Corporate Governance

Unicharm strives to pursue proper corporate management through the Unicharm Ideals. We aim to secure the support and trust of society by delivering sustainable growth and long-term corporate value through business activities based on close cooperation between management and executive divisions, and by working closely and appropriately with all our stakeholders.

In 1999, we introduced an executive officer system to separate management oversight and executive functions, and in May 2015 we moved to a “company with audit and supervisory committee” governance structure to meet the expectations of all our stakeholders in Japan and overseas from a global perspective. This new system has strengthened oversight of the executive functions of the Board of Directors and brought outside directors into the management process to increase transparency and efficiency.

Under this structure, members of the independent Audit and Supervisory Committee have voting rights on the Board of Directors and the committee actively uses the Company’s internal control system to carry out audits. This has strengthened audit and oversight of management by outside directors, helping to create a corporate culture and climate spirit based on compliance, appropriate collaborative relationships with stakeholders and sound business ethics. All this underpins our fundamental stance on corporate governance as a global company: conduct business activities balanced between growth and discipline.

Corporate Governance System  (As of March 31, 2017)
Our internal control system
The Unicharm Group formulated its Basic Policy for Establishing an Internal Control System in accordance with the Companies Act and established an Internal Control Committee to respond to the Internal Control and Reporting System (J-SOX) of the Financial Instruments and Exchange Act. The Internal Control Committee conducts an annual reassessment of risks for each company in the Unicharm Group, reviews target countries for J-SOX assessment and revises the scope of business processes requiring evaluation. At the same time, the committee works to improve the reliability of financial reporting by promoting the establishment and operation of an internal control system and effective assessments.
We are making ongoing improvements to this internal control system from a global perspective by taking into account regulatory developments in countries overseas where the Group operates.

Compliance

Our attitude towards compliance
Our management policy is expressed in the Unicharm Ideals, which state: “we strive to pursue proper corporate management principles which combine corporate growth, associate well-being and the fulfillment of our social responsibilities.”

Initiatives to raise compliance awareness
Unicharm has created a booklet called The Unicharm Way, which includes the Group’s Code of Conduct and other important compliance documents. The booklet forms the basis of our compliance system and is designed to remind all directors and employees to hold themselves to the highest ethical standards and comply with all rules and regulations.
We also run regular training programs to raise awareness of compliance among directors and employees and educate them about specific laws and regulations relevant to their respective work duties. As part of these efforts, we make sure our personnel understand that bribing public officials and making facilitating payments are banned and emphasize the importance of upholding antitrust laws. In Japan, Group employees can consult on compliance issues by phoning our Ring-Ring Employee Hotline. In fiscal 2016, we received 19 requests for advice. We also operate similar hotlines in China and Thailand. In addition to the Ring-Ring Employee Hotline, an internal whistle-blowing hotline called the Compliance Hotline has been available to employees since April 2014 to support compliance management.

Risk Management

Rigorous information security
To ensure rigorous information security, the Unicharm Group has set out information security principles and procedures, such as the Information Security Policy and the Information Management Security Rules. We also have Personal Information Protection Rules in place to safeguard personal information provided by our customers, and we strictly manage this information and take precautions to prevent information leaks. To ensure these rules are strictly observed and to prevent information leaks, Unicharm has established an Information Management Security Committee, which develops Groupwide information management security initiatives and carries out employee education and ongoing monitoring. In fiscal 2016, we ran computer-related security courses through our e-learning portal. Through the courses, participants confirmed security procedures that they are required to follow. One day every month has been earmarked as an information management day, when we highlight a different security topic each month to remind employees about the risk of specific information leaks. At the same time, as a physical measure to prevent against information leaks through the loss or steal of computers, we have been implementing an IT environment since 2016 where data cannot be stored on the computers themselves.
Protecting intellectual property

The Intellectual Property Division centralizes the management of the Group’s intellectual property assets and formulates and executes intellectual property strategies linked to Unicharm’s business and development strategies.

As a patent application strategy, we intend to protect and utilize business and developmental results as intellectual property, along with reinforcing overseas patent applications in line with the global development of our business. As a result, we have captured a top-class share in the industry with the application rate for global patents at approximately 80% (2014) and the registration rate for Japanese patents at approximately 92% (2015) (taken from the Patent Administration’s Annual Report 2016). In order to raise the quality of our patent applications, we use the Japan Patent Office’s Collective Examination for IP Portfolio Supporting Business Strategy and we have signed up as the first user worldwide of the ASEAN Patent Examination Cooperation (ASPEC) program. By actively applying for patents at an early stage in Japan and overseas, we are enhancing our ability to build a portfolio of intellectual property such as patents, utility models, designs and trademarks.

Unicharm has applied for and secured trademarks that protect the Group’s brands in more than 160 countries around the world, and we are also protecting our rights to proprietary packaging. In 2015, we also secured the rights to the “unicharm” and “moony” moving trademarks under the Japan Patent Office’s system for new types of trademarks. Unicharm was the first company in the disposal diaper sector to apply for trademarks under this new system. Also, in 2016, we proactively licensed catchphrase trademarks such as Sofy’s brand message, “Flap my wings and fly!” In August 2016, the Sofy jingle became the first sound trademark to be licensed as a foreign trademark in China.

Unicharm also takes a firm stance on protecting its intellectual property, including filing lawsuits against infringements or unauthorized use. Our business and product development divisions cooperate closely with overseas subsidiaries and work with local governments to eliminate unauthorized and counterfeit products in Japan and overseas such as Asia, ASEAN, the Middle East and Africa. Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of intellectual property rights of Unicharm and other companies, as articulated in the Unicharm Action Guidelines, by conducting employee training through a combination of on-the-job training, off-the-job training and e-learning to ensure that employees in Japan and overseas are fully aware of internal compliance issues related to such things as patents, trademarks and misleading representations, etc.

As part of our public activities, we seek to provide advice on and influence international policy with respect to intellectual property by actively exchanging opinions with patent offices in Japan, Asia and the ASEAN area.
Business Continuity Plan (BCP*)

Unicharm has been strengthening risk management since fiscal 2005. Our BCP Manual describes steps to ensure the safety of our employees and their families, deliver Unicharm products that are necessities for daily living to people in disaster-affected areas, as well as to those people who require them as soon as possible, and recover important corporate operations of Unicharm, particularly head office functions.

We are working to further enhance workplace safety through various initiatives. Specifically, we conduct e-learning sessions for all employees to raise awareness and encourage proactive responses, and we require all employees to carry a disaster response pocket manual for immediate reference during an emergency. We have also put systems in place that allow us to contact employees using smartphones, which they must carry at all times. This helps us to confirm their safety and maintain business continuity during emergencies.

In addition, we conduct disaster training drills at each business site, hold basic survival courses and provide training that is tailored to the function of each division. We also hold a BCP training exercise called 3/11 Comprehensive Company-Wide Drill to help us prepare for a major earthquake directly underneath Tokyo or a large-scale interconnected earthquake involving the Tokai, Tonankai and Nankai plates. Even on holidays we carry out first response drills with an emphasis on confirming employee safety and the capabilities of disaster response headquarters, including checking the safety of all Unicharm employees in Japan. Due to these efforts, we received a letter of appreciation from the Tokyo Fire Department in 2015.

In 2016, from the perspective of maintaining and expanding the production structure, we acquired factory land for new supply bases in Kanda Town, Kyoto County, Fukuoka Prefecture. We are making preparations for a safe and secure supply system in the event that the existing production base ceases operation due to a natural disaster or other such event.

Going forward, we will strengthen our global risk management capabilities to prepare for civil unrest, terrorism and other incidents to ensure we are prepared to handle any unforeseen events.

* BCP: Plan for the continued operation and rapid recovery of core business activities after an emergency