ability to build a competitive advantage depends in large part on whether a

company has the organizational capabilities to leverage its outstanding human resources, Unicharm works to cultivate its human resources and create an organization that makes the best use of its personnel. For Unicharm, human resources are the key to maximizing competitiveness and driving value creation.

01 The ability to establish systems for aligning the direction of and continuously developing all employees while respecting their different cultures and values



With operations in over 80 countries and regions worldwide, a diverse array of employees work at the Unicharm Group. The Company implements management with resonance, its unique management model, to enable employees with a variety of backgrounds to achieve shared goals. To implement this model, we have introduced the Observe–Orient–Decide–Act Loop (OODA Loop) methodology, a system for accurately identifying changes in the operating environment and quickly revising action plans to achieve goals. Applying the OODA Loop methodology allows us to reach performance goals and develop human resources.

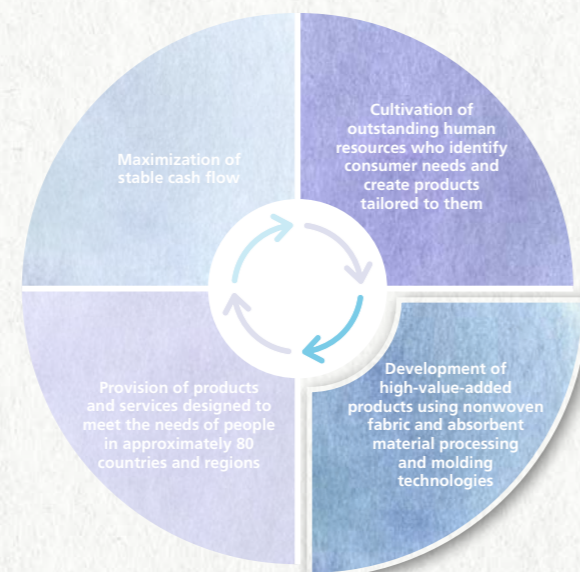
Rate of introduction of KYOSHIN, our human resource development platform
100% (all local subsidiaries)

Ratio of locally hired employees (general manager and above)
52.2%

Ratio of female managers
23.2%

Training time per employee
35 hours (Unicharm Corporation)

02 Advanced technological capabilities focused on the nonwoven fabric and absorbent material fields



Unicharm conducts research and development (R&D) focused on nonwoven fabric and absorbent materials and exhaustively develops and improves the processing and molding technologies that are indispensable to mass production, using the results of these efforts to develop high-value-added products. We believe that a company's technological capabilities increase or decrease in accordance with the degree to which it combines the individual technical capabilities of its employees with organizational capabilities that make the best of use of such individual capabilities. With this in mind, we promote initiatives to improve our R&D and production systems and enhance productivity, strategically utilize our patents to improve our organizational capabilities, and endeavor to cultivate developers and engineers and build their individual technical capabilities.

Number of production bases
41 factories

R&D expenses
¥8,270 million

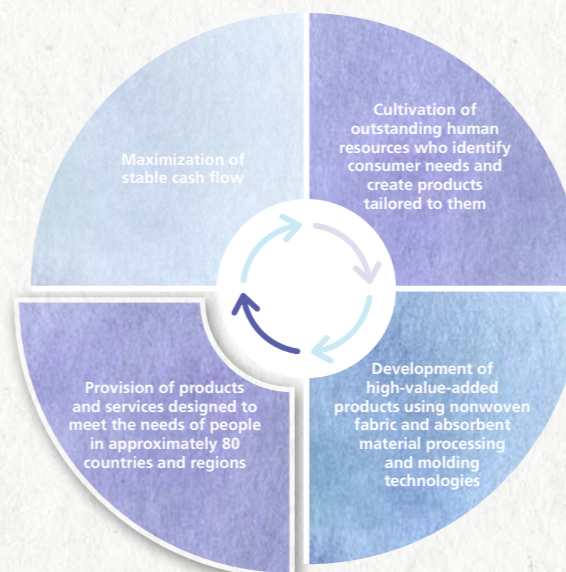
Capital expenditures
¥42,627 million

Global patent application rate (2019)
85%

Patent registration rate in Japan (2021)
82%

Number of overseas R&D bases (suboffices)
6
Thailand, Indonesia, China, India, Saudi Arabia, and Vietnam

03 A frontier spirit backed by meticulous marketing based on keen powers of observation



The people who use and the people who buy many of Unicharm's products are different, for example, babies and their parents, care recipients and caregivers, and dogs and cats and their owners. For products where it is difficult to directly ask users about their wishes, Unicharm's ability to understand latent needs through observation and other means is vital. To this end, we strive to cultivate human resources with keen powers of observation who are free from preconceived ideas for every stage of our marketing activities, from product development to sales. At the same time, we are strengthening efforts to use digital technology to collect and analyze consumer data to ascertain the essence of needs inherent in people's lifestyles and consumption patterns.

To spur innovation based on new perspectives gained through such activities, we are cultivating inventive and passionate human resources and establishing a work environment that helps draw out the abilities of employees with innovative ideas.

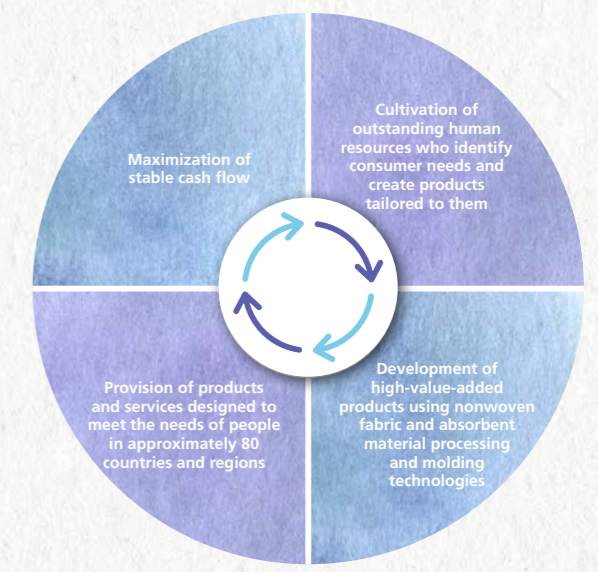
Overseas sales ratio
66.3%

Asia sales ratio
47.7%

Growth rate of overseas sales
21.0%

Growth rate of domestic sales
4.3%

04 Implementation capabilities



A plan will achieve nothing unless it is implemented, regardless of how well it is devised. Putting into practice management with resonance enables all Unicharm's employees to develop the ability to devise the highly effective plans the Company needs to achieve its goals and fosters the ability to implement them steadily to a successful conclusion. Employees demonstrate these first-rate implementation capabilities in every functional division, including R&D, production, marketing, and sales. Strengthening the implementation capabilities of employees every day by putting into practice management with resonance is an exceptionally important element for building a competitive advantage.

Number of management with resonance practical meetings
925

Total number of meetings held between August 31, 2003, and December 19, 2022

Market share
23.6%

Products with leading market share (based on a 2022 in-house survey)

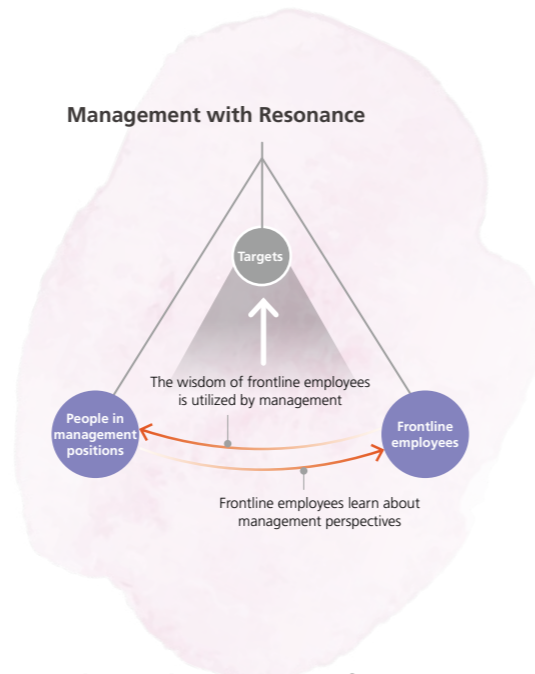
Japan	Asia	Other Regions
Adult incontinence care products, Masks, Sanitary pads, Disposable baby diapers, Baby wipes, Personal cleansing wipes, Makeup powder puffs, Toilet-related products for dogs, Toilet-related products for cats	Adult incontinence care products (Taiwan–Greater China, Thailand, Indonesia, and Vietnam) Sanitary pads (Taiwan–Greater China, Thailand, Indonesia, and Vietnam) Disposable baby diapers (Thailand, Indonesia, Singapore, and Vietnam)	Disposable baby diapers (Saudi Arabia) Animal healthcare products (United States)

Strengthening the Source of Unicharm's Value Creation:

Implementing Management with Resonance to Develop Resonant Personnel Who Act on Their Own Initiative to Address Issues

Unicharm implements management with resonance, its unique management model, through each of its Group employees. Management with resonance is a management methodology that facilitates the growth of every employee, and in turn the growth of Unicharm as a whole, by arming people in management positions with unfiltered information from frontline employees and making frontline employees aware of management's perspectives, outlooks, and targets. By implementing management with resonance, we aim to develop personnel who can identify issues on their own initiative, determine how to address these issues, and work continuously until they are resolved. We call employees who demonstrate such a mindset and behavioral traits "resonant personnel," which is how we define our ideal human resources.

In its implementation of management with resonance, Unicharm develops and uses its shared methodologies and tools, including The Unicharm Way and the Observe–Orient–Decide–Act Loop (OODA Loop) methodology. We also arrange sessions for employees to read our integrated report, hold The Unicharm Awards to recognize resonant personnel, and organize the Global OODA Caravan, which sees President & CEO Takahara visit the front lines, as part of our efforts to enhance employee engagement.



The Unicharm Way and the OODA Loop Methodology: Key Elements in the Implementation of Management with Resonance

The Unicharm Way

The Unicharm Way consolidates the values, action guidelines, important management statements, and other key information that needs to be shared throughout the Company. Besides the English and Japanese versions, we have translated and published The Unicharm Way into the languages of nine countries and regions. The Unicharm Terminology, which was published in 1986, was the forerunner of The Unicharm Way. In addition to the Unicharm Terminology, The

Unicharm Way comprises a total of 11 booklets, including the Handbook for Creating Objectives–Goals–Issues–Strategies–Measures–Action Plan (OGISM [A]), the Manual for Implementing Management with Resonance, the Management Handbook, and the Unicharm Group Charter of Actions. In 2021, we also launched an app version of The Unicharm Way that can be viewed on smartphones and other devices to encourage employees to consult it more often.

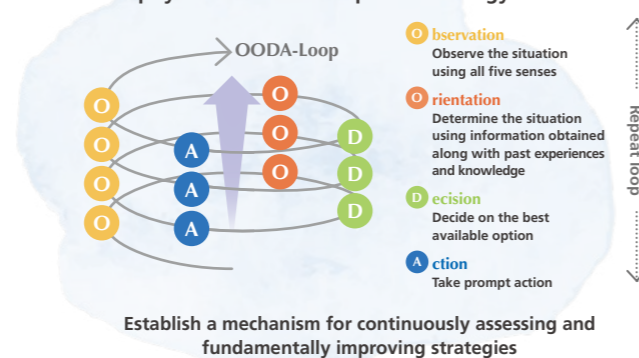
OODA Loop Methodology

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 Plan–Do–Check–Act (PDCA) cycle, enhancing the strength 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 these changes. Recognizing this need, we replaced the SAPS management model with the Observe–Orient–Decide–Act Loop (OODA Loop) methodology in 2019.

With the OODA Loop methodology, we quickly grasp unexpected changes by observing current business conditions, appropriately orient ourselves to the situation, reach a decision, and then take action. We repeat this cycle 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



to develop plans and communicate them more efficiently. The OGISM (A) table streamlines and consolidates the essential elements of a plan into objectives (targets to be achieved within a certain period), goals (numerical targets), issues, strategies, measures (determination criteria), and action plans.

The OGISM (A) Table

While the OODA Loop methodology emphasizes responding flexibly to changes in the operating environment without being constrained by initial plans, it by no means disregards such plans. In 1994, Unicharm introduced the OGISM (A) table, which standardizes the process for formulating plans, to make it easier for employees to refine their ability

Accelerating Human Resource Development by Implementing the OODA Loop Methodology in "Scrum" Units

Unicharm works to utilize the OODA Loop methodology on a Groupwide basis. The most important aspect of its efforts is the implementation of the OODA Loop methodology through "scrum" meetings in small organizational units, such as sections or groups.

First, section heads or managers, who serve as scrum leaders, create an OODA Loop form that incorporates the strategies outlined in the

OGISM (A) table into weekly action plans. The content of these forms is then discussed at weekly scrum strategy meetings. Informed by these discussions, the scrum members consolidate their expertise to apply the OODA Loop effectively. Repeating this process every week enables scrums to achieve their goals more quickly and accelerates the growth of their members.

Weekly Scrum Strategy Meeting Flow

Advance Preparations

Using the OGISM (A) table, each scrum puts together strategies and an action plan to achieve its goals while members engage in active dialogue with each other to ensure that they share the same overall vision. The contents of the OGISM (A) table are reviewed on a half-yearly or quarterly basis.

Guided by the action plan in the OGISM (A) table, scrum leaders use the OODA Loop form to identify priority issues for the following week and create specific action plans.

Fridays

Leaders share the completed OODA Loop form with scrum members, who refer to it to put together an action plan in 30-minute increments for the following week using the weekly action plan form.

Leaders



Share the OODA-Loop form

Members

Daily Routine (Mondays to Fridays)

Members work based on their scrum's weekly action plan form, recording in it their accomplishments, unfinished matters, and other pertinent information at the end of the working day. Leaders keep track of the status of the work of members and offer appropriate advice while using the OODA Loop form to identify priority issues for the following week.

Mondays

At weekly scrum strategy meetings, members share the weekly action plan forms that each has formulated in response to their leader's explanation of the content of the scrum's OODA Loop forms. Thereafter, all participants discuss priority issues and revise the action plan as necessary.



Weekly action plan form

Initiatives for Creating Resonance Between Management and Frontline Employees

Reading Session of Integrated Report

In fiscal 2021, Unicharm began holding integrated report reading sessions to give employees the opportunity to see the results of their daily activities and to encourage them to pursue initiatives for achieving their further growth. In fiscal 2022, reading sessions were implemented by approximately 950 scrums in 15 countries and regions. During the sessions, participants read aloud important sections of the report, scrum leaders provide explanatory comments, and all members of a scrum engage in debate and discussion in accordance with the Guide for How to Proceed with Reading Session of Integrated Report, which are produced by the ESG Division. In this way, the sessions foster a deeper understanding of the content in the integrated report. Scrum members also deepen their understanding of Unicharm through the sessions, thereby enhancing their engagement with the Company.



Reading Session of Integrated Report (Indonesia)

Steps for Implementing Reading Sessions

STEP 1

Hold a workshop at the Management with Resonance Practical Meeting, which is attended by all scrum leaders. The ESG Division gives a lecture in accordance with the operating guidelines on how to read the report effectively.



STEP 2

Scrum leaders hold reading sessions in their own scrums based on the lecture in Step 1. Over several sessions, every scrum member reads the integrated report, engaging in a series of discussions and deepening their understanding of the content.

Comments from a Participant



Tomonari Tamura
Japan Sales Head Office

Reading and discussing the integrated report with fellow scrum members gave everyone a better understanding of Unicharm's vision and current situation. Many of us were unfamiliar with the terminology used in the report, which prompted a lot of questions. This furthered our understanding and helped make the sessions worthwhile.

The Unicharm Awards

Every year, the Company holds the Unicharm Awards to share on a global basis examples of the creation of significant added value through management with resonance and recognize employees and projects that have achieved excellent results to motivate employees and encourage their growth.

The goal of the Unicharm Awards is for employees to learn from case studies how management with resonance leads to value creation. The awards provide a learning experience for employees and offer an opportunity for them to commit to achieving their goals.

Through these awards, Unicharm will continue to encourage the growth of its employees, the Company, and society as a whole.



The Unicharm Awards

The Unicharm Awards celebrate all members of teams that have achieved distinguished results by implementing management with resonance, which is informed by the insights of frontline employees. At the awards, teams nominated in the Country President Awards in various countries and regions make presentations and receive gold, silver, or bronze awards based on the results of a poll of all employees.

The Country President Awards

The Country President Awards provide an opportunity to raise awareness of and recognize the results of cross-divisional projects in various countries and regions. The presidents of local subsidiaries in these countries and regions decide on the gold, silver, or bronze awards and which teams to enter into the Unicharm Awards.

Cross-Divisional Projects

Cross-divisional projects are collaborative projects comprising multiple scrums, whereby employees from different organizational units form tight scrums to create new value and achieve novel results by accomplishing shared and mutually agreed goals.

Global OODA Caravan

Guided by the belief that a sense of connection is a force that drives people to act on their own initiative, President & CEO Takahara began holding the Global OODA Caravan in 2022, visiting Unicharm bases throughout the world and having in-depth discussions with employees. During these visits, President & CEO Takahara and local employees share and identify with each other's aspirations. With the aim of inspiring employees to work toward Unicharm's goal of becoming the world's best company by 2030, the activity schedule includes presentations by employees on their visions and the contributions they hope to make to Unicharm, which all participants can identify with.

To encourage them to act on their own initiative, all the scrum leaders in countries and regions visited by the Global OODA Caravan declare their commitment to achieving Unicharm's goal of becoming the world's best company by 2030. The visits also foster a sense of unity—all participants write their ambitions and resolutions on a flag featuring the Japanese kanji for "bond" to reaffirm their commitment and have their photograph taken with President & CEO Takahara. In

addition, get-togethers are held to deepen communication, giving participants the opportunity to share their aspirations with President & CEO Takahara and other participants while learning the aspirations of other employees. Following the visits, details of the Global OODA Caravan's activities are shared throughout Unicharm, enabling all employees to identify with the aspirations of their colleagues.

Unicharm will continue to promote both the visualization and sharing of the aspirations of its employees centered on communication with President & CEO Takahara and harness these efforts as a driving force for achieving its goals.



The Global OODA Caravan visits The Hartz Mountain Corporation in the United States.

Comments from Participants



Gregg Herman
The Hartz Mountain Corporation

I was honored to have the opportunity to meet Mr. Takahara and share our strategy for the Partner Animal (Pet) Care Business. I appreciated the feedback as well.



Louisa Guo
The Hartz Mountain Corporation

Meeting Mr. Takahara provided a great opportunity for us to learn more about Unicharm's global business. Hartz is fortunate to operate under such a large parent company.

Strategy Secretary to CEO Program for Developing Future Leadership Candidates

Unicharm believes that inspiration encourages people to grow. The Company therefore offers a variety of opportunities to its employees, including the Strategy Secretary to CEO program for developing leadership candidates.

Launched in 2014, the program sees mid-career employees who have worked at Unicharm for approximately a decade serve as the strategy secretary to President & CEO Takahara for a term of two months. Over 50 employees have been admitted to the program so far. During their term, program participants sit in with President & CEO Takahara on all his duties to learn how corporate managers carry themselves, speak, and behave. Participants also accompany him on business trips, including overseas, to witness personally the range of people he meets, the types of discussions he has, and the nature of

the decisions he makes, thereby gaining insight into the thinking and behavior of the Company's most senior manager. Unicharm uses these learning opportunities to cultivate among participants the mettle and decisiveness required of corporate managers and develop human resources who will play a central role in the management of the Company into the future.



A Strategy Secretary to CEO program participant performing his duties

Comments from a Participant



Shinichiro Sembo
51st Strategy Secretary to CEO

President & CEO Takahara explained to me that the Strategy Secretary to CEO program was designed to develop key human resources who will lead Unicharm into the future as accelerators—human resources who boost the Company's growth—in a variety of ways. For example, sometimes they will serve as interpreters who invigorate the Company as a whole; sometimes they will be leaders who align the direction of Unicharm's employees on a Companywide basis. I really feel that the two months I spent in the program served as an extremely valuable learning experience for me.

Unicharm's Human Resource Policy: Giving Local Employees the Leading Role in Managing Local Operations

Unicharm aims to develop high-value-added products and services by focusing on highly differentiated technologies in the field of non-woven fabric and absorbent material processing and molding. The Company operates such business activities in Japan, the country of its founding, and in all the countries and regions where it has an existing footprint. In doing so, we carefully assess which markets to enter, determine optimum timing and price points to ensure effective product launches based on market, regional, and sales channel characteristics, and implement strategies accordingly.

Entrenching product development with a focus on regional cultures and living conditions requires the localization of the management of overseas operations. For this reason, proactively promoting and improving the skills of local human resources is essential. Today, our efforts to accelerate the development of resonant personnel overseas under the leadership of local human resources are ensuring the development of such personnel throughout the world.

Developing Scrum Leaders in Egypt

Unicharm has been promoting the development of resonant personnel in Egypt since fiscal 2021, with fiscal 2023 marking phase five of these efforts. We have stipulated three requirements for local employees to become scrum leaders. Namely, they must be able to create the OGISM (A) table unaided, conduct weekly scrum strategy meetings effectively in accordance with the OODA Loop methodology, and

make full use of The Unicharm Way in their daily activities. In this way, we are focusing on strengthening the development of resonant personnel. When these efforts began in 2021, there were six scrum leaders in Egypt. The number of appointed and actively serving scrum leaders stood at 14 in fiscal 2022. We are advancing various measures to increase the number of scrum leaders to 32 in fiscal 2023.

Strategy Implementation Road Map (Egypt)

Requirements for Becoming a Scrum Leader		Phase 1	▶ Phase 2	▶ Phase 3	▶ Phase 4	▶ Phase 5
Strategy Development Capabilities	Create the OGISM (A) table unaided	Japanese personnel train local employees to be instructors	Local employees learn from local instructors in the Human Resource Division how to provide instruction on creating the OGISM (A) table	Local instructors teach local employees how to create the OGISM table	The number of local instructors and the number of trainee instructors increases	The number of local instructors and the number of trainee instructors increases
		Two local employees are trained to be instructors in the Egypt Human Resources Division	The first batch of four local instructors is trained, bringing the total number to six	A second batch of eight instructors is trained, bringing the total number to 14	A third batch of 18 instructors is trained, bringing the total number to 32	A fourth batch of 27 instructors is trained, bringing the total number to 59
Strategy Implementation Capabilities	Conduct weekly scrum strategy meetings effectively in accordance with the OODA Loop methodology	Two local instructors in the Egypt Human Resources Division learn the OODA Loop Methodology	The Human Resources Division starts applying the OODA Loop methodology	The two local instructors from the Human Resources Division provide individual training for the first batch of four local instructors on how to apply the OODA Loop methodology	OODA Loop methodology study sessions begin (second batch of instructors) Weekly scrum strategy meetings are held (first batch of instructors)	Implementation and operation of OODA Loop methodology study sessions begins (third batch of 18 instructors)
	Make full use of The Unicharm Way in daily activities	Build understanding of MVV and create divisional MVV (Human Resources Division members in Egypt)	Two employees from the Human Resources Division provide OGISM (A) table study sessions to teach established methods for making citations	The sales and marketing divisions hold regular study sessions on The Unicharm Way	The Unicharm Terminology is reflected in all training materials. Program to explain the UTMSS begins (Manufacturing Division)	Regular study sessions are held for new members of the Human Resources Division (leader development)

NS: National staff

MVV: Mission, vision, and value

UTMSS: Unicharm Total Management Strategic System

UTMSS is Unicharm's unique approach and philosophy of promoting improvement activities to enhance management efficiency in business activities, from order receipt to production, delivery, and recovery.

Strengthening Employee Engagement in Indonesia

Enhancing our cohesiveness as a Company to ensure a high level of employee engagement is integral to strengthening our human resources in relation to our purpose, which comprises our mission, vision, and value. In Indonesia, we have worked to strengthen employee engagement, through a range of measures. These measures include the centralization of personnel-related organizations—which were previously segmented by their roles, such as recruitment, employee benefits, and personnel management—into the Human Resources Business

Partner (HRBP). This arrangement has helped strengthen employee engagement in Indonesia by enabling evaluations and human resource placements that reflect frontline conditions and support the upskilling of employees. In fiscal 2022, following the assessment and monitoring of employee activities, we launched a program to help employees to upskill, which has resulted in four of them improving their performance as of February 2023.

Comments from an Employee (Indonesia)



Badai Banyu Negara
PT. UNI-CHARM INDONESIA Tbk

Monthly monitoring by three parties—the HRBP manager, the immediate superior of the program participants, and myself—revealed a significant improvement in the performance of approximately 80% of the participants. Moreover, the immediate superior stated that, in addition to the improvement in performance, the Group's stance of strengthening the development of human resources has helped enhance the motivation of participants, making for an extremely effective program.