



Gentle care for life

**Unicharm
Group for
Sustainability**

Sustainability Report 2020

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We are a supporter of art created by people with disabilities.

Paralym Art aims to help artists with disabilities become financially independent by supporting their business activities.

Cover Title *Spiral Light*

Sakura

I have enjoyed painting ever since I was a child, and I have created picture books, etc.

Currently, while working at Unicharm's special subsidiary, I am also active as an artist with the Paralym Art® association.

Overview of Unicharm Group

Company profile

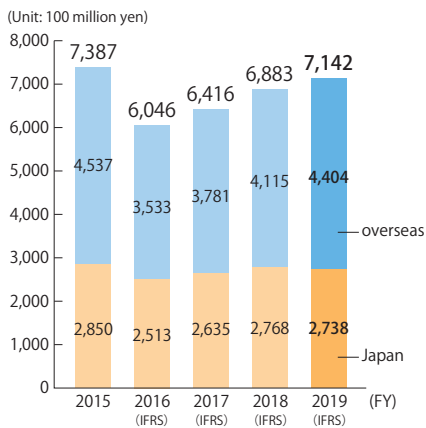
Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Capital	15,993 million yen (as of December 31, 2019)
Number of Shares Issued	620,834,319 (as of December 31, 2019)
Head Office	Sumitomo Fudosan Mita Twin Bldg. West Wing, 3-5-27 Mita, Minato-ku, Tokyo, Japan
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo-City, Ehime, Japan
Number of employees	16,304 (on a consolidated basis as of December 31, 2019)
Listed Exchange	First Section of the Tokyo Stock Exchange
Business Lines	Manufacture and sales of: Baby and child care products Feminine care products Health care products Clean & fresh products Pet care products
URL	http://www.unicharm.co.jp/ http://www.unicharm.co.jp/english/index.html

Primary Consolidated Subsidiaries and Affiliates

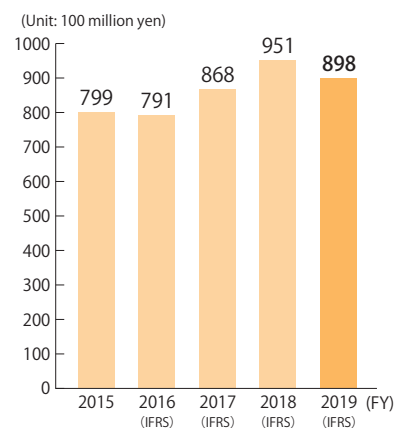
Japan	Unicharm Product Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm Mölnlycke K.K.
Overseas	United Charm Co., Ltd. (Taiwan-Greater China) Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. (Korea) PT Uni-Charm Indonesia (Indonesia) Uni.Charm Mölnlycke B.V. (Netherlands) Unicharm Consumer Products (China) Co., Ltd. Unicharm Consumer Products (Tianjin) Co., Ltd. Unicharm Gulf Hygienic Industries Ltd. (Saudi Arabia) Unicharm India Private Ltd. (India) Unicharm Australasia Pty Ltd. (Australia) Diana Unicharm Joint Stock Company Vietnam The Hartz Mountain Corporation (United States)
Other	44 companies (as of December 31, 2019)

Main Business Indicators

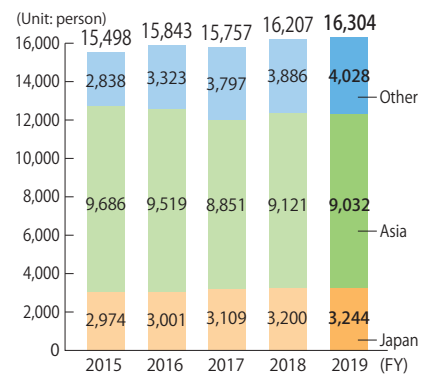
Consolidated net sales



Consolidated operating income



Number of group employees



We have been using International Financial Reporting Standards since FY2017.

Editorial Policy/Contents

Editorial policy

In preparation for the “Sustainability Report 2020”

This report has been prepared as Unicharm Group's corporate sustainability which is embodied by our corporate philosophy “NOLA & DOLA*”. Here, we will take a closer look at how we are working to practice NOLA & DOLA through our businesses. This year as well, we will stipulate the progress of our initiatives for corporate social responsibility (CSR) key topics and, at the same time, strive to further improve the report from the view-point of ESG information disclosure.

Furthermore, as for our global report, we refer to the UN Global Compact, ISO26000 and GRI Guidelines throughout the whole report.

We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you go through our “Integrated Report 2020” as well as the newly published update summary, and provide whatever any frank opinions and comments you may have.

* NOLA&DOLA: “Necessity of Life with Activities & Dreams of Life with Activities.” From newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams.

Contents

■ Areas Covered

Business outline, CSR vision, activity goals, promotional structure, business performance, accounting data, etc. This report presents details of results for FY2019 as well as the latest information for the early part of FY2020.

■ Organizations

Unicharm Group companies are shown on a consolidated basis. Details of companies mentioned in the environmental activity report can be found on the Unicharm website.

■ Intended Audience

All Unicharm stakeholders inclusive of customers, shareholders, investors, business partners, employees and society in general

■ Period

January 1 to December 31, 2019 (including some activities before and after this period as well as future targets)

■ Reference Guidelines

- GRI Sustainability Reporting Standards
- 2018 Environmental Reporting Guidelines of the Ministry of the Environment
- ISO26000
- Sustainable Development Goals (SDGs)
- Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)
- Annual report (World Energy Outlook) by the International Energy Agency (IEA)

■ Date of issue

May 2020 (the next edition is scheduled for publication in May 2021)

■ Available at

- “Sustainability” on the Unicharm website

Message from the President

Transitioning from “CSR Report” to “Sustainability Report”



Takahisa Takahara
President and CEO

Unicharm was founded in 1961. The year 2020 represents our 60th year in business, while February 2021 marks our 60th anniversary. On this important milestone, we have transitioned from “CSR Report” to “Sustainability Report”, bringing readers more in-depth stories about employees who are working hard on the various frontlines of our operations.

This report covers our initiatives across the entire value chain and future plans with regard to topics in the spotlight worldwide such as “climate change,” “responsible procurement,” “sustainability,” “biodiversity,” “human rights” and “preventing environmental pollution,” in an effort to provide stakeholders with a better understanding of Unicharm today. I held frank discussions on a number of occasions with members of the ESG Division involved in the editing process and examined how best to convey the “non-financial information” required by stakeholders. While this marks our first true sustainability report, by improving even the slightest each year, I hope to gain the understanding of stakeholders regarding Unicharm's vision of “sustainability.”

Unicharm's “purpose” is found in “promoting the SDGs”

We established the “Unicharm Ideals” in 1974 when we were still a small company. We worked extensively to imprint this message so that each and every employee could recite the “Unicharm Ideals” verbatim for embodying this message in our actual business activities. The “Unicharm Ideals” include the following: “We contribute to creating a better quality of life for everyone by continuing to offer only the finest products and services to the market and customers, both at home in Japan and abroad” and “We strive to pursue proper corporate management principles which combine corporate growth, associate well-being and the fulfillment of our social responsibilities.” At the time, we had finally reached 10 billion yen in net sales and were only a small- and medium-sized enterprise with operations mainly in our hometown of Kawanoe City, Ehime Prefecture (presently, Shikokuchuo City). Despite this, and yet precisely because of this, the “Unicharm Ideals” include a very “ambitious dream” and “commitment” considered beyond our means at the time.

In 1981, our 20th anniversary as a company, we established our corporate philosophy of “NOLA & DOLA”, which initially stood for “Necessity of Ladies' Activities & Dreams of Ladies' Activities.” “NOLA” meant “liberate women from burdens” while “DOLA” meant “allow women to fulfill their dreams.” To realize “NOLA & DOLA”, we launched better performing and higher quality products in rapid succession and, in particular, helped liberate women from the physical burdens of menstruation through our “Sofy” brand of sanitary napkins and freed them from the burden of washing cloth diapers through our “Moony” and “MamyPoko” brands of disposable baby diapers. When I took over as president in 2001, we changed “ladies'” in “NOLA & DOLA” to “life with” for “Necessity of Life with Activities & Dreams of Life with Activities” as a part of the changes we made to our corporate identity which has demonstrated that “We are now working to liberate all consumers, from infants to the elderly and even pets, from constraints and fulfill their many dreams.” Our “Lifree”, a top brand in nursing care and incontinence care products, has addressed the need for excretion care, a serious social issue in an aging society, “with the goal of eliminating bedridden seniors” and “helping people go to the bathroom on their own until the last moment.” We also came up with a new dementia prevention program called “Social Walking®” that combined “interaction with society” with “walking” and rolled it out nationwide in Japan since 2016. We further evaluated the effectiveness of “animal therapy” aimed at improving people's quality of life through “interaction with pets.” In this manner, we have developed a series of innovative products and services that support cohesive societies, so that people of all ages and genders, including their pets, can live a healthy and happy life together.

In this manner, looking back on our history, I believe that “Unicharm's purpose was found in resolving social issues.” As such, I believe that our purpose is working to address the “Sustainable Development Goals (SDGs)” adopted by the United Nations in 2015.

Sharing and implementing our mission, vision and values among all employees while setting the “SDGs” as our purpose

In our financial results for the year ended December 31, 2019, 62.1% of our sales came from outside of Japan. Our workforce of some 16,000 people is active in more than 80 countries and regions around the world with nearly 80% located outside of Japan. In today's “new normal” where changes become the norm, the key to ensuring flexibility is encouraging independence by “having our diverse workforce think and act on their own while capitalizing on their unique talents.” In 2006, Unicharm announced its support for the “UN Global Compact” and since then we have been actively creating sales and manufacturing jobs locally in the countries and regions where we operate. The key to maximizing this “diversity” and our agility as an organization is to share “Unicharm's purpose of promoting the SDGs” with all employees, share our mission, vision and values among them and encourage everyone to promise and compete with each other to realize them. Specifically, our “mission” is “realizing ‘cohesive societies’” and “contributing to realizing a society where we coexist not only with people and pets but also the global environment.” Our “vision” is “NOLA & DOLA” which is “‘resolving consumer issues’ and ‘realizing their dreams’.” Our “values” are found in “the execution of ‘Management with Resonance’”. That is, all the companies and employees of the Unicharm Group carry out their work by utilizing the common management model. Specifically, we employ a new management method called the “observe-orient-decide-act(OODA) loop” to implement management grounded in “The Unicharm Way” and strive to foster human resources through this. To fulfill this “purpose along with our mission, vision and values,” we are introducing and implementing various personnel systems and striving to provide compensation and motivation that are among the best in the region and industry. We also maintain an ongoing commitment to “work-style reform” where we are encouraging diverse work-styles, improving productivity while reducing working hours and maximizing opportunities to create innovation.

This year, 2020, marks the final fiscal year of our 10th Medium-Term Management Plan. Running parallel with carrying through the Plan completely, we are currently in the process of formulating our 11th Medium-Term Management Plan that will kick off in 2021. At the same time, we are moving ahead to announce the “Kyo-sei Plan 2030” (tentative name) in October 2020 that will outline our medium- to long-term ESG targets. Looking ahead, we will continue with various activities in order to contribute to the realization of cohesive societies by endeavoring to fulfill the “SDGs” which happens to be our purpose.

May 2020
Takahisa Takahara
President & CEO

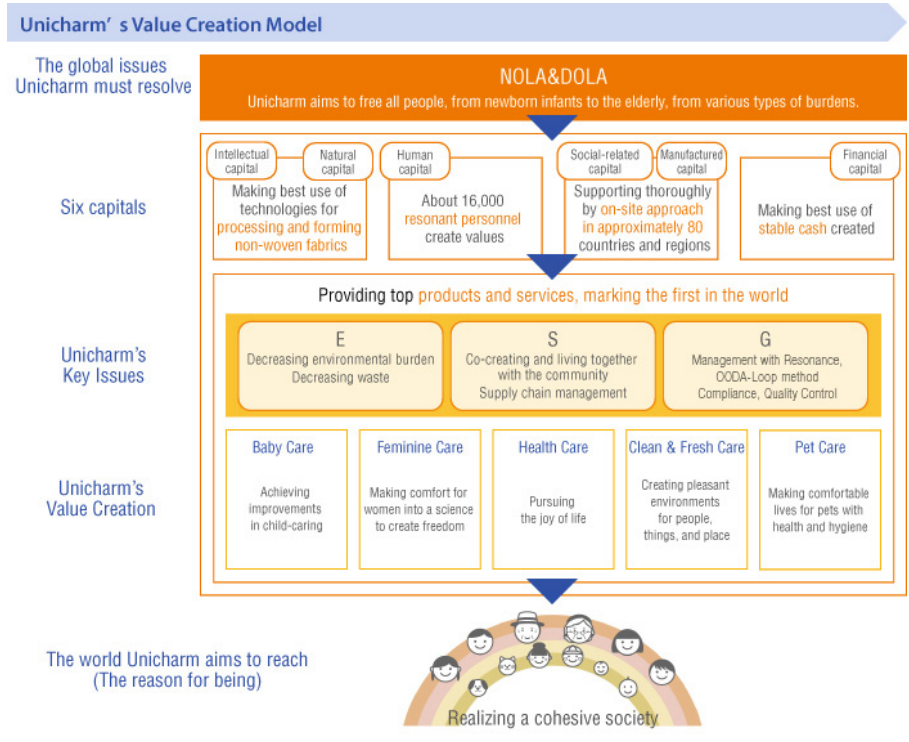
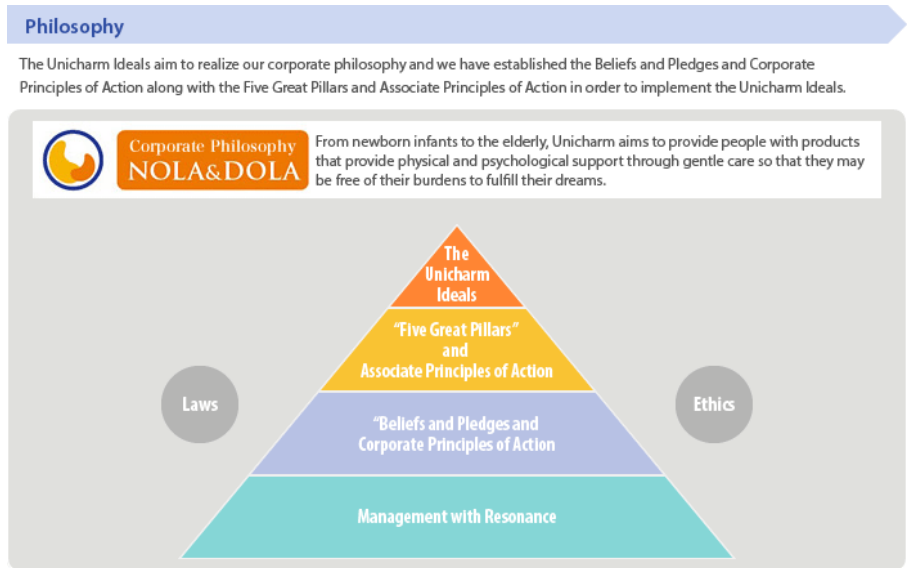


Unicharm Group's Sustainability

Our basic approach and strategy

Unicharm's corporate philosophy is "NOLA & DOLA" (Necessity of Life with Activities & Dreams of Life with Activities). Our concept of NOLA & DOLA: Necessities of Life with Activities & Dreams of Life with Activities, contains our hope that "from newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams." Our corporate social responsibility (CSR) is embodied by our commitment to achieve this aspiration through our business activities and to help resolve social issues in the process. In order to make this aspiration even more effective, Unicharm has established CSR Key Topics and Key Performance Index (KPI).

Unicharm Group's Value Creation Process



CSR Key Topics

In selecting our CSR Key Topics, we hold interviews with stakeholders both within and outside the company to identify topics that are felt to be of particular importance. These topics are then grouped under “Environmental Themes” or “Societal Themes”, and classified according to the level of concern that our stakeholders have for them and according to the extent of the potential impact on our business operations.

■ Environmental themes

Stakeholder interest	High	<ul style="list-style-type: none"> • Use of water resources • Wastewater treatment and management • Reduction and recycling of packaging materials 	<ul style="list-style-type: none"> • Response to climate change • CO₂ reduction target with suppliers • Correlation with SDGs 	<ul style="list-style-type: none"> • Disclosure of environmental targets • Response to increased waste and recycling • Procurement of sustainable materials
		<ul style="list-style-type: none"> • Proper management of hazardous substances • Emissions of VOC gases • Labeling of carbon footprint 	<ul style="list-style-type: none"> • Legally compliant processing of waste • Percentage of environmentally-friendly products • Scenarios for science-based targets 	<ul style="list-style-type: none"> • Supplier selection and assessment results • Collaboration with suppliers • Promotion system and governance
		<ul style="list-style-type: none"> • Environmental impact studies of plant sites • Protection and restoration of IUCN red list species 	<ul style="list-style-type: none"> • Emissions of NOx and SOx • Compliance with environmental laws and regulations 	<ul style="list-style-type: none"> • Accuracy of non-financial data • Percentage of third party certification • Targets for renewable energy
		Impacts on business		High

■ Societal themes

Stakeholder interest	High	<ul style="list-style-type: none"> • Respect for human rights • Promoting CSR procurement • Respect for diversity • Work-life balance 	<ul style="list-style-type: none"> • Improving product quality and ensuring product safety • Appropriate communication with customers • Promotion of universal designs • Protection of customer information and privacy • Lengthening healthy life expectancy • Promotion of active participation of women at work 	
		<ul style="list-style-type: none"> • Contributions to local communities • Establishment and maintenance of positive labor-management relations • Commitment to occupational health and safety 	<ul style="list-style-type: none"> • Commitment to anti-corruption • Promotion of fair competition • Appropriate labor conditions and work environment • Human resource development • Protection of intellectual properties 	
		Impacts on business		High



Dialogue on environmental materiality



Dialogue on establishment of human rights policy

After carefully examining the content of the “Environmental Themes” and “Societal Themes” and following intensive discussions, we selected the following five “CSR Key Topics.”

- 1.Lengthening healthy life expectancy
- 2.Supporting women's independence and improving hygiene
- 3.Contributing to global environment
- 4.Contributions to the community and respecting people
- 5.Strengthening organizational foundation and following fair business practices

Through communication with stakeholders









Unicharm obtained an opinion about the Unicharm Group's CSR key topics and indicators (KPI) from Mr. Hidemi Tomita of Lloyd's Register Japan K.K. to receive an objective evaluation from a wide-ranging perspective. We will utilize his observations to improve our initiatives going forward.









Mr. Hidemi Tomita
 Director
 Lloyd's Register Japan K.K.

The basics that must be performed as a company are covered in Unicharm's CSR key topics and indicators (KPI). However, considering what is important to the company over the medium-to-long term and focusing on issues that are connected to your business could lead to materiality that is unique to Unicharm. When I look at Unicharm's business, resources seem likely to be most important social issues. I think it is because of this awareness that Unicharm has been working on disposable diaper recycling in Shibushi City. Energy consumption KPIs are also important. However, I think that formulating KPIs that are linked to essential initiatives focused on resource circulation will result in topics for resolving social issues that are unique to Unicharm. The education on the beginning of menstruation that Unicharm provides can be expected to have more impact. I think there are many regions in the world where there is still a lack of understanding about menstruation. Further expanding your education on the beginning of menstruation in such countries and regions and contributing through your business can be expected to create a cycle that leads to more ongoing initiatives. Positioning such symbolic initiatives as having materiality and promoting their activities will move toward aiming at the SDGs. While it is important to do the things that are required as a company in a comprehensive manner, I look forward to initiatives having a social impact that is unique to Unicharm.

■ Unicharm Group's Key Topics and Indicators (KPI)

Key Topics/ Correlated SDGs Targets	Initiatives	Indicators (KPI)	2019 targets	2019 results	2020 targets	Internal/ external*	
 	Responding to a super-aging society	Dementia prevention education	Number of Lifree Social Walking experiential activity participants 1,300 persons	Number of Lifree Social Walking experiential activity participants 1,508 persons	Number of Lifree Social Walking experiential activity participants 1,500 persons	External	
		Number of "Mild Incontinence Care and Continence Care" seminar participants (cumulative since 2014)	18,000 persons	18,858 persons	21,000 persons	External	
	Building a cohesive society for people and pets	Animal Therapy - Companion Animal Partnership Program (CAPP) - Support	Verification of results six times	Verified results seven times	Verification of results	Plan to verify results seven times	External
		Education on new approach to care of aging dogs	Number of participants in courses for staff at veterinary clinics 160 persons	Number of participants in courses for staff at veterinary clinics 140 persons	Number of participants in courses for staff at veterinary clinics 160 persons	External	
		Supporting rescue dogs and cats	Education making use of consumer campaigns, etc.	Implementation of the "Let's all support Panel for Life!" campaign	Education making use of consumer campaigns, seminars, etc.	External	
	     	Supporting women's independence	Supporting education of first menstruation (Japan and overseas)	283,850 persons	342,166 persons	601,500 persons	External
Maintaining women's health		Breast cancer early detection initiative	Sofy Pink Ribbon activities awareness rate 26%	Sofy Pink Ribbon activities awareness rate 27.8%	Sofy Pink Ribbon activities awareness rate 28.0%	External	
			Female employee breast cancer screening rate At least 95%	Female employee breast cancer screening rate 95.5%	Female employee breast cancer screening rate 100%	Internal	
Improving health and sanitation for women and children		Support for measures to help safeguard the health of mothers and children	Cooperating in the spread of maternal and child health handbooks in emerging countries	Distribution of maternal and child health handbooks in Myanmar during sampling	Cooperate in the spread of maternal and child health handbooks in emerging countries	External	
Improving health and sanitation for children		Supporting low-weight new born babies	Donated to Tiny Lives Support Project	Donated to Tiny Lives Support Project	Donated to Tiny Lives Support Project	External	
			Started to use Unicharm's low birth-weight baby diapers in NICUs in nine countries and regions worldwide	Started to use Unicharm's low birth-weight baby diapers in NICUs in seven countries and regions worldwide	Maintaining NICU development in seven countries and regions Expanding the domestic measures taken within each country and region	External	

Key Topics/ Correlated SDGs Targets	Initiatives	Indicators (KPI)	2019 targets	2019 results	2020 targets	Internal/ external*
Contributing to the global environment 	Eco Plan 2020	Recycling used disposable diapers	Establishing recycling model	Establishing recycling model	Operation	Internal/ External
		Percentage of paper and pulp suppliers certified by third parties (Japan)	97%	95%	100%	Internal/ External
		Percentage of paper and pulp suppliers certified by third parties (overseas)	92%	95%	100%	Internal/ External
		Percentage of environmental-friendly products (Japan)	93%	89%	100%	Internal/ External
		Percentage of products with the Eco Charming label (Japan)	60%	66%	60%	Internal/ External
		Initiatives to environmental impact reduction	Energy consumption (GJ) / Net sales (millions of yen) (per unit of net sales basis) *Based on the IFRS standards.	10.60GJ	10.76GJ	10.50GJ
	Resource environment	Recycling rate at three main plants in Japan	99%	99%	99%	Internal/ External
Contributing to the local community and respecting people 	Diversity & inclusion	Employment rate of persons with disabilities	2.3%	1.9%	2.3%	Internal
		Rehiring rate of retired employees	90%	92.3%	93%	Internal
		Percentage of female managers (Japan)	14%	13.3%	14%	Internal
	Creating a worker-friendly workplace	Work satisfaction (average score on a scale of 5)	4.10	3.96	4.10	Internal
		Employee satisfaction (average score on a scale of 5)	4.15	4.01	4.10	Internal
	Maintaining and promoting employee health	Implementation rate of mental health care and lifestyle habit improvement education (for those eligible)	100%	100%	100%	Internal
	Providing ongoing support for disaster areas	Number of participants in Super Cool Biz and Warm Biz	2,000 persons	2,389 persons	2,000 persons	Internal/ External
Improving health and sanitation	Raising awareness of maintaining sanitation	Providing sanitary products in preparation for disasters Launching of a website for provision of relevant information	Providing sanitary products in preparation for disasters Launching of a website for provision of relevant information	Providing sanitary products in preparation for disasters Spreading awareness of a website for provision of relevant information	External	

Key Topics/ Correlated SDGs Targets	Initiatives	Indicators (KPI)	2019 targets	2019 results	2020 targets	Internal/ external*
   	Corporate governance	Number of female officers	At least 1 person	2 persons	At least 2 persons	Internal
	Practicing fair and equitable transactions with suppliers	Implementation rate of supplier evaluations (applicable companies)	100%	100%	100%	External
	Assuring product safety	Number of problems with material or product safety	0	0	0	External
	Improving customer satisfaction	Customer satisfaction with customer inquiries	90%	91.2%	91.3%	External

*Main scope of the impact of the initiative.



● Message from Management

At the Unicharm Group, we are working to create products and services that are the first of their kind in the world, or number one in the world, so as to bring people comfort, emotional satisfaction and joy, thereby contributing towards the building of “cohesive societies” where all people can continue to shine through independence and mutual aid. With the trend towards smaller families and an aging population in Japan and other mature economies, environmental problems that are global in scale, problems relating to poverty and sanitation, etc. in developing nations, the societal problems affecting the world have become increasingly diversified, as reflected in the issues addressed by the United Nations Sustainable Development Goals (SDGs) and by the Paris Agreement on Climate Change. We believe that it is necessary to address these problems in a comprehensive manner so that we can “pass the baton” to future generations in a responsible manner and we feel that it is vitally important to work towards the achievement of the 17 Goals and 169 Targets specified by the UN SDGs, as well as working to resolve the various environmental, social and corporate governance related problems and to address their risks.



Tetsuya Shite
Senior Executive Officer,
Chief Quality Officer(CQO) and
Head of the Global Human
Resources & General Affairs
Division responsible for
overseeing the ESG Division
and Customer Communication
Center
Unicharm Corporation

At Unicharm, we have been focusing on the recycling of used disposable diapers, with the aim of contributing towards the realization of the sustainable society and the building of the recycling-based society. Having started with the development of recycling technology that is capable of turning pulp and superabsorbent polymer(SAP) derived from used disposable diapers back into material that can be used again in the manufacturing of sanitary products, we have also identified three key topics under our “Eco Plan 2030,” our guideline for medium-term environmental measures: Addressing the problem of plastic waste, responding to climate change, and ensuring that we are not contributing to the destruction of forests. We are already implementing strategies to address these key topics.

Within Japan which is headed towards becoming a super-aged society, in aiming at extending the healthy-life expectancy, we are working together with communities and local governments to realize the goal of reducing the number of senior citizens who are isolated at home by raising awareness of the importance of preventing the need for nursing care and of implementing appropriate excretion care, through the provision of products that reduce unease about incontinence so that elderly people become more willing to leave the house. Internationally, we have rolled out menarche (first menstruation) education programs in developing nations, and we have been expanding job opportunities for women in Saudi Arabia at our offices and factory in that country. In this way, Unicharm is empowering women to play a more integral role in society. In January 2020, we established a new “ESG Division” to replace our existing CSR Division, as an evolutionary step towards strengthening our ESG-related measures and speeding up the dissemination of these measures within the company, and towards enhancing our corporate value by strengthening our ability to spread our message outside the company.

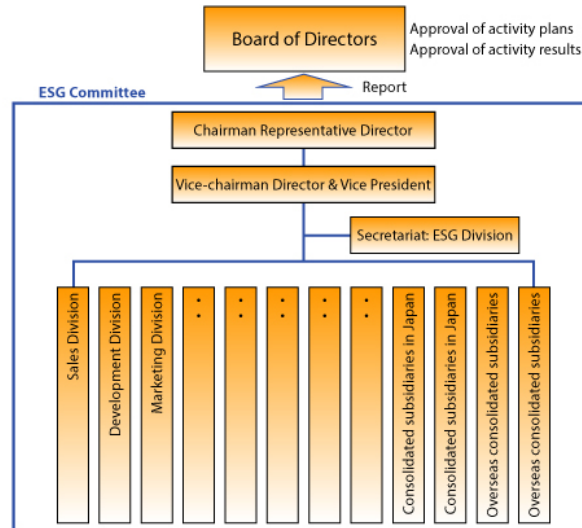
In the future, we will continue to generate innovation, enhance our corporate value and provide value for all our stakeholders by working to address societal problems. For example, we will seek to make a positive contribution to the global environment through our business activities and throughout the supply chain, with the development of a recycling system for used disposable diapers and the promotion of environmentally-friendly products. We will also contribute towards the extension of healthy life expectancy, placing even more emphasis on living in harmony with the local community, and we will be providing support for women's empowerment throughout the world.

Management structure

ESG promotional structure

Unicharm has established a structure to implement and promote smooth ESG activities in order to meet our stakeholders' expectations. Our “ESG Committee” is a cross-organizational structure for the support of ESG, chaired by the Representative Director. The committee meets four times a year to discuss and share information about ESG-related activities, which in turn is utilized in management.

Unicharm Group's ESG Promotional Structure



Core themes and categories of ESG Committee initiatives

ISO26000 Core Subjects	Organizational governance, Human rights, Labor practices, The environment, Fair business practices, Consumer issues and Community involvement and development
Core themes	
E	<ul style="list-style-type: none"> • Climate change / GHG, Energy use management and Climate change risk • Water resources / Water use and Reduction of water use • Pollution and resources / Waste disposal, resource usage and recycling • Supply chain / Supplier policy, Environmental issues and Sustainable palm oil procurement • Biodiversity • Development of environmentally-friendly products
S	<ul style="list-style-type: none"> • Labor standards / Child labor, Forced labor, Anti-discrimination, Freedom of association, Collective bargaining rights, Minimum wage and Harassment • Health and Safety • Human rights / Due diligence, Children's rights, Child labor, Community employment and Complaint handling • Society / Community investment and Social contribution activities • Responsibilities to customers / Responsible advertising and marketing and Customer satisfaction • Supply chain / Child labor, Forced labor and Antidiscrimination, Freedom of association, Collective bargaining rights, Minimum wage, Health and Safety, Due diligence and Capacity building • Product quality and Product safety
G	<ul style="list-style-type: none"> • Corruption prevention / Anti-bribery, Insider trading, Whistleblower hotline, Education and Risk assessment • Corporate Governance • Company-wide risk management (environment, society, corporate governance) • Compliance • Tax transparency

Reference framework for Unicharm's CSR strategy

At Unicharm, we operate our global business activities in awareness of the voices of our stakeholders and by referring to various international guidelines. We support the ten principles of the “UN Global Compact”, and have participated in the compact since May 2006.

UN Global Compact

	Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility, and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
	Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	

The Ten Principles of the UN Global Compact

ISO26000



GRI Guidelines



Sustainable Development Goals (SDGs)



COSO
 ISO9001
 ISO14001
 ISO10002
 ISO13485
 ISO14971

Communicating with stakeholders

Unicharm pledges to undertake honest and trustworthy corporate activities toward its customers, shareholders, business partners, employees and society under its “Beliefs and Pledges’ and Corporate Principles of Action”, and encourages two-way communication with its stakeholders by providing a wide range of dialogue opportunities.



Communicating with stakeholders

	Communication policy (Beliefs and Pledges)	Primary communication methods	Examples of dialogue themes
Customers	We pledge to earn the full support of customers by always doing everything we can.	Customer Communication Center Group interviews Monitoring surveys Exhibitions and events	Quality, safety and functions concerning products Opinions concerning products and services and response
Shareholders	We pledge to distribute industry-leading returns to shareholders.	General shareholders' meetings Results briefing Overseas IR roadshows	Summary explanations of financial results Sound company management
Business partners	We pledge to achieve mutually sound growth by maintaining fair and equitable relationships.	Quality Policy Briefing Session New product presentation conference Exhibitions and events Audits	Supply chain management Quality, safety and the environment
Employees	We pledge to achieve the happiness of associates and their family members by filling each of them with confidence and pride.	Labor-management discussions Employee survey Employee counseling hotline Family visit day at factories Internal intranet and company newsletter	Compensation and health Pride and satisfaction toward work Introduction of programs that respect diversity and examples
Society	We pledge to contribute to the economic and emotional fulfillment of the entire population and society through our corporate activities.	Agreements with local governments Cooperation with government and NGOs/NPOs Emerging countries Activities through industry organizations	Disaster assistance Continence care classes, Social Walking program Health and hygiene and local hiring Japan Hygiene Products Industry Association (JHPIA) and Japan Anti-Pollinosis Council (JAPOC)

Unicharm's Approach to Resolving Social Issues

Our concept of NOLA & DOLA: Necessities of Life with Activities & Dreams of Life with Activities, contains our hope that “from newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams.”

Our Corporate Social Responsibility (CSR) is embodied by our commitment to achieve this aspiration through our business activities and to help resolve social issues in the process.



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CSR Key Topic 1: Lengthening Healthy Life Expectancy

Our basic approach and strategy

The aging of the population has proceeded more rapidly in Japan than in any other country in the world. In 2007, Japan became a “super-aging society” with over 21% of the population aged 65 or older which is forecasted to reach 30% by 2025. Improvements in medicine have led to an increased average life expectancy and a growing focus on “healthy-life expectancy” - the length of time for which people stay physically and mentally healthy and are able to live independently. Everyone wants to be able to maintain their own preferred lifestyle and a high level of well-being as they get older. Unicharm's mission is to contribute to the lengthening of healthy-life expectancy by offering support for the maintenance of active lifestyles through the provision of continence care products, including lightweight continence pads, rehabilitation pants, etc.

Social issues recognized

Social issues	Our activities
<ul style="list-style-type: none"> • A shortage of carers • Increased healthcare costs due to the increasing number of senior citizens in the population • Isolation of senior citizens in regional communities 	<ul style="list-style-type: none"> • Provision of continence care products to support senior citizens' independent living • Dementia prevention activities • Building an environment in which people and pets can live in harmony

Contributing to the realization of the SDGs

Unicharm's “lengthening of healthy-life expectancy” activities are in conformity with the objectives of the United Nations Sustainable Development Goals(SDGs) Goal-3 “Ensure healthy lives and promote well-being for all at all ages” and Goal-4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. In the future, we will continue to leverage our company's unique strengths with the aim of making an even greater contribution towards the solving of the world's shared problems.

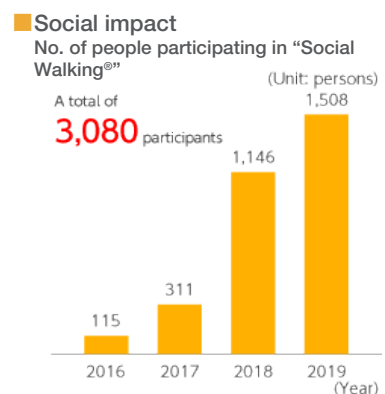


Unicharm Group's Key Topics and Indicators (KPI)

Social impact

With regard to “lengthening of healthy-life expectancy,” we are taking the number of participants in our “Social Walking®” initiative as a “social impact” indicator.

A total of 3,080 people have participated in our “Social Walking®” activity.



Background

While the aging of the population has been accelerating, the number of people aged 65 or over who are still working has also been rising and there is growing awareness of the importance of taking steps to maintain one's health - for example by exercising, etc. - so that people can avoid the need for care as they age and can continue to enjoy an active lifestyle that suits them.

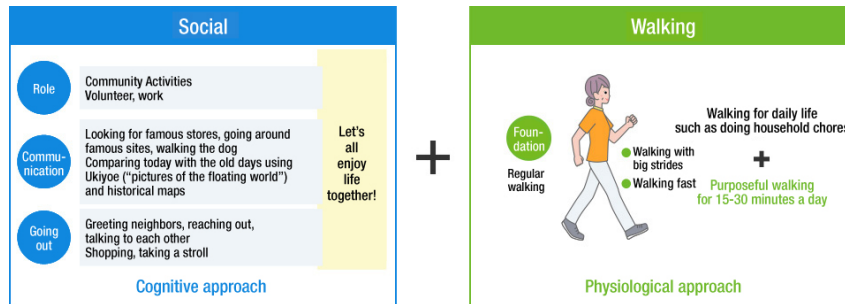
Of the various effects of aging (what are sometimes referred to as “geriatric syndrome”), continence problems - including urinary incontinence, etc. - can have a particularly big impact on mental health. People who are worried about urinary incontinence tend to stop going out, may not get enough exercise and may find themselves gradually becoming isolated from society, among other negative effects.

At Unicharm, we are continuing to take measures aimed at making more people aware of how appropriate care can enable them to continue to enjoy an active lifestyle, and we are striving to provide even better products, as one of the keys to realizing a lengthening of healthy-life expectancy.

Our activities

Lifree “Social Walking®” contributes to the lengthening of healthy life expectancy

Lifree “Social Walking®” is a program aimed at helping to stop senior citizens from becoming “housebound and isolated” and to prevent “dementia.” For dementia prevention, there is widespread agreement that a good approach is to combine the “physiological approach” - which emphasizes regular exercise and a balanced diet - with the “cognitive approach,” which emphasizes maintaining human contact through hobbies, volunteering and involvement in neighborhood activities. When people have continence problems, they may become reluctant to leave their homes which in turn can lead to or exacerbate dementia.



Unicharm contributes to the lengthening of healthy-life expectancy through our provision of continence care products so that senior citizens can still keep going out as much as they want even if they have continence issues. We have launched the Lifree “Social Walking®” initiative, through which participants who are using Unicharm's continence care products have the opportunity to walk while enjoying social interaction in a purposeful way, thereby fostering exercise and social participation and helping to prevent dementia.

Since the “Social Walking®” program was first devised in 2016, we had already held its experience activities throughout Japan. In 2019, we partnered with the Foundation for Prevention of Dementia to launch the “Social Walking® Support Program” for dementia prevention. This is a new initiative to provide support to help local government authorities and NPOs that are interested in holding “Social Walking®” events, so as to get as many people as possible, in as many regions as possible, taking part in “Social Walking®.”

● Holding a Lifree “Social Walking®” experience activity at the Unicharm Products Kyushu Plant

On September 6, 2019, a “Social Walking®” experience event and factory tour were held at the Unicharm Products Kyushu Plant in Kanda-machi, Miyako-gun, Fukuoka Prefecture. After a talk on dementia and a lecture on methods of preventing and dealing with continence problems, the participants were able to experience Nordic Walking within the plant ground. Besides learning how to walk with correct posture, using the whole body, while holding a walking pole in each hand, the participants were also able to see the difference in length of step compared to their normal walking pace and experienced an efficient form of aerobic exercise.

In their responses to the questionnaire survey that was administered to the 61 participants (whose average age was 64) after the activity, 97% of them stated that they had been very satisfied with the experience. In addition, 78% of them stated that they would be interested in incorporating “Social Walking®” into their normal routine at least three times a week. It was thus clear that participants appreciated the effectiveness of “Social Walking®”.

Voices of participants (selected comments)

- “After reaching the age of 70, I started to feel nervous about walking. My daughter was able to take part in the activity with me and it was a great opportunity to get out of the house.” (A man in his 70s)
- “I was able to enjoy walking energetically while chatting with local residents.” (A lady in her 60s)
- “I took part together with my husband and it has given us a new way of getting outside and enjoying ourselves. I hope that we will be able to keep doing it in the future.” (A lady in her 60s)



“Lifree Walking Assist Underwear” provides support for the torso and helps people to walk independently

With the assistance of 149 people who are engaged in providing care for family members, Unicharm conducted a questionnaire survey regarding the three main aspects of care provision (eating, bathing and excretion). The survey continued to be implemented with the same participants for five consecutive years, starting in 2015, to investigate attitudes to daily living activities in relation to care provision.

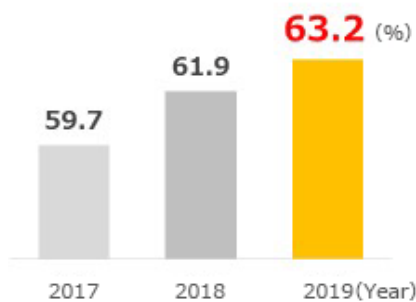
From the survey results, it was discovered that around 80% of people providing care for family members want the care recipient to be able “to live with as much autonomy as possible,” but that many of them are concerned about whether the care recipient can “walk safely.” The “function of walking” is an extremely important one and could be said to be the foundation for all daily living activities. However, as people get older, walking ability tends to deteriorate and they become more reluctant to leave the house which can lead to becoming isolated from the local community.

More detailed survey questions used to clarify the rather broad concept of “deterioration in walking function” showed that this involved a complex mix of factors such as “walking with too short a step”, “poor left-right balance” and “moving very slowly”. This kind of “deterioration in walking function” is very likely to lead to deterioration in overall activities of daily living (ADL) and the survey results confirmed just how important this is.

While more than 60% of respondents agreed that “Walking is very important for staying healthy,” in reality, only around 30% of the care recipients were actually “leaving the house at least three days a week”*. This was due to the carers' concern about whether the care recipients could walk safely with carers worrying that “their balance isn't good”, “they are walking with too short a step”, “the walking speed is too slow”, etc.*

* Based on Unicharm survey results.

■ People who are taking proactive steps to stay healthy and who feel that walking is important



* Based on Unicharm survey results.

■ Nervousness about going outside due to deterioration in walking function



* Based on Unicharm survey results.

In order to walk stably, it is very important for the pelvic floor to be strong enough to support the torso. Unicharm's newly-developed “Lifree Walking Assist Underwear” product is a special type of pants using technology which exerts pressure on the pelvic girdle to enhance abdominal muscle pressure, thereby providing support for the torso and helping the wearer maintain their balance which in turn makes the wearer feel less anxious about walking. The structure of the pants is designed so that it does not restrict the movement of the legs, enabling the wearer to take longer strides and making it easier to walk. The fabric used has been carefully designed to be thin, elastic, soft and breathable, with a similar texture to ordinary cloth underwear so that users can wear “Lifree Walking Assist Underwear” for everyday living activities without feeling uncomfortable.

■ “Pelvic Support Fit®” structure



Medium size

Large size

By providing support to help people walk independently – which is the foundation for activities of daily living (ADL) – in addition to support for “autonomous excretion,” we aim to contribute towards the lengthening of healthy-life expectancy.

Working towards the building of a cohesive society in which people and pets can live harmoniously

Unicharm has been working to enhance the quality of life of senior citizens so that they can continue to live an active lifestyle that suits their needs. At the same time, we have also been striving to improve the living environment for pets, through the development and sale of pet products such as pet foods and pet toiletry products, etc. One of our goals is to help to make it possible for people and pets to live together happily.

For many people, having contact with animals can put a smile on their face and help to relieve stress. Furthermore, when senior citizens who are receiving care have contact with animals, this can help to strengthen their autonomy and improve their quality of life. As is outlined in more detail below, survey results have shown that, when opportunities for interaction with animals are provided in care facilities for senior citizens, this reduces the percentage of residents who are reluctant to get out of bed and increases the percentage of residents who feel able to chat cheerfully with others. At the same time, interacting with humans seems to have a positive impact on animals as well. With the aim of helping to build a cohesive society in which people and pets can live in harmony with one another, we are implementing “animal-assisted therapy” activities and other initiatives to demonstrate clearly the positive impact that people and animals can have on each other.

Striving to pursue “comfort” for both people and animals through animal-assisted therapy

Animal-assisted therapy is a treatment method that helps restore people to health through the psychological benefits - including a reduction in stress and a greater sense of security - that derive from having interaction with animals. Working in collaboration with the Japan Animal Hospital Association (JAHA) - which visits senior citizen care facilities, hospitals, schools etc. to provide animal-assisted therapy under its Companion Animal Partnership Program (CAPP) - Unicharm has since 2018 been using scientific analysis to verify the effectiveness of interaction between humans and animals in terms of enhancing feelings of “comfort.”

We have been implementing animal-assisted therapy together with senior citizens living in hospitals and Special Nursing Homes who agreed to collaborate on our research. Saliva samples were taken, before and after the therapy, to test for hormone secretion, and a heart rate sensor was used to evaluate autonomic nerve function. In addition, during the therapy, video cameras were used to record the number of times that participants smiled and evaluate their expressions.

The results obtained confirmed that interacting with animals was accompanied by an increase in happiness hormones, changes in the heart rate that indicated relaxation, and an increase in the frequency with which participants smiled. We were thus able to obtain scientific evidence demonstrating that interacting with therapy dogs can enable people to feel happiness and joy.

We also measured the changes in hormone secretion and in heart rate in the therapy dogs and their owners. The results showed a clear increase in the secretion of happiness hormones in many of the therapy dogs and their owners. It was clear that it is not just senior citizens living in hospitals or Special Nursing Homes that benefit from interaction between humans and animals; interacting with senior citizens improved the mood of the therapy dogs and their owners and enabled them to feel happiness too.

In November 2019, we conducted additional research in which we measured the changes in hormone secretion and heart rate of dog owners and their dogs when engaged in walking the dog. Participants learned the correct technique for dog-walking. The results demonstrated that there was an increase in the secretion of hormones denoting happiness for many of the participating people and their dogs and that they were able to get exercise at the target heart rate which maximizes the effectiveness of the exercise, after walking together for a distance of around 2 km. Responding to the increase in the number of older pets requiring care (resulting from the increase in average pet lifespan due to improvements in pet-food and in medical treatment for pets), Unicharm develops and markets a range of pet care products including pet care mats, pet toilet-care sheets with enhanced breathability, sanitary products for pets, etc.

We will continue to develop and verify new products in the future, in line with our goal of building a cohesive society in which people and pets can live harmoniously.



Animal-assisted therapy in action



An aged dog with a member of the product development team

CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene

Our basic approach and strategy

Unicharm has pursued manufacturing and selling of sanitary products and disposable diapers in the emerging markets in fast-growing Asia since the 1980s. Our never-changing hope is that we continue to deliver products and services to more women in the world that change their “discomfort” into “comfort.” We aim to make a contribution unique to Unicharm through helping women living in all regions to shine even more.

Social issues recognized

Social issues	Our activities
<ul style="list-style-type: none"> Hygiene problems in developing nations Loss of educational opportunities for schoolgirls due to constraints on school attendance affecting them during their periods Economic stagnation due to restrictions on female employment opportunities Work-life balance issues affecting women 	<ul style="list-style-type: none"> Reducing the burden of childcare by promoting the widespread use of baby diapers Organizing menarche and menstruation education activities to strengthen knowledge and promote the widespread use of sanitary products, thereby encouraging women to become more active outside the home Raising income levels by providing a good working environment for women

Contributing to the realization of the SDGs

Unicharm's “Supporting women's independence and improving hygiene” activities are in conformity with the objectives of the United Nations Sustainable Development Goals(SDGs) Goal-1 “End poverty in all its forms everywhere”, Goal-3 “Ensure healthy lives and promote well-being for all at all ages”, Goal-4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, Goal-5 “Achieve gender equality and empower all women and girls”, Goal-8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” and Goal-10 “Reduce inequality within and among countries”. In the future, we will continue to leverage our company's unique strengths with the aim of making an even greater contribution towards the solving of the world's shared problems.

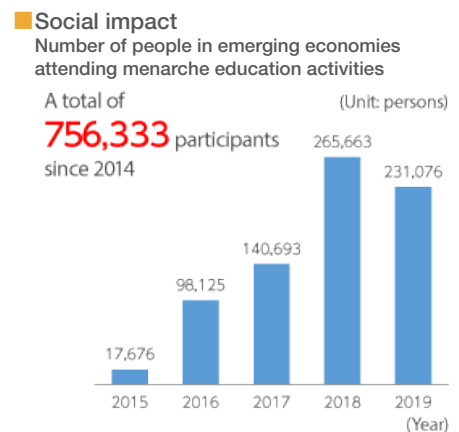


Unicharm Group's Key CSR Topics and Indicators (KPI)

Social impact

With regard to “Supporting women's independence and improving hygiene,” we are taking the number of participants in our “Menarche education in developing nations” classes, which are described below, as a “social impact” indicator.

Since 2014, a total of 756,333 people have participated in our “Menarche education in developing nations” classes.



Background

Aiming to provide continued support for women's autonomy and to expand opportunities for them to develop their full potential.

In South Asia, the Middle East and North Africa, women's opportunities to receive an education and to work are restricted because of cultural and social background. Although some progress has been made in this area in recent years, there are still many challenges affecting the social advancement of women. There are also some countries and

regions where women's activities are limited during their menstruation because of deeply-entrenched customs.

Overcoming these issues in each country and region so that women can participate more actively in society is important not only from the perspective of achieving a gender

equal society, but also in order to eliminate poverty and support regional economic development.

Utilizing the know-how that we have accumulated in our business activities, we are pursuing various awareness-raising activities and the creation of work sites while expanding products and services suited to each country and region's characteristics, with the aim of helping women all over the world to enjoy more fulfilling lives.



Our activities

Launching the Sofy “#NoBagForMe” project to realize a world in which people can talk about menstruation and sanitary products without feeling uncomfortable

When people are buying sanitary products, it has become the norm for the products to be handed over in a paper bag or dark-colored carrier bag so that the product packaging is not visible. This is because people throughout the world tend to think of menstruation as being “shameful” or as something that should be “kept hidden.” Unicharm launched the “#NoBagForMe” project in June 2019 with the aim of helping to ensure that as many women as possible are able to learn about and choose the type of sanitary care that is right for them.



The “#NoBagForMe” project logo

The project members include five women who are leaders in their respective fields and who support the project's goals. For the first project activity, which aims to cultivate an atmosphere in which it is possible to talk freely about menstruation as something that occurs naturally in the female body and to strengthen understanding of menstruation throughout the world, Unicharm has developed new packaging design which seeks to “eliminate the perceived need to secrete sanitary products in paper bags when buying them.” Following on from the project's initial kick-off meeting in June 2019, after intensive discussions and the implementation of consumer voting activities using social media and street interviews, in December 2019, Unicharm launched the new “#NoBagForMe limited-edition packaging design” for sanitary products, which has been introduced for three categories of sanitary products: tampons, sanitary napkins and pantyliners.



Sofy “#NoBagForMe” limited-edition packaging design

By implementing activities to enhance understanding of menstruation as something that occurs naturally in women's bodies, Unicharm aims to transform existing attitudes to menstruation and help build a society in which women can participate more fully and play a more active role.

Menarche and maternity education in Myanmar

In Myanmar, only around 46% of women are using hygienic sanitary products.* In rural areas, it is not uncommon for

women to use pieces of rag to absorb the flow of menstrual blood, which can lead to infection, sometimes with fatal consequences. Since 2017, Unicharm has been conducting menarche education activities at junior high schools in Myanmar. Working together with NGOs and local government agencies, Unicharm distributes pamphlets that provide information about menstruation and explain correct menstrual care methods and implements education that covers topics such as how to use sanitary napkins. When female students tell their mothers and friends about the knowledge that they have learned at school, the scope of the awareness-raising expands still further; this education also provides an important opportunity for female students to develop self-awareness of their own identity as a woman. In FY2019, this educational program was implemented at 203 schools. By providing consumers with “safety and peace of mind,” this program has helped to build ties between Unicharm and local communities.



* Based on a survey conducted by Unicharm

Unicharm has also visited around 150 hospitals in Myanmar to provide opportunities for expectant mothers to acquire useful knowledge relating to health management while pregnant and diaper use.

The “MamyPoko” diapers that are sold in Myanmar are all imported and do not bear product-use explanations in local languages, so Unicharm has compiled explanatory pamphlets written in local languages. The pamphlets not only provide information about proper nutrition during pregnancy and explanations of how to choose the right diapers for children at different stages of growth and how to use them properly, but are also designed to keep a record of each child's growth, by including “parent and child health record” type content. In addition, following suggestions from expectant mothers, Unicharm is currently working on producing related video content. In the future, Unicharm will continue to expand the scope of these measures to contribute towards safeguarding the health of mothers and children in Myanmar.

Progress on menarche and menstruation education in India

Expanding the implementation of menarche education programs throughout India

Unicharm's vision is that women throughout the world should be able to live happily, with pride and self-confidence, no matter what changes the future brings. We aim to help in making this vision a reality through our products and services. The ideal that our company seeks to live up to is that, by spreading awareness of knowledge relating to menstruation, which can be a major obstacle preventing women from realizing their dreams, we can provide support that enables all women to live life the way they want to.

In India, most women in both urban and rural communities lack sufficient access to the information that they need to enable them to maintain a healthy lifestyle. A major focus of Unicharm's activities is on providing women with adequate information about health issues that can have a negative impact on their lives. Menstruation is an issue of direct personal relevance to women, and plays an important role in relation to women's ability to give birth. As a company that manufactures and sells feminine hygiene products and baby products, Unicharm hopes that women will be able to experience menstruation safely and with peace of mind.

In 2013, in cooperation with the Japan International Cooperation Agency (JICA) and local NGOs, Unicharm began promoting an educational program on the menstrual cycle mechanism and appropriate care in relation to the menstrual cycle called “Managing Menstruation: My Pride” for children, especially schoolgirls, in India.

This program aims to help teenage girls in India maintain sanitary well-being and remain active with confidence during their menstrual cycle. In FY2019, the program was implemented at 1,021 schools in 15 regions, with a total of 129,671 school-girls aged 9 - 17 taking part. In addition, starting from FY2019, special sessions have been introduced at which mothers and daughters can learn together, with the aim of realizing more widespread diffusion of menarche education content. In FY2019, a total of five sessions were held in Delhi and Jaipur, with around 500 mother and daughter pairs taking part.



Comments from schoolchildren who received the menarche education included: “The content of the teaching was very good and a lot of useful information was presented. It brought home just how important it is to use sanitary pads. I want to try using Sofy sanitary pads.” Teachers commented that “This is an issue that we had not been addressing in schools. This kind of program offers great potential and is something that definitely needs doing.”

Expanding the roll-out of menstruation education

In 2019, in addition to our existing menarche education activities for schoolgirls, we also launched awareness-raising activities to spread correct knowledge about menstruation among women in rural areas. With “Sofy Sahayogi” ladies (“Sahayogi” means “ambassador”) who have been trained to act as sanitary product awareness-raisers playing a key role, a total of 96 menstruation education sessions have been held in 24 rural districts in regions that include Kolkata and Neemrana, with more than 5,000 women learning correct menstruation knowledge and being encouraged to use sanitary napkins.



Expanding support for female employment in Saudi Arabia

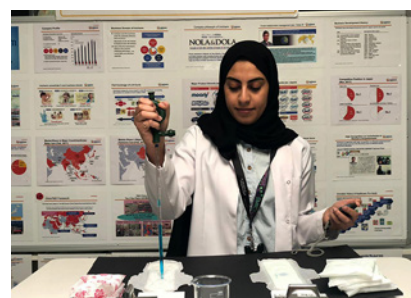
In the past, for cultural and religious reasons, women in Saudi Arabia were not permitted to be in the same room with, or speak to, men from outside their own family and there were many restrictions on women's activities, including their activities in the workplace. With the aim of providing women with employment opportunities while still respecting local cultural traditions, in May 2012, Unicharm established a women-only factory in Saudi Arabia which has been in full operation ever since.

Unicharm has sought to create an environment which is convenient for the women working there; the plant features a day-care center, a first-aid room and a cafeteria and rest area, and there is also a production line optimized for people with disabilities to work on it. Currently, around 90 women are working at this factory.

Since this factory was first established, opportunities for women's advancement have been expanding outside the factory as well. In June 2018, when the law in Saudi Arabia was changed so that women could obtain driver's licenses, Unicharm became one of the first companies to start employing female sales promoters to visit stores and retail outlets to give product presentations and provide product recommendations.

In addition, the female marketers assigned to the sales planning team have been implementing product demonstrations for women of different generations with differing social backgrounds and speaking different languages, honing marketing skills through direct communication with customers and helping Unicharm to develop even better products. Currently, around half of the personnel working at Unicharm's product development division in Saudi Arabia are women. Working in collaboration with male employees, they are dedicated to the development of sanitary products and diapers that will benefit women and mothers in Saudi Arabia.

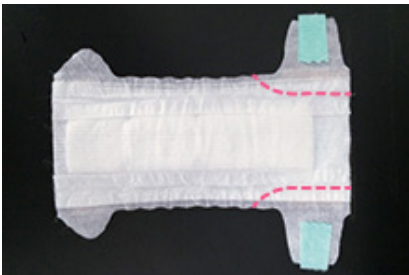
In August 2019, a number of legal reforms were introduced in Saudi Arabia aimed at realizing greater equality between men and women, which have helped to expand the scope of women's rights. It can be anticipated that, in the future, women in Saudi Arabia will be able to participate even more actively in society. By promoting women's employment and improving the working environment for women, Unicharm is providing support for women to achieve greater autonomy and contributing towards the realization of the following United Nations Sustainable Development Goals(SDGs): Goal-4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, Goal-5 “Achieve gender equality and empower all women and girls” and Goal-10 “Reduce inequality in and among countries.”



Baby diapers specially designed for underweight new-born babies, to help safeguard these tiny lives

Japan's low birth rate is a matter of great concern. Currently, around one in ten of all babies born in Japan are underweight new-borns weighing less than 2,500g and the number of new-borns with a "very low birthweight (VLBW)" of less than 1,500g is rising. Babies who are born underweight can be cared for in incubators in a Neonatal Intensive Care Unit (NICU); however, because babies this small should ideally have still been inside the mother's body, their health can be very delicate. When looking after underweight babies, the slightest shock can cause severe stress, so NICU personnel have to be very careful when providing care.

Previously, there were no disposable diapers specially designed for use by babies smaller than regular newborns, so the staff at NICUs normally had the time-consuming task of either cutting regular diapers down to size or converting sanitary napkins for use as substitute diapers. One of the key concepts which Unicharm espouses is that of providing diapers appropriate to each growth stage that a child experiences. With the growth in the number of babies born underweight, Unicharm recognized the need to create disposable diapers that are just right for these babies and in 2015 Unicharm launched a new type of baby diapers specially designed for use on underweight new-born babies. It is vitally important for underweight new-borns that the environment inside an incubator resemble the inside of a mother's womb as much as possible, so the baby is kept curled up in the fetal position when providing medical treatment or changing diapers. To make it possible to change the diaper when the baby is in the fetal position, Unicharm's special baby diapers for underweight new-born babies have been designed with perforations on the side and are molded in a shape that fits snugly on the body of a baby in the fetal position, reflecting suggestions from medical professionals. Since this new diaper product was first launched, additional improvements have been made every year, taking into account recommendations from physicians, nurses and other medical professionals working in NICUs. In the future, Unicharm will continue to provide support to help safeguard these tiny lives, by providing even better products.



The new diaper product has perforations that make it possible to change diapers when the baby is lying in the fetal position.



Having perforations on the side means that the diaper can also be used as a pad.



The diaper has an indicator showing when the baby has peed, which can reduce the frequency of unnecessary diaper changes.

Tiny Lives Support Project

The aim of the "Tiny Lives Support Project" that Unicharm has been promoting awareness of the issues affecting underweight new-born babies and to provide babies who need to be looked after in an NICU with the support they need. Customers who purchase Moony brand products and then register the purchase to collect points on Unicharm's "Babytown" website - which provides support for "mothers and babies 365 days a year" - have the option of clicking on a "Support this Project" button in which case 10 yen will be donated to the Project by Unicharm each time. These donations help to safeguard the tiny lives in NICUs. When the Tiny Lives Support Project was first implemented in August - September 2018, it attracted widespread support; within the space of just two months, the Project collected 3,484,800 yen in donations. In the second round of implementation, November - December 2019, a total of 4,333,090 yen was donated and 1,021 comments were received expressing support for the Project.

moony
ちいさないのち応援
プロジェクト

NICUの赤ちゃんが健やかに育つ
環境づくりをサポートしませんか？

Tiny Lives Support Project



CSR Key Topic 3: Contributing to Global Environment

Our basic approach and strategy

As a manufacturer of disposable products such as diapers and sanitary products, Unicharm recognizes that the achievement of environmentally-friendly manufacturing is a vitally important issue that we cannot afford to neglect. Focusing on the utilization of paper pulp, which is made from wood, and on addressing the CO₂ emissions associated with the disposal of used products by incineration, we are taking steps to realize a recycling system for diapers. By establishing a cyclical model that covers the entire product lifecycle, we are contributing towards the realization of a sustainable society that is able to maintain economic growth while also safeguarding the global environment.

Social issues recognized

Social issues	Our activities
<ul style="list-style-type: none"> Global warming and climate change resulting from increased CO₂ emissions Resource depletion Destruction of marine ecosystems by plastic waste in the oceans 	<ul style="list-style-type: none"> Development of disposable diaper recycling technology Reduction of energy consumption and waste at our business locations Development of environmentally-friendly products

Contributing to the realization of the SDGs

Unicharm's "Contributing to the Global Environment" activities are in conformity with the objectives of the United Nations Sustainable Development Goals (SDGs) Goal-2 "End hunger, achieve food security and improved nutrition and promote sustainable agriculture", Goal-7 "Ensure access to affordable, reliable, sustainable and modern energy for all", Goal-12 "Ensure sustainable consumption and production patterns", Goal-13 "Take urgent action to combat climate change and its impacts", Goal-14 "Conserve and sustainably use the oceans, seas and marine resources for sustainable development" and Goal-15 "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss". In the future, we will continue to leverage our company's unique strengths with the aim of making an even greater contribution towards the solving of the world's shared problems.



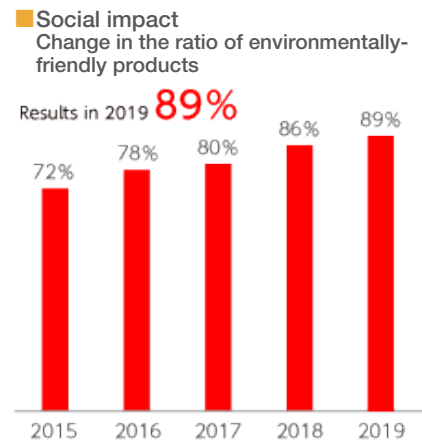
Unicharm's CSR Key Topics and Key Performance Indicators (KPIs)

Social impact

With regard to "Contributing to the Global Environment," we are implementing assessment of the extent to which we have succeeded in reducing the environmental burden over the entire product lifecycle (taking FY2005 as the baseline year), positioning products that embody enhanced environmental performance as "Environmentally-Friendly Products" and taking the percentage of all our products that are "Environmentally-Friendly Products" as a "social impact" indicator.

This percentage has been rising steadily and has now reached 89%.

*The scope of calculation is limited to Unicharm products sold in Japan (with some catalog products, OEM products and imported products excluded).



Background

Disposable diaper recycling is a responsibility that Unicharm is committed to fulfilling.

With elderly people coming to account for an ever larger share of the population, production of disposable adult incontinence diapers continues to increase.

By volume, disposable diapers account for around 1/8th of total household waste. At the same time, the volume of used disposable diapers being disposed of by incineration is rising and its costs and the CO₂ emissions are increasing as well. A further point is that disposable diapers are made from paper pulp which is made of wood as its raw material; rising pulp usage thus leads to the increased consumption of forest resources.

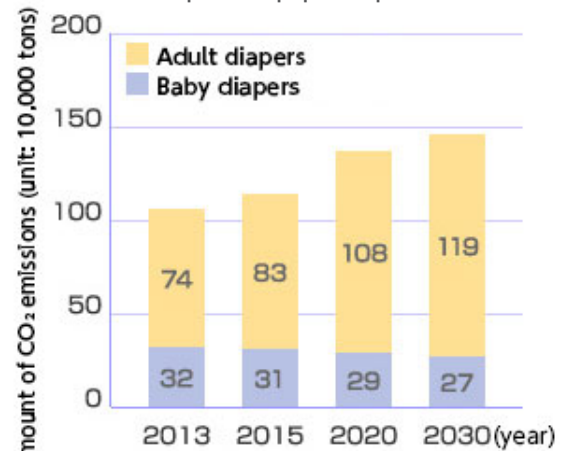
Consequently, although the convenience of disposable diapers helps to make childcare and nursing care easier for many people, disposable diapers are also closely linked to various environmental issues, including the need to safeguard forest resources and the problem of global warming, etc.

The European Union (EU) has set a target of increasing the percentage of urban waste that is recycled to 65%

by 2030 and steps are already being taken to recycle used disposable diapers. Unicharm too is implementing initiatives aimed at realizing improvements in terms of reducing incineration costs and CO₂ emissions and achieving more efficient utilization of resources, etc. Starting in 2015, Unicharm has been implementing a project to put the recycling of used diapers on a commercial footing. As a manufacturer of disposable diapers, we feel that we have a responsibility to undertake this series of measures and we are proceeding with related technology development and verification testing.

The quantity of “plastic waste in the oceans” has been increasing steadily and, because this type of waste takes a long time to decompose, it is forecast that, by 2050, the combined weight of all the plastic waste in the sea will exceed the combined weight of all the fish living in the oceans. As a manufacturer that uses plastic in its packaging materials, Unicharm feels that it has a responsibility in this regard. With the aim of helping to address the global problem of plastic waste in the oceans, Unicharm supports the “Plastics Smart” campaign, which is being implemented in collaboration with organizations in many different sectors, and is working to reduce plastic usage at every stage from R&D onwards.

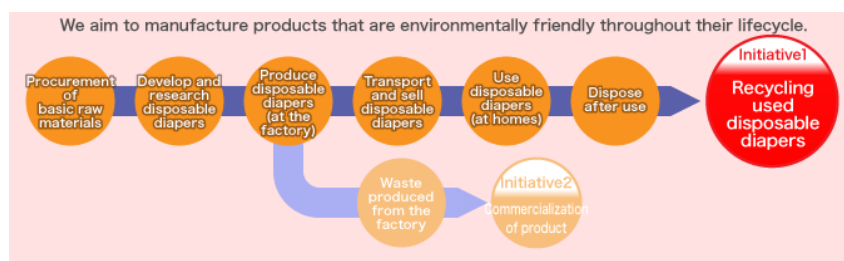
Change in the volume of CO₂ emissions caused by incineration of disposable paper diapers



*Based on Unicharm survey result.

Our activities

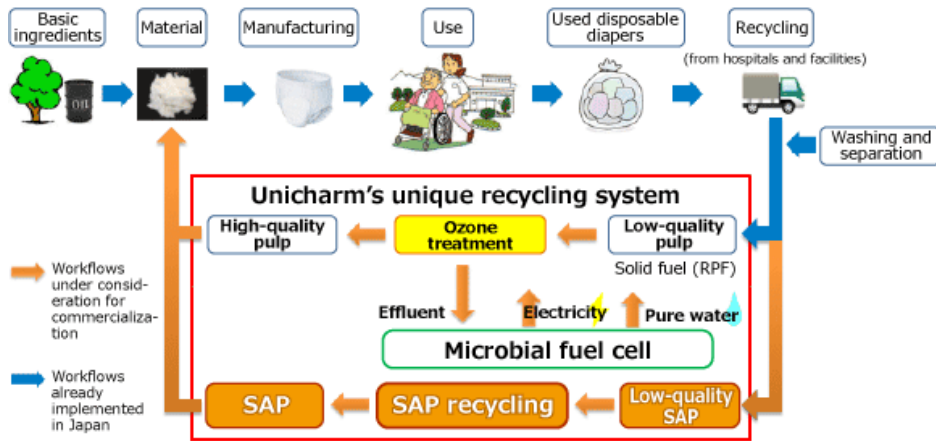
Initiative No. 1: Activities aimed at promoting the recycling of disposable diapers



Release of prototype products created using our own unique recycling system

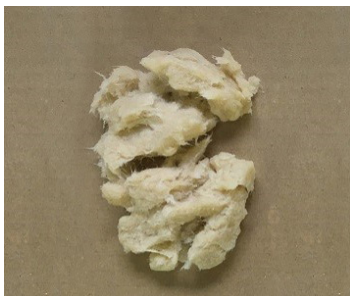
Unicharm launched its used disposable diaper recycling program in 2015. Previously, Unicharm had already been recycling some used disposable diapers as Refuse Paper and Plastic Fuel(RPF). The problem was that the economic value of the RPF was low while the processing costs were quite high. Under Unicharm's new recycling project for used disposable diapers, by making recycling processing more efficient and keeping processing fees down to the same level as the cost of incineration, we have succeeded in creating a recycling system which produces recycled pulp of the same quality as pulp made from virgin material.

■ Unicharm's recycling-oriented model for disposable diapers



Our recycling system applies a unique ionization process to the pulp that we extract from used disposable diapers by means of cleaning and separation; the ionization process destroys the bacteria contained in the excretion. In this way, recycling is able to generate high-quality pulp that is just as hygienic and safe as virgin pulp. We also recycle the waste water generated in the cleaning and separation process, thereby making processing more efficient and also reducing the amount of waste water that needs to be discharged. In addition, we undertook collaborative research with Hiroshima University to develop technology for the generation of electricity using the purification of recycled, concentrated waste water; in 2017, Unicharm was awarded a core patent for microbial fuel cell (MFC) processing.

By 2019, four years on from the start of the project, we were able to announce the successful creation of prototype disposable diapers made from recycling material. We have also been creating a number of other prototype products made using recycled material including toilet tissue, memo pads, file folders, etc. In addition, in October 2019, “Recycling Business Preparatory Office” was established within CSR Division (now the ESG Division) with the aim of commercializing our used disposable diaper recycling technology.



<Pulp prior to ozone treatment >



<Pulp after ozone treatment >

Comparison of pulp made from used disposable diapers before and after ozone treatment

Implementation of verification testing in collaboration with local government authorities, to help realize large-scale recycling

In order to be able to realize the recycling of used disposable diapers, it is vitally important to arrange collaboration with local government authorities and recycling firms on the collection and recycling of used diapers. Starting in May 2016, Unicharm has been collaborating on used disposable diaper recycling system verification testing with Shibushi City, Kagoshima Prefecture. The goal is to achieve full-scale separated collection and recycling of used diapers in Shibushi City by 2020.

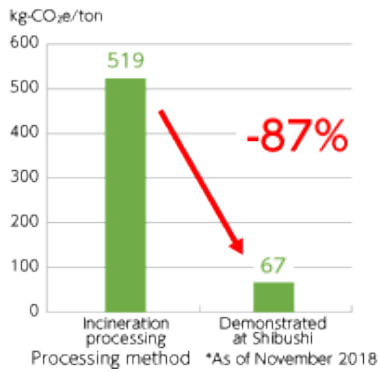
Aiming to build a recycling system that can be adopted widely both within and outside Japan, besides fostering collaboration with other municipalities located near Shibushi City, we are also strengthening our efforts to realize the separated collection and recycling of used disposable diapers throughout Japan.

Verifying the impact on the environment and hygienic safety

We examined from multiple aspects what actual effects employing the recycling system would have. The results showed that the amount of greenhouse gases emitted could be reduced by 87%, compared to burning used

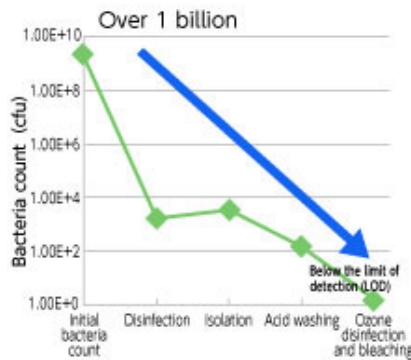
disposable diapers and creating new ones from virgin pulp. We were also able to confirm that the safety and sanitation level of recycled pulp was also maintained at a high level similar to that of virgin pulp.

■ Greenhouse gas emission volume



- Greenhouse gas emission volume (compared to incineration disposal)
- * Including the substitution effect from recycled product.

■ Bacteria count in each process



- Bacteria count in each process and amount of residual proteins / Realizing the same high quality and the same level of cleanliness and whiteness as with virgin pulp made from wood

■ Amount of residual proteins



If adult diapers from 100 users are recycled over a one-year period, this would reduce the quantity of waste generated by an amount approximately equivalent to the waste contained in 23 2-ton refuse collection vehicles and would save an amount of wood equivalent to 100 trees. (Based on a survey conducted by Unicharm)

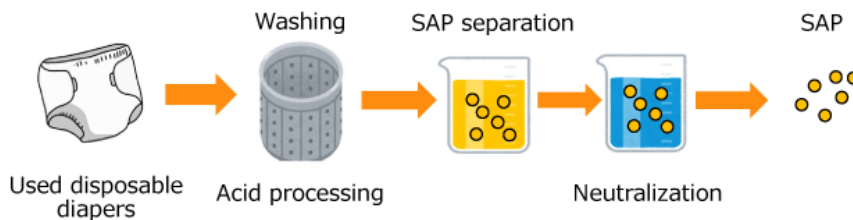


Successful implementation of SAP recycling

Super Absorbent Polymer (SAP) is an important constituent material of disposable diapers which has the function of absorbing and retaining moisture. In order to recycle used disposable diapers, the moisture absorbed by the SAP must be completely expelled and the SAP returned to a state in which it can absorb moisture again. In the past, one known method for removing moisture from SAP was to use calcium, but because this method tended to leave traces of calcium inside the SAP, leading to deterioration in diaper quality, it was not suitable for recycling.

Unicharm has been conducting research on how to return SAP to a reusable quality level in collaboration with Hokkaido University. The research results showed that if, rather than using calcium as in the past, the SAP is inactivated using an organic acid aqueous solution and neutralized, it can successfully be restored to the condition of SAP with outstanding absorbency. In verification testing, it was found that approximately 70% of the original material could be reused.

■ SAP recycling



Having succeeded in developing this fundamental SAP recycling technology (for which a patent application has already been made), we are now undertaking technology development aimed at its commercialization.

An expert's view



Mr. Ryusei Ito
 Assistant Professor
 Water Reclamation Engineering
 Laboratory
 Sustainable Metabolic System
 of Water and Waste Field
 Division of Environmental
 Engineering
 Faculty of Engineering,
 Hokkaido University

The area of research on which I have been focusing involves studying how useful substances such as nitrogen and phosphorus can be recovered from effluent at sewage treatment plants and how they can be utilized. I first became involved in research on SAP in 2014. The technique of using calcium with SAP had been known since the 1980s, but no significant progress had been made in this area. It seems that no one had even considered the idea that used SAP could be reused. When Unicharm got in touch with us and told us that they wanted to be able to recycle and reuse all used disposable diapers, various different possibilities presented themselves and we embarked on a process of repeated trial and error. Once we arrived at the method of treating used SAP with an organic acid aqueous solution, it seemed as though all the problems had been solved in one step. Of course, when this technology is scaled up from the laboratory to the factory, there is the potential for all sorts of issues to arise that we in the laboratory cannot foresee, such as issues relating to product uniformity, etc. When these problems arise, we can tackle them one by one. In the future, I am looking forward to continued involvement in this very meaningful project for recycling used disposable diapers.

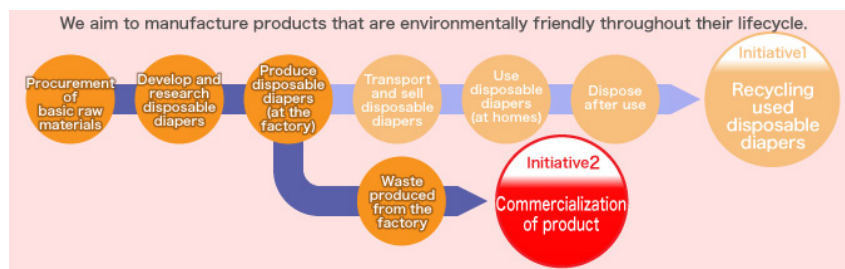
A responsible manager's view



Koichi Yamaki
 Chief Technologist
 Recycling Business Preparatory
 Office 1G
 ESG Division
 Unicharm Corporation

Unicharm had already begun implementing recycling initiatives around 20 years ago, and since then our company has promoted a wide range of recycling-related activities. I myself was given responsibility for developing technology for recycling used disposable diapers in 2015, making use of my prior experience in materials development. When SAP absorbs moisture, it can expand to around 40 times its original size. I must admit that I personally thought that it would probably be impossible to return used SAP to its original state and reuse it. However, with the benefit of advice etc. received from Mr. Ryusei Ito of Hokkaido University, after a process of repeated experimentation, we were able to arrive at a method that utilizes an organic acid aqueous solution. Although we had to overcome a lot of challenges, as a researcher, being able to achieve results in a field where many people felt that “there was little hope of success” was really motivating. We have now reached a point where, in verification testing, we have achieved a SAP recycling rate of over 70%. I hope that, in the future, I will be able to continue collaborating with Mr. Ito to make it possible for all used SAP to be recycled and reused.

Initiative No. 2: Realizing the goal of “zero waste” by implementing thorough utilization and commercialization of waste



During the process of manufacturing disposable diapers, various types of waste are generated that are difficult to recycle, including product loss generated during production and the paper tubes, pulp dust and paper dust, offcuts, etc.*2 that are disposed of as waste by factories. Unicharm undertook repeated studies to determine whether these types of waste could be repurposed.

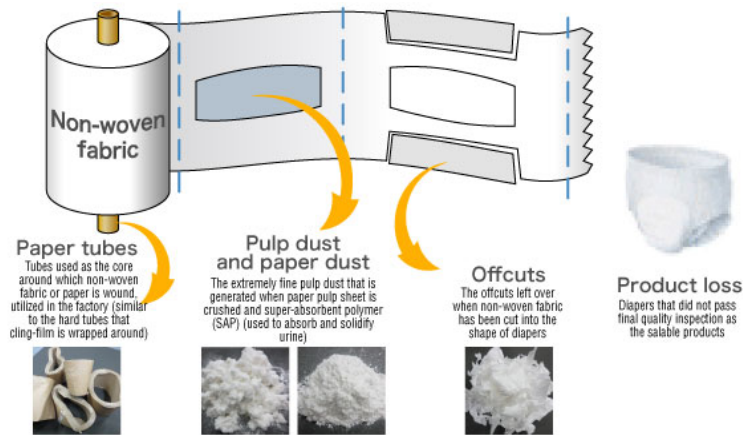
Building on the results obtained in these studies, in 2011, Unicharm launched “Deo-Sand® Scented Deodorizing Paper Litter®”, a cat excretion care product. Deo-Sand® makes effective use of the technology that Unicharm has built up through the development and manufacturing of disposable diapers to realize the efficient solidification of, and highly effective odor removal for, cat excreta, which tends to have a very strong odor. After use, this product can be disposed of as burnable waste. Subsequently, we have also been working on expanding the scope of application of this technology to include not only waste generated during the production process, but also other hard-to-recycle

materials that in the past have generally been incinerated, such as used tickets and used wallpaper, etc., thereby contributing towards ongoing improvement in the effective utilization of resources.

*1: Based on final disposal in landfill.

*2: See Figure “Waste generated in the disposable diaper production process.”

■ Waste generated in the disposable diaper production process



Deo-Sand® Scented Deodorizing Paper Litter®



Wastes collected from Unicharm factories in and outside Japan are cut up finely together with waste paper and the polymer-based absorbent material in the diapers is separated out. The finely-cut material is solidified to create Cat Litter pellets and the colored pellets are then coated with polymer-based absorbent material and paper dust to make Deo-Sand® Paper Sand. When a pet urinates on this product, the part that was urinated on dries solid and this part (only) can then be disposed of easily as burnable waste, making this an environmentally-friendly product.

Unicharm also sorts non-woven fabric and film offcuts(trim) from factory waste and recycles this material to make plastic pellets and plastic bags. Besides reducing the amount of waste that needs to be disposed of, this strategy also helps to reduce the amount of raw material needed for plastics manufacturing.



Plastic pellets



Plastic bags made from recycled material

See also “Climate Change, Pollution Prevention and Resource Utilization”

See also “Climate Change - [Japan] Initiatives to reduce CO₂ through products (Scope 3, Categories 1, 4 and 12)”

Key social issue: Contributing to reduction in food loss through tray-mats

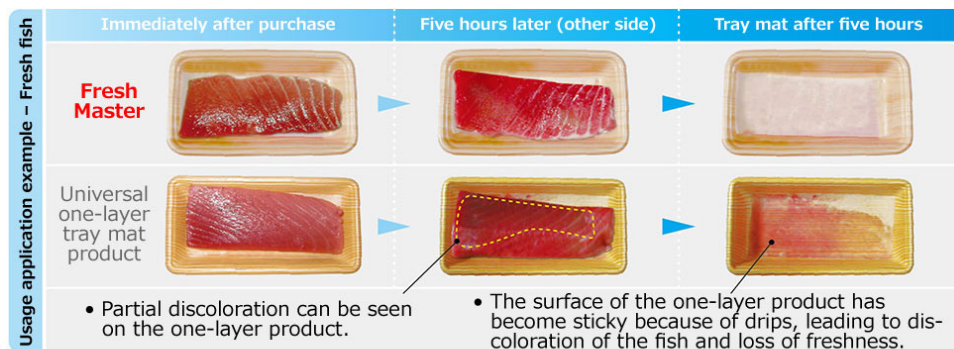
Japan has a low food self-sufficiency rate and is heavy dependent on imports for many types of food products. At the same time, however, huge quantities of edible food are thrown away as waste. According to statistics compiled by Japan’s Ministry of Agriculture, Forestry and Fisheries (MAFF), in 2016, the total amount of unnecessary food

waste in Japan was approximately 6.43 million tons. This figure is substantially higher than the amount of food aid provided each year by the United Nations World Food Programme (WFP) which totaled around 3.8 million tons in 2017. At the UN “Sustainable Development Summit” in 2015, a target was decided on in relation to UN Sustainable Development Goals (SDGs) Goal-12 “Ensure sustainable consumption and production patterns” of reducing per capita global food waste by half by 2030.

With this global background, Japan's “Act on Promotion of Food Loss and Waste Reduction,” the first legislation of its kind in Japan, was enacted on May 31, 2019, and came into effect on October 1, 2019.

Unicharm has, for over 40 years now, been manufacturing and selling the tray mats on which fresh fish and meat are placed for sale in supermarkets, etc. In 2001, we launched “Fresh Master”, a new product with functionality that goes beyond acting as just an ordinary moisture absorption sheet, so that food products retain the right amount of moisture and keep their freshness and flavor. Since then, we have continued to respond to current store needs and expectations by utilizing the non-woven fabric and absorbent material processing and forming technologies that we have developed over the years to make improvements to existing products that enhance their ability to keep food fresh, while also contributing to food loss reduction and making store stocking more efficient.

Taking steps to keep perishable food fresh and extending the duration for which it can be consumed with the best possible flavor not only helps to address the various issues affecting the retail sector, it can also lead to a reduction in food loss which is a global problem. In the future, Unicharm will continue to contribute towards the realization of a sustainable society through the development of even better products in this area.



* 1. The results shown above were based on testing; as results may vary depending on the exact conditions, the figures given here cannot be guaranteed. 2. The fish used was red flesh of Bluefin tuna. 3. The one-layer Traymate used was a Unicharm product. 4. The fish was kept at a temperature below 5°C.

Fresh Master helps fish display its red coloration to best effect, with little discoloration.

CSR Key Topic 4: Contributing to the Community

Our basic approach and strategy

Unicharm's approach to “contributing to society” aims to help solve social issues through business development. Besides striving to make a contribution on a global scale, Unicharm is also serious about tackling problems that affect local communities that have a close relationship with Unicharm's business activities; as a good corporate citizen, we aim to make a positive contribution to these communities by making effective use of our company's unique strengths.

In addition, when the community is in a difficult situation due to sudden disasters etc., we would like to help in any way possible to support the minds and bodies of everyone who has been affected by the disaster. Many people have been affected by the serious damage due to the Great East Japan Earthquake that occurred on March 11, 2011. More recently, in 2019, Japan was badly affected by Typhoon No. 15 (Typhoon Faxai), which caused particularly severe damage in Eastern Japan, as well as by Typhoon No. 19 (Typhoon Hagibis) and by torrential rains. We would like to express our sincere sympathy to those who have been affected and also wish for a swift recovery of the affected areas. Since immediately after the Great East Japan Earthquake, Unicharm has delivered supplies and continually used the Matching Fund, set up to receive charitable donations from employees, to provide relief support. Through these activities, we will continue to deepen our interaction with local residents and make contributions to local communities.

Social issues recognized

Social issues	Our activities
<ul style="list-style-type: none"> • The need to provide continuing support for areas affected by natural disasters • The need to provide support for community-building 	<ul style="list-style-type: none"> • Activities to provide support for areas affected by natural disasters • Activities that address the diverse issues affecting regional communities

Contributing to the realization of the SDGs

Unicharm's “Contributing to the Community” activities are in conformity with the objectives of the United Nations Sustainable Development Goals (SDGs) Goal-3 “Ensure healthy lives and promote well-being for all at all ages”, Goal-5 “Achieve gender equality and empower all women and girls”, Goal-8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”, Goal-11 “Make cities and human settlements inclusive, safe, resilient and sustainable” and Goal-13 “Take urgent action to combat climate change and its impacts”. In the future, we will continue to leverage our unique strengths with the aim of making an even greater contribution towards the solving of the world's shared problems.



Unicharm Group's Key Topics and Indicators (KPI)

Social impact

With regard to “Contributing to the Community,” we are taking the number of participants in our “Super Cool Biz and Warm Biz” activities for continued support for areas affected by natural disasters, which are outlined below, as a “social impact” indicator. A total of 19,710 Unicharm employees have participated in the “Super Cool Biz and Warm Biz” activities.

Social impact
Total number of persons participating in the Super Cool Biz and Super Warm Biz activities to provide continued support to disaster-affected areas



* In 2011, only the Super Cool Biz activity was implemented.

Our activities

Activities to provide support for areas affected by natural disasters

Continuing with our Matching Fund combining disaster relief support with electricity conservation

Our “Matching Fund” and “Super Cool Biz and Warm Biz” employee dress code activities which were launched to provide “disaster relief assistance” and to “reduce the burden on the environment through eco-friendly activities that employees can undertake themselves and through electricity conservation” are now in their ninth year. The “Matching Fund” is an employee-participation type initiative that provides a matching donation equivalent to the price paid by Unicharm employees for original Unicharm polo shirts, jumpers etc. that can be worn at work; the money is used to provide support for areas affected by natural disasters. Donations made through the “Matching Fund” have been used to provide care products to hospitals and other facilities located in areas affected by natural disasters and also for donations to the “MICHINOKU Future Fund” which aims to help children orphaned by natural disasters to realize their dream of continuing with their studies, as well as for providing support to disaster-affected areas in the form of financial assistance and emergency supplies. In the future, we will continue to promote disaster area relief activities and activities aimed at reducing the burden on the environment in collaboration with our employees.

● Support for disaster-affected areas through product purchases

Unicharm wanted to be able to provide additional support to disaster-affected areas by boosting consumption through the purchasing of goods produced in affected districts. With this aim in mind, in 2019, Unicharm began providing employees with the opportunity to purchase “Fukushima Shiome Brown Cotton Hand-towels” made by “Iwaki Otento SUN Enterprise Cooperative” in Iwaki City in Fukushima Prefecture, in association with Unicharm's “Super Cool Biz” initiative, with the Matching Fund providing donations that match the amount that employees pay for these goods. “Iwaki Otento SUN Enterprise Cooperative” launched the “Fukushima Organic Cotton Project” in the spring of 2012 with the aim of revitalizing agricultural land in the Fukushima region that had been left unused or gone out of cultivation; the area of such uncultivated land has been steadily increasing since the Great East Japan Earthquake of 2011. Starting with the cultivation of organic cotton, which is highly resistant to salt damage, the Project involves the use of the harvested cotton to manufacture and sell textile products, with a portion of the resulting revenue being returned to the cotton producers. Through a series of initiatives, “Iwaki Otento SUN Enterprise Cooperative” has helped to revitalize the local community and create new employment opportunities, with the aim of making Fukushima a base for the development of new kinds of agriculture and textile industries. Domestically-produced cotton grown in Fukushima is used for part of the raw fabric utilized in the manufacturing of “Fukushima Shiome Brown Cotton Hand-towels” and the dyeing process takes place at a factory in Sukagawa City, Fukushima Prefecture.

* In December 2019, organic cotton business of “Iwaki Otento SUN Enterprise Cooperative” was transferred to KiTEN Co., Ltd.



“Fukushima Shiome Brown Cotton Hand-towels”



Cotton fields in Iwaki City



Support for areas affected by Typhoon No. 15 (Typhoon Faxai), Typhoon No. 19 (Typhoon Hagibis), and torrential rains

Unicharm donated 5 million yen via local government authorities in affected districts to support emergency response and recovery efforts in areas affected by Typhoon No. 15 (Typhoon Faxai), Typhoon No. 19 (Typhoon Hagibis) and

torrential rains in 2019. These donations were made from the “Matching Fund” whereby Unicharm matches donations made by employees with an equivalent amount. We also provided emergency supplies for the disaster-affected areas, including baby diapers, adult diapers, sanitary products, wet wipes, masks, pet products, etc.



A truck carrying loaded with emergency supplies to help people living in affected areas.

Activities relating to regional revitalization

Signing of a “Comprehensive Partnership Agreement” with Shibushi City, Kagoshima Prefecture in relation to community revitalization

In November 2016, Unicharm began collaborating with Shibushi City, Kagoshima Prefecture, on environmental protection activities with the signing of an agreement to undertake verification testing using Unicharm's recycling technology for the reuse of pulp derived from used disposable diapers, the first technology of its kind in the world. This was followed in March 2019 by the signing of a “Comprehensive Partnership Agreement” and a “Memorandum of Understanding Regarding Cooperation with Provision of Supplies in the Event of a Disaster,” which covered the provision of support etc. in relation to seven areas, including disaster response measures, health promotion and childcare. Unicharm is the first private-sector company to sign an agreement of this type with Shibushi City following the establishment of the “System for the Proposal of Projects for Collaboration between Shibushi City and Private-sector Companies, etc.”*

* The “System for the Proposal of Projects for Collaboration between Shibushi City and Private-sector Companies, etc.” is a new system that enables private-sector companies to submit proposals for collaborative projects in relation to measures being implemented by Shibushi City Government. The aim of the new system is to enable Shibushi City to access the vitality of the private sector, allow Shibushi City and private-sector companies to collaborate closely on policy implementation and contribute towards the revitalization of the local community and the enhancement of the services provided to local residents.

● The seven areas covered by the Comprehensive Partnership Agreement relating to community revitalization

Unicharm is collaborating with Shibushi City on the following seven areas:

- (1) Matters relating to disaster response measures and disaster preparedness.
- (2) Matters relating to support for the cultivation of children and young people and childcare support.
- (3) Matters relating to health promotion.
- (4) Matters relating to environmental protection.
- (5) Matters relating to support for senior citizens and people with disabilities.
- (6) Matters relating to the promotion of women's empowerment.
- (7) Other matters relating to items necessary for the realization of the previous articles.

As regards (1) “Matters relating to disaster response measures and disaster preparedness,” in the event of a natural disaster, Unicharm will, at the request of Shibushi City Government, provide emergency supplies in the form of disposable diapers, sanitary napkins, masks, pet products and other sanitary products. With regard to (2) “Matters relating to support for the cultivation of children and young people and childcare support,” when a newborn baby's birth is registered, Unicharm will provide babies' disposable diapers as a gift to celebrate the occasion. Regarding (3) “Matters relating to health promotion” and (5) “Matters relating to support for senior citizens,” Unicharm will provide proposals for measures to extend healthy life expectancy and also provide seminars on ways to avoid the need for care provision. As regards (4) “Matters relating to environmental protection”, Unicharm is aiming to put the recycling of used disposable diapers on a commercial footing. Through this agreement with Shibushi City, Unicharm aims to contribute towards solving the issues affecting the local community through our business operations and further strengthen mutual collaboration with Shibushi City thereby helping to realize the cohesive society.



For more information about Unicharm's disposable diaper recycling initiative, see CSR Key Topic 3. For information about other Unicharm initiatives, see “Local Community.”

Environment

Environmental Management

Our basic approach and strategy

Most of Unicharm's products are consumables essential to a clean and healthy lifestyle, which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia in order to provide better products to consumers around the world, our role and responsibility for reducing our environmental impact has also increased with each passing year.

All of our employees are committed to environmental activities following the Basic Environmental Policy and the Environmental Action Guidelines developed based on our corporate philosophical framework (Unicharm Ideals, “Beliefs and Pledges’ and Corporate Principles of Action”). We carefully monitor the impact our business activities have on the environment, and we are promoting initiatives to realize “Twin Eco Goals” by reducing our environmental impacts and improving our economic efficiency, with the aim of achieving a sustainable society.

Basic Environmental Policy and Environmental Action Guidelines

Unicharm Group Basic Environmental Policy:

As a company that engages in the manufacture and sale of disposable products, we recognize the extent of our responsibility to the global environment. Through our corporate activities we strive to create environmentally-friendly products so that we may in the future pass on a beautiful earth to future generations.

We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and we are determined to realize the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

Unicharm Group Environmental Action Guidelines

- Abide by all laws and regulations
- Eliminate waste
- Enhance productivity
- Reduce the use of natural resources
- Make sound choices for the environment
- Learn more about environmental issues
- Share efforts for helping to improve the environment

Management structure

Our environmental activities are collectively managed and overseen by the ESG Committee which is chaired by the Representative Director.

The integrated implementation of ISO14001 and ISO9001, which is closely linked to our day-to-day operations, is promoted proactively by each business location with the implementation of gate-control based on pre-set management items and key performance indicators (KPIs) and of a PDCA cycle. The ESG Division handles monitoring etc. of environment-related activity status in the value chain as a whole and reports to the ESG Committee which meets four times a year. Unicharm's “Eco Plan 2020” which was formulated in 2016 is positioned as embodying the company's key environmental targets that are translated into the targets of each individual division and in turn provide a basis for more finely-tuned activities through linkage to targets set for individual employees and weekly action plans.

As 2020 is the final year of implementation of “Eco Plan 2020”, Unicharm has formulated a new “Eco Plan 2030” which embodies the key environmental targets for the whole company.

Environmental Management Structure



Environmental management in conformance with ISO

In order to improve our environmental performance, Unicharm has introduced ISO14001. We have been promoting continuous improvement in accordance with Environmental Management System (EMS) activities.

In order to further strengthen both our quality and environmental activities, in 2017, we merged our Quality and Environment management systems, reinforced our activities to improve quality and reduce our environmental impact and implemented environmental initiatives through our business activities. Furthermore, in addition to the non-woven fabric processing and absorbent materials aspects of the production of disposable diapers and sanitary products which had been the main focus of our environmental activities in the past, we have expanded the scope of application to include the pet care product category and also strengthened our activities aimed at achieving “Eco Plan 2020” which embodies our key environmental targets set by the group.

■ ISO9001, ISO14001 and ISO13485 Certification at the Unicharm Group (certified unit)

Name of unit obtaining certification	Certification status		
	ISO9001	ISO14001	ISO13485
Unicharm and Unicharm Products (Japan)	○	○	○*
Unicharm Kokko Non-Woven (Japan)	○	○	
Cosmotec (Japan)	○		
United Charm (Taiwan-Greater China)	○	○	
Uni-Charm (Thailand) (Thailand)	○	○	○
PT.UNI-CHARM INDONESIA Factory1 (Indonesia)	○	○	○
PT.UNI-CHARM INDONESIA Factory2 (Indonesia)	○	○	○
PT.UNI-CHARM INDONESIA Factory3 (Indonesia)	○	○	○
Unicharm Consumer Products (China) (Shanghai, China)	○	○	
Unicharm Consumer Products (Jiangsu) (Jiangsu, China)	○	○	
Unicharm Consumer Products (Tianjin) (Tianjin, China)	○	○	
Unicharm Gulf Hygienic Industries (Saudi Arabia)	○	○	
LG Unicharm (Korea)	○	○	
Unicharm India (India)	○		
Unicharm Australasia (Australia)	○		
Unicharm Middle East & North Africa Hygienic Industries (Egypt)	○	○	
Diana Unicharm (Vietnam)	○		
DSG International (Thailand) (Thailand)	○		
Disposable Soft Goods (M) (Malaysia)	○		

* ISO13485 certification is applicable only to Unicharm Products Co., Ltd.

Environmental audits for risk management and enhancing performance

Unicharm conducts three types of environmental audits in order to eliminate environmental risks and enhance environmental performance. These include target-focused audits such as:

- (1) Periodic audits in conformance with ISO14001-compliant environmental management systems;
- (2) Onsite confirmations at industrial waste processing partners; and
- (3) Confirmation of compliance with laws and regulations.

In addition, operational audits performed by the Management Auditing Department confirm the status of waste treatment at sales offices that are not covered by an environmental management system.

Results of Environmental Regulatory Audits

It has been confirmed that in 2019 as well, surveys, data and documentation for submission to governments as required by environmental laws and regulations were submitted correctly. No fines have been incurred due to violations of environmental laws or regulations. Furthermore, there are no environmental matters pending.

Validation of environmental protection activities

Our company identified materiality through meetings with investors and NGOs in 2016 and, based on these findings, drafted “Eco Plan 2020” as a set of medium-term environmental targets for 2020. In 2019, besides continuing to implement “Eco Plan 2020”, we also formulated “Eco Plan 2030”.

Materiality which Unicharm identified

Stakeholder interest	High	<ul style="list-style-type: none"> Use of water resources Treatment of drainage Management situation Reduction of packaging materials Recycling 	<ul style="list-style-type: none"> Response to climate change CO₂ reduction targets with suppliers Correlation with SDGs 	<ul style="list-style-type: none"> Disclosure of environmental targets Increased waste Recycling response Procurement of sustainable materials 	
		<ul style="list-style-type: none"> Proper management of hazardous substances Emissions of VOC gases Labeling of carbon footprint 	<ul style="list-style-type: none"> Legally compliant processing of waste Ratio of environmentally-friendly products Scenarios for science-based targets 	<ul style="list-style-type: none"> Supplier selection and assessment results Collaboration with suppliers Promotion system and governance 	
		<ul style="list-style-type: none"> Environmental impact studies of plant sites Protection and restoration of IUCN red list species 	<ul style="list-style-type: none"> Emissions of NO_x and SO_x Compliance with environmental laws and regulations 	<ul style="list-style-type: none"> Accuracy of non-financial data Percentage of third party certification Targets for renewable energy 	
		Impacts on Unicharm			High

Eco Plan 2020

	Implementation items	2015 results	2016 results	2017 results	2018 results	2019 targets	2019 results	Evaluation	2020 targets
(1) Reduction of waste	■ Recovery technologies for used disposable diapers (Japan)	Established technologies	Starting with local governments	Start testing	Cycle model establishment	Cycle model operation start	Cycle model operation start	○	Full-scale operations
	■ Recycling of product loss (Overseas)	2,000 tons	2,600 tons	2,600 tons	4,300 tons	4,000 tons	6,000 tons	○	4,000 tons
(2) Procurement of sustainable materials	■ Third party certification of paper and pulp suppliers (Japan)	82%	80%	94%	95%	97%	95%	×	100%
	■ Third party certification of paper and pulp suppliers (Overseas)	—	84%	87%	90%	92%	95%	○	100%
	■ Third party certification of palm oil suppliers (Japan)	0%	Start of investigation	Ascertained	2%	10%	31%	○	100%
(3) Measures for climate change	■ Environmentally-Friendly Products (Japan)	72%	78%	80%	86%	93%	89%	×	100%
	■ Products with the Eco Charming label (Japan)	50%	56%	58%	66%	60%	66%	○	60%
	■ Products with the Eco Charming label (Overseas)	0%	Survey	Understanding Completion	Operation Start Delay	Operation Start	Operation Start	○	Operation Start
	■ CO ₂ emissions base unit during manufacturing compared to 2015 (Japan)	Base year	-2.4%	-4%	-6%	-8%	-8%	○	-10%
	■ CO ₂ emissions base unit during manufacturing compared to 2015 (Overseas)	Base year	—	-3%	-6%	-8%	-8%	○	-10%
	■ Collection of overseas site data (compared to sales)	73%	77%	81%	83%	85%	88%	○	80%

(1) Regarding reduction of waste, the above assessment was made because in 2019 we started verification testing and realized the planned implementation in the City of Shibushi and we were able to convert 6,000t/year of product loss generated during the manufacturing stage into cat continence care products, representing achievement of the planned goals.

(2) Regarding procurement of sustainable materials, with respect to paper pulp within Japan, the percentage remained at around the same level as in the previous year representing a failure to achieve the planned target; overseas, however, switching over to sustainable paper pulp through collaboration with suppliers enabled us to achieve the planned target, bringing the percentage up to roughly the same level as in Japan. With regard to palm oil, the above assessment was made because of a successful switch over to using the Mass Balance (MB) model, with approximately 30% of all palm oil used being RSPO certified.

(3) Regarding measures against climate change, although production of environmentally-friendly products has increased, there were still some product items left with respect to which progress in switching over to environmentally-friendly product specifications has been limited, and the overall objectives have not yet been met. With regard to the percentage of Eco Charming products, within Japan, the plan had been realized as of 2018 ahead of schedule and related operations had already begun overseas so, overall, the plan had been successfully implemented. The above assessment was made because we had achieved our target of reducing CO₂ emissions intensity at the manufacturing stage and production locations that have received third-party certification now account for 88% of the company's total sales.

* With regard to those items where the target for 2020 has already been achieved (including product loss recycling amount, Eco Charming product ratio and sales ratio based on data collection at overseas production sites), we are continuing to promote further efforts to surpass the performance realized in 2019.

Please see CSR Key Topic 3 for more details about our initiatives on recycling systems for disposable diapers.

Meetings with stakeholders to exchange views during the implementation process of “Eco Plan 2030”

Holding meetings to exchange opinions on environmental activities

With the aim of correctly identifying key environmental issues and using this knowledge effectively in our business activities, in April 2019, we held a meeting to exchange ideas with WWF Japan. Four WWF Japan officials – Mr. Sadayoshi Tobai, Conservation Director; Mr. Yosuke Ikehara, Climate and Energy Project Leader, Mr. Yukihiko Misawa, Plastics Policy Manager with WWF Japan's Seafood Markets Group and Ms. Chiaki Furusawa of WWF Japan's Forest Program – attended the meeting, together with several managers from Unicharm's Marketing and CSR divisions.

The meeting participants from WWF Japan noted that “before setting and disclosing environmental goals for 2030, it is important to first outline the company's vision for where it wants to be in 2050. After having established this ‘2050 Vision’, the company must then start to think about what it needs to achieve by 2030 in the process of realizing this overarching vision.

In light of Unicharm's business areas, the three main issues that Unicharm ought to focus on would include: (1) plastic waste pollution, (2) response to climate change and (3) sustainable procurement of forest resources”.

Following on from this suggestion, the WWF Japan officials pointed out some concrete steps that Unicharm could take to address these issues.

Firstly, in regard to “plastic waste pollution,” the WWF Japan officials praised the “used disposable diaper recycling project” that Unicharm has been implementing. They also recommended that Unicharm should work to reduce the quantity of materials consumed and make effective use of recycled materials by following the “3Rs” (Reduce, Reuse, Recycle) in the correct order when addressing the issue of plastic waste. In addition, they suggested that: “Unicharm could consider adopting the ‘5Rs’ by adding ‘Refuse’ and ‘Replace’ to the existing ‘3Rs’ and should work steadily to achieve progress in this area by focusing on what can be done now. Unicharm should also proactively disclose information that makes it possible to monitor the status of implementation of the measures taken by the company.”

Secondly, in regard to measures taken to “respond to climate change”, the WWF Japan officials gave a positive evaluation of Unicharm's disclosure of Scope 3 CO₂ emission data covering the entire supply chain which we have been undertaking for some years now and of us becoming the 17th company in Japan to establish certified “Science Based Targets (SBT)”, etc. They also put forward the following suggestions: “Over the last 20 years, the amount of economic damage caused by torrential rains, floods, droughts, etc. has doubled. Today, climate change is an issue that affects the whole of society. Given this situation, if every company announces initiatives aimed at helping to realize a “Net Zero CO₂ Emissions Society by 2050” and lobbies government agencies and electric power providers to work towards this goal too, then this would speed up the creation of a “Renewable Energy Society” with dramatically reduced CO₂ emissions. We hope that Unicharm will also take proactive steps in this regard.”

Finally, in regard to “sustainable procurement of forest resources”, the WWF Japan officials praised Unicharm for switching over to the use of third-party certified forest products and palm oil and for implementing appropriate disclosure in relation to these activities. They also offered the following suggestions: “Even in the case of certified forest products, there may still be problems depending on exactly where the materials are produced. It would be advisable to implement thorough surveys of producer areas along with disclosure of relevant information. We also hope that Unicharm can expand its utilization of certified materials by implementing activities that follow the guidelines relating not only to raw materials using in product manufacturing, but also those relating to forest products used in the manufacturing of office furniture, handout materials, etc.”



■ Environmental Materiality Identified by Unicharm in Relation to the Period Leading up to 2030

Stakeholder interest	High	<ul style="list-style-type: none"> Effective utilization of water resources 	<ul style="list-style-type: none"> Effective utilization of forest resources Promotion of environmentally-friendly products 	<ul style="list-style-type: none"> Tackling the problem of plastic waste polluting the oceans Responding to climate change 	
		<ul style="list-style-type: none"> Responding to environmental air pollution (NOx · SOx) 	<ul style="list-style-type: none"> Promoting measures to safeguard marine resources 	<ul style="list-style-type: none"> Promoting the recycling society Enhancing the quality of information disclosure 	
		<ul style="list-style-type: none"> Compliance with laws and regulations 	<ul style="list-style-type: none"> Promoting efficient production activities 	<ul style="list-style-type: none"> Appropriate management of chemical substances 	
		Impacts on Unicharm			High

■ Eco Plan 2030

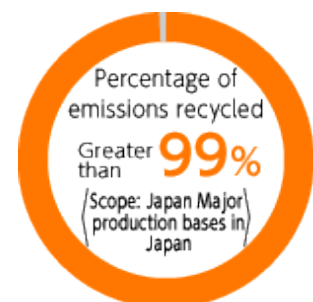
Environmental issues	Implementation items	Baseline year	2030 targets	2050 vision
Responding to the problem of plastic waste	Reducing usage in relation to packaging materials	2016	Per unit of sales -30%	Realizing a new society with “zero” plastic waste
	Sale of products that contain no petroleum-derived plastic	—	10 stock-keeping units (SKU) or more sold	
	Raising awareness about proper disposal of used products	—	Rolled out at all local management units (LMU)	
	Eliminating the use of plastic in sales promotional items	—	In principle, reduced to zero at all local management units (LMU)	
Responding to climate change	Reducing CO ₂ emissions associated with raw materials procurement	2016	Per unit of sales -17%	Realizing a society with net “zero” CO ₂ emissions
	Reducing CO ₂ emissions in manufacturing	2016	Per unit of sales -34%	
	Reducing CO ₂ emissions associated with disposal of used products	2016	Per unit of sales -26%	
Not contributing to forest destruction (response to procurement-related issues)	Ensuring traceability to pulp and palm oil production locations (country/region)	—	Completed	Realizing a society with “zero” forest destruction related to the purchasing of timber
	Expanding the use of certified pulp (PEFC and CoC certified)	—	100%	
	Expanding the use of certified palm oil (RSPO certified)	—	100%	
	Promoting the recycling of disposable diapers	—	Rolled out in at least 10 municipalities	

(Unicharm's targets from a coordinated ESG perspective are scheduled to be announced in the autumn of 2020)

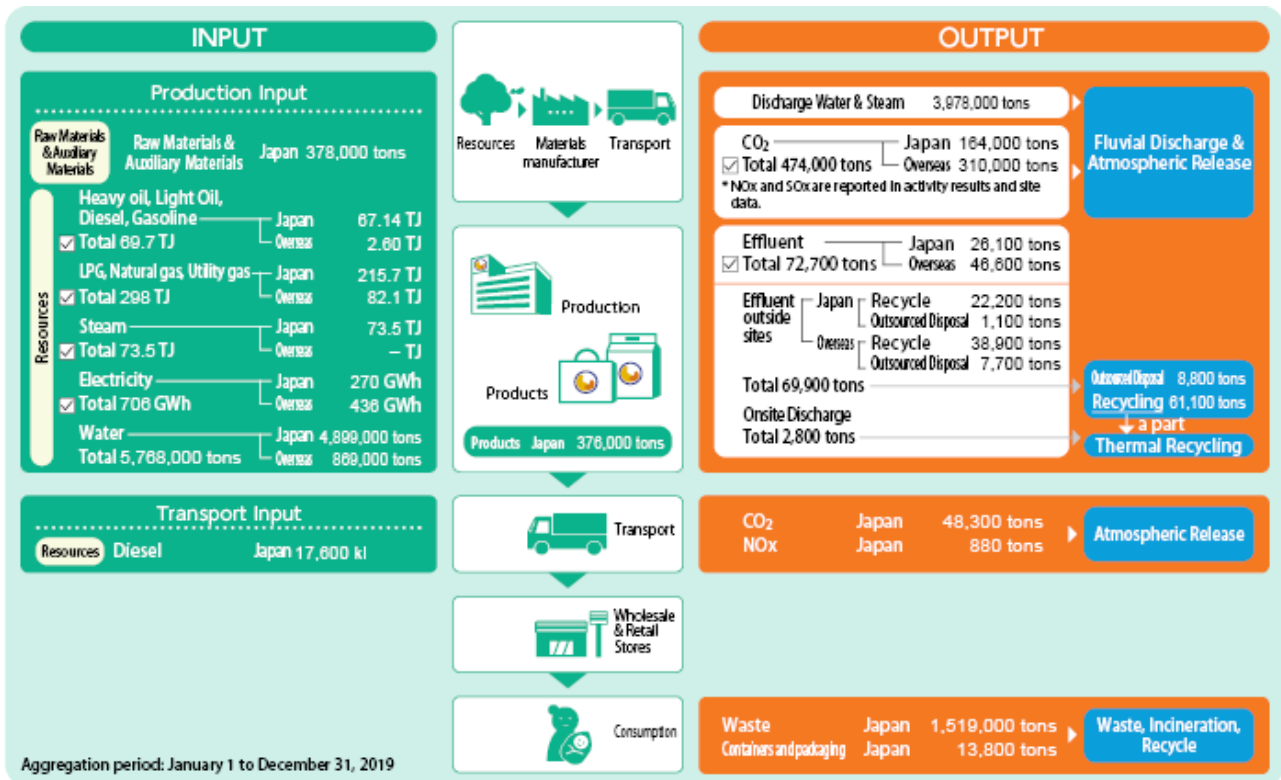
Energy/material flow from the entire lifecycle perspective

As a manufacturer of consumer products, our company uses resources in various aspects of its business activities. As a responsible manufacturer that utilizes resources and runs businesses, we engage in efforts to improve the environment at every stage of the supply chain through all of our business activities, from the procurement of materials to manufacturing, transport and disposal of products after use.

Emissions from major production bases in Japan total 23,800 tons over 99% of which were recycled.



Energy/material flow from a lifecycle perspective



Third-party assurance

In order to increase the reliability of non-financial data, we are receiving third-party assurance from PwC Sustainability LLC, based on ISAE3000/3410.

In the above diagram, the mark indicates locations with third-party assurance. Please see here regarding third-party assurance

Sites receiving third-party assurance: (88% of sales)

All business locations inside Japan (however, Headquarters, Sales Offices and Unicharm Mölnlycke have assurances only for fuel, electricity and CO₂)

Unicharm Corporation (Sales Offices, Development, Itami Factory, Mie Factory and Saitama Factory)

Unicharm Products Co., Ltd. (Fukushima Factory, Shizuoka Factory, Shikoku Factory and Kyushu Factory)

Unicharm Kokko Non-Woven (Manufacturing Group 1 and Manufacturing Group 2) Unicharm Mölnlycke, Uni Care, Peparlet Co., Ltd. and Kinsei Products Co., Ltd.

Overseas manufacturing sites (manufacturing locations only)

China: Unicharm Consumer Products (China) Co., Ltd. (Shanghai Factory, Tianjin Factory and Jiangsu Factory), Unicharm Nonwoven Tianjin, Unicharm Packaging Materials (Tianjin) Co., Ltd.,

Indonesia: PT Uni-Charm Indonesia (Karawang Factory and Surabaya Factory), PT Uni-Charm Nonwoven Indonesia

Thailand: Uni-Charm (Thailand) Co., Ltd. (Bangkok Factory)

India: Unicharm India (Sri Factory, Ahmedabad Factory)

Taiwan-Greater China: Unicharm Co., Ltd. (Junan Factory)

Vietnam: Diana Unicharm Joint Stock Company Vietnam (Bac Ninh Factory)

USA: The Hartz Mountain Corporation (Pleasant Plain manufacturing facility)

Policies and standards: Aggregation based on company rules concerning the management of environmental information in accordance with relevant environmental laws and regulations including the Act on Rationalizing Energy Use, the Act on Promotion of Global Warming Countermeasures, and the Waste Management and Public Cleansing Act.

Notes:

- CO₂ emissions in Japan are calculated based on the 2018 emission factors under the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures. The overseas portion is calculated based on the GHG Protocol Ver. 4.8. (0.734 for China, 0.809 for Indonesia, 0.500 for Thailand, 0.926 for India, 0.8 for Taiwan-Greater China, 0.351 for Vietnam) and the published factors disclosed on electricity company website for the U.S.
In terms of shipping, we have statistics only for inside Japan.
- Discharge includes industrial waste, general waste from offices, and recyclables.
- Figures estimated from incinerator operations at the Fukushima Factory are used for the volume of thermal recycle of incinerated waste materials on premises.
- Scope 3 emissions third-party assurance within Japan is denoted using the symbol. For more information about Scope 3 emissions third-party assurance, see here.

Climate Change

Our basic approach and strategy

Background and approach of TCFD initiatives

The impact of climate change which is increasing every year is becoming more serious and is being recognized as the biggest risk in human history by the international community. Under the Paris Agreement reached at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in December 2015, it was agreed to keep the increase in global average temperature to well below 2°C above the pre-Industrial Revolution level.

The Task Force on Climate-related Financial Disclosures (TCFD) disclosed its final report in June 2017 as recommendations to encourage disclosure of climate-related financial information by corporations to allow investors to make appropriate investment decisions. The content of the report is globally recognized as an important framework for disclosure of information on climate change. Under TCFD, corporations need to consider the risks and opportunities of climate change and make disclosures in the areas of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.” “Strategy” also requires disclosure of results of analysis including climate scenarios that keep the increase in temperature to below 2°C.

Unicharm recognizes that climate change is an issue to be worked on as a priority. Therefore, in order to contribute to achieving the 2°C scenario in the Paris Agreement, we received certification under the Science-Based Targets (SBT) initiative for our CO₂ reduction plans up to 2050 in June 2018. We also expressed our endorsement of TCFD in May 2019 and will continue to report in accordance with the TCFD framework going forward.

To achieve a “zero-CO₂ emissions society by 2050,” top management will take the lead on setting targets and managing progress which each and every member of the Group will pursue through business activities. As well as striving to reduce CO₂ emissions associated with the diverse business activities of our own company, we will continue actively encouraging all those involved in the supply chain to reduce emissions throughout the product life cycle. We will also continue to pursue these activities in partnership with all stakeholders.

Management structure

Governance

The Representative Director is responsible for evaluating risks and opportunities related to climate change and for setting and formulating CO₂ reduction targets. The ESG Committee chaired by the Representative Director and with the inside directors and main executive officers as the members meets four times a year, once in each quarter, to report and deliberate on environmental activities overall including climate change, the response to social issues and the important issues for governance. Specific plans are reported based on “Eco Plan 2020” up until 2019 and “Eco Plan 2030” from 2020 under the recommendations of the TCFD.

Strategy

Unicharm regards risks and opportunities related to climate change as important elements in business strategy. In particular, researchers have pointed out that the Asian region, where our company focuses its business activities, will be affected most if climate change mitigation and adaptation measures are not implemented. In one example, a joint research team from Stanford University and the University of California in the United States pointed to this impact in a report of research results published in the “MIT Technology Review” in 2017.

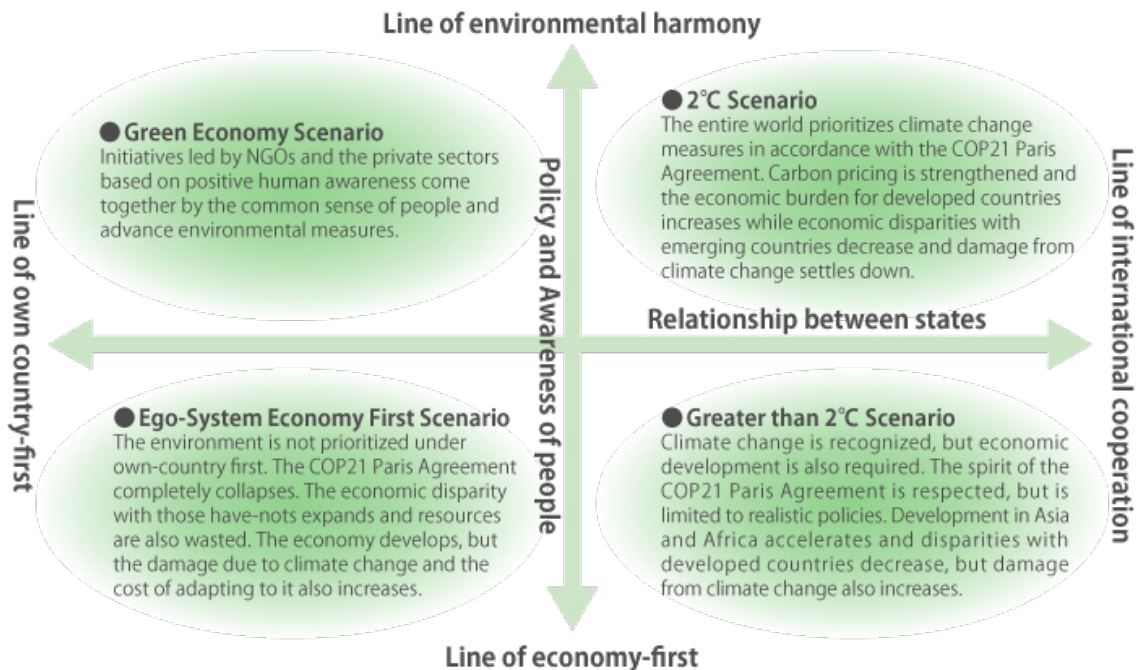
Given this, in 2018, Unicharm independently estimated the financial impact of energy based on the “450 Scenario” of the International Energy Agency (IEA) and the operational impact due to physical risk based on the “RCP2.6 Scenario” of the Intergovernmental Panel on Climate Change (IPCC).

When planning the scenarios, we selected two axes with high levels of uncertainty,

- “Relationships between nations” in which there is ongoing international cooperation or there is no international cooperation as each country and region follows its own country and region first policy
- “Policy and human awareness” in which people's environmental awareness increases with the impact of climate change and environmental policies are implemented or economic growth is prioritized over the environment in both people's awareness and policy

and drew up four different scenarios (important driving forces considered to have a major impact on the scenarios are assumed to be women's participation, urban concentration, waste issues, ESG investment, use of renewable

energy, etc.) From these, we have selected three scenarios which are the “2°C Scenario”, “Greater than 2°C Scenario” and “Ego-System Economy First Scenario” and examined the challenges for 2030/2050 in each scenario.



* The above diagram was created at a workshop held by “The Frontier Network” which is organized by E-Square Inc., and was modified by Unicharm. Including Unicharm, 13 companies participated in the workshop.

2°C Scenario

Prices of forest-derived raw materials will rise moderately and energy prices will rise sharply. The GDP of the Asian region will grow moderately and Unicharm’s ROE will stay at current position and we will be able to maintain CAGR 7%. Markets will also expand over the ultra-long term and our performance will also increase (sustainable growth and expansion outside of Asia).

Greater than 2°C Scenario:

Prices of forest-derived raw materials will rise quickly, but increases in energy prices will be curbed. Costs will rise relatively, but GDP growth in the Asian region will also accelerate and Unicharm’s ROE will also rise with upturn in CAGR 7%. Over the ultra-long term, the market will contract due to extreme weather (not sustainable).

Ego-System Economy First Scenario:

Climate change will be further amplified, so restrictions will be imposed on procurement of forest-derived raw materials. However, there will be economic development with increases in both sales prices and volumes. Over the ultra-long term, major revisions of business strategy will be required due to very extreme weather.

Global warming not only impacts the global environment, but also deeply affects Unicharm’s business. Unicharm will continue to work in partnership with diverse stakeholders to implement actions in compliance with the Paris Agreement. We believe that our “technology for recycling used disposable diapers” can be more widely used in the face of severer global warming. We will continue contributing to forest protection and decarbonization by means of this technology.

Risk Management

Unicharm has positioned appropriately identifying various risks, including climate change, and developing and operating a comprehensive management system for risks, including prevention of such risks, minimization of their impact and prevention of their recurrence, as an important management theme. Therefore, as well as developing and implementing a Group-wide risk management system, we continually review and improve the ESG system*. The Board of Directors regularly analyzes and evaluates the various risks surrounding the Group, gives directions within the company to take measures as necessary and supervises improvements. The ESG Committee also analyzes and examines various important risks and implements improvements in partnership with business and functional divisions.

In particular, as it is necessary to understand climate change risks from a long-term perspective, we are working to enhance organizational capacity to deal with high levels of uncertainty including the scenario planning described previously.

* Please see Governance > Risk Management

Metrics and Targets

As stated previously, with regard to the setting of CO₂ reduction targets, Unicharm received certification under the Science-Based Targets (SBT) initiative for our reduction plans up to 2050 in June 2018. To this end, we set specific long-term reduction targets for both “Scope 1” (direct emissions: own plants, offices, vehicles, etc.) and “Scope 2” (indirect emissions from energy sources: energy consumed by the Group such as electricity).

CO₂ Emissions	As our management indicators, we will aim for a 90% reduction to Scope 1 (direct emissions: own plants, offices, vehicles, etc.) and a 30% reduction to Scope 2 (indirect emissions from energy sources: energy consumed by the Group such as electricity), both compared to 2016 by 2030.
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Based on the goals for 2020 established in the “Eco Plan 2020”, which was instituted in 2016, we are promoting activities for achieving annual 2% reductions to Scope 1 and 2, and, for Scope 3, we are aiming in our supply chain to reduce environmental impacts within the life cycle compared to the baseline figures of 2005 and for a 100% introduction of upgraded environmentally-friendly products.

The percentages of life cycle CO₂ emissions come, in the order of, approximately 47% from purchased materials under Scope 3, approximately 33% from disposal of products after use and approximately 11% from the manufacturing stage under Scope 1 and 2 (and 9% from other transport and business activities) (all figures are for Japan).

For Scope 1 and 2, we carry out energy reduction working activities with the EMS activity promoters at each location four times a year, implement annual plans and check progress to plan. Regarding CO₂ emissions from materials, which make up the major part of Scope 3, LCA (Life Cycle Assessment) is calculated for each material from the design stage and product designers consider measures for climate change from the standpoint of product function and CO₂ emissions in consultation with ESG Committee members.

Furthermore, at the Quality Policy Briefing Session held with suppliers in November 2017, we explained our CO₂ emissions status and its importance and requested their cooperation.

Please see also Initiatives to reduce CO₂ through products

■ Eco Plan 2020, goals and results of measures against climate change (from “Eco Plan 2020”)

	Implementation items	2015 results	2016 results	2017 results	2018 results	2019 targets	2019 results	Evaluation	2020 targets
(3) Measures for climate change	■ Environmentally-Friendly Products (Japan)	72%	78%	80%	86%	93%	89%	×	100%
	■ Products with the Eco Charming label (Japan)	50%	56%	58%	66%	60%	66%	○	60%
	■ Products with the Eco Charming label (Overseas)	0%	Survey	Understanding Completion	Operation Start Delay	Operation Start	Operation Start	○	Operation Start
	■ CO ₂ emissions base unit during manufacturing compared to 2015 (Japan)	Base year	-2.4%	-4%	-6%	-8%	-8%	○	-10%
	■ CO ₂ emissions base unit during manufacturing compared to 2015 (Overseas)	Base year	—	-3%	-6%	-8%	-8%	○	-10%
	■ Collection of overseas site data (compared to sales)	73%	77%	81%	83%	85%	88%	○	80%

Third party assurance

In order to increase the reliability of non-financial data, we are receiving Third party assurance from PwC Sustainability LLC, based on ISAE3000/3410.

Please see Environmental Management > Energy/material flow from a lifecycle perspective
Please see here regarding Third party assurance

[Japan] CO₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)

Our company (in Japan) estimates its CO₂ emissions according to the Greenhouse Gas Protocol*, the standard for calculating greenhouse gases (GHG) most widely used in the world today.

The results of calculations following this standard indicate that 47% of Unicharm's emissions are from materials procurement and 33% from the disposal of products after use. We will continue to carry out activities aimed at establishing a low-carbon society.

* In 1998, the GHG Protocol Initiative was established as a meeting for developing standards of calculating and reporting GHG primarily by the World Resources Institute (WRI), an environmental NGO based in the United States, and the World Business Council for Sustainable Development, comprising 200 multinational corporations.

In 2001, version one of the GHG Protocol was established and since then this approach to GHG calculation has become a worldwide standard.

■ CO₂ emissions by Scope (Japan)

Scope	Category		Emissions (thousand tons- CO ₂)
Scope 1			25
Scope 2			141
Scope 3	1	Purchased goods and services	771
	2	Capital goods	84
	3	Fuel- and energy-related activities	2.7
	4	Upstream transportation and distribution	48
	5	Waste generated in operations	1.1
	6	Business travel	0.4
	7	Employee commuting	1.8
	8	Upstream leased assets	1.1
	9	Downstream transportation and distribution	not applicable
	10	Downstream-processing of products sold	not applicable
	11	During product use	not applicable
	12	End-of-life treatment of products sold	<input checked="" type="checkbox"/> 531
	13	Downstream leased assets	not applicable
	14	Franchises	not applicable
	15	Investment	not applicable
	Scope 3 total:		1,441
Scope 1, 2 and 3 total:			1,607

* The range of non-financial audit was expanded from Scope 1 and 2 to Scope 3 in fiscal 2019.

Category that has received third party assurance was marked. (Scope 3, Category 12)

Aggregation range for Scope 3 includes:

All business sites in Japan (fuel, electricity and CO₂ only for sales offices and Unicharm Molnlycke K.K.)

Unicharm (Headquarters site, Sales Offices, Development, Itami Factory, Mie Factory, Saitama Factory)

Unicharm Products Co., Ltd. (Fukushima Factory, Shizuoka Factory, Shikoku Factory)

Unicharm Kokko Non-Woven Co., Ltd. (No. 1 Manufacturing Group, No. 2 Manufacturing Group), Cosmotec Corporation, Unicharm

Molnlycke K.K., Unicare Corporation, Peparlet Co., Ltd., Kinsei Products Co., Ltd.

Please see Environmental Management for Scope 1 and 2.

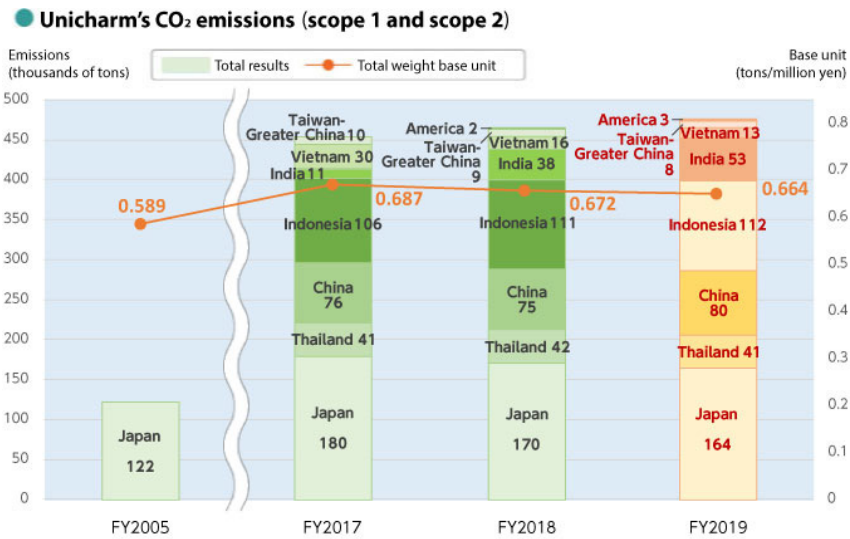
[Japan and overseas] CO₂ emissions from corporate activities (Scope 1 and 2)

In fiscal 2019, CO₂ emissions were 25,000 tons for Scope 1 and 447,000 tons for Scope 2. Going forward, we will promote activities to lower CO₂ emissions in each country and region and work to lower base unit per net sales.

Please see Eco Plan 2020 for detailed targets.

Reducing CO₂ emissions

In fiscal 2019, we did not add any new business sites to the data range for non-financial audit. As a result of these activities, we were able to lower the base per unit and reduce emissions in countries within the existing data range. In each country and region, the results reflected the accomplishments of energy conservation initiatives, but we are continuing to promote emissions reduction activities.



* Scope 2 emissions for fiscal 2018 were revised due to the revision of the electricity emissions coefficient.

[Overseas] Achieving 100% renewable energy use at Brazil Factory (Scope 2)

At the Brazil Factory, renewable energy provides all the electricity and we are promoting activities to reduce CO₂ emissions.

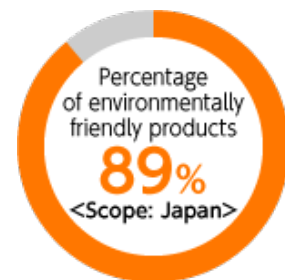


[Japan] Initiatives to reduce CO₂ through products (Scope 3, Categories 1, 4 and 12)

Our company has set a target ratio for environmentally-friendly products as part of its environmental goal and is working on product development by having an environmentally-friendly mind. Products with improved environmental performance are defined as “environmentally-friendly products”^{**} based on an evaluation of whether environmental impacts are successfully reduced within the life cycle from the baseline figures of FY2005. Certification is based the LCA(Life Cycle Assessment) CO₂ volume calculated by the ESG Division which is independent from development departments. In 2019, we achieved our goal of 89% environmentally-friendly products. In 2020, we will work to further increase this percentage. Additionally, Eco Charming products are a further evolved version of environmentally-friendly products defined as top tier products that help contribute to the realization of a sustainable society. As of today, a total of 161 items fulfilled this definition (certification was extended to pet care products and institutional-use products in addition to personal care products starting in 2017).

Going forward, we will continue to introduce environmentally-friendly products as a means to lowering CO₂ emissions of procured materials and reducing CO₂ emissions during product disposal after use.

Framework of environmentally-friendly products



* The scope is products sold in Japan (excludes products listed in general catalogues, OEM products and imported products). Please see Eco Plan 2020 for detailed targets.

■ An example of Eco Charming products



■ Example - Sanitary Product

Sofy Ultra-Sound-Sleep Best-Fit Slim, a newly released product from the Sofy Ultra-Sound-Sleep brand of nighttime feminine napkins, features two-thirds the thickness of the ordinary Sofy Ultra-Sound-Sleep Guard. This means the product weighs 84.0% of conventional products and as a result CO₂ emissions from manufacturing and distribution processes are 82.4% of usual.



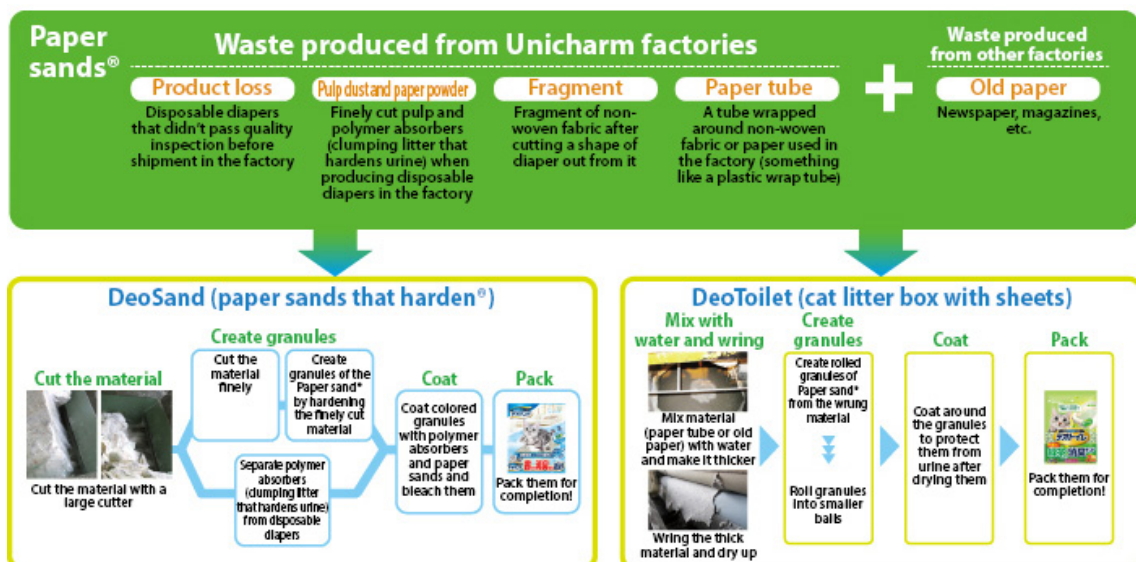
[Japan] Sharing importance of measures against climate change with suppliers (Scope 3 Category 1)

At the Quality Policy Briefing Session held with suppliers in November 2017, we presented “Eco Plan 2020” as support for procurement of sustainable materials. 70% of CO₂ emissions comes from materials procurement and from disposal of products after use. Once again, we came to realize the importance of tackling these together with suppliers. Going forward, we will require cooperation in introducing environmentally-friendly products.

[Japan and overseas] Initiatives to reduce waste at production sites (Scope 3 Category 5)

At our overseas subsidiary in Thailand, we installed facilities to crush out-of-scope products from the production process, with more than 99% of the waste generated at the site being recycled. In conjunction with domestic recycling activities, we have achieved zero landfill waste.

Please see CSR Key Topic 3 on “Commercializing waste from factories to achieve zero emissions.”



[Japan] Initiatives to reduce CO₂ in distribution and retail (Scope 3 Category 4 and 9)

Unicharm Products is actively promoting initiatives to build a sustainable distribution system. Specifically, it has been working with customers to shorten transportation distances, reduce the volume of movement between production sites or warehouses, promote modal shift and enhance loading efficiency by making corrugated cardboard sizes smaller and streamlining pallet modules as well as other measures. The aforementioned initiatives not only make distribution more efficient, but are also effective for reducing CO₂. In fact, we achieved CO₂ emissions in FY2019 that were 98% compared with those in FY2018 (a reduction of 1,091 ton-CO₂). Going forward, we will continue promoting further initiatives aimed at building a sustainable distribution system and reducing our environmental impact.

Submission of White Logistics Movement voluntary action declaration

In September 2019, Unicharm endorsed the “White Logistics Movement” advocated by Japan's Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry and Ministry of Agriculture, Forestry and Fisheries and submitted a voluntary action declaration. The White Logistics Movement aims to enhance productivity in truck transportation and create greater logistics efficiency while also looking to realize a “white” labor environment that makes work easier for female drivers and those over the age of 60. At the Kyushu Factory and Logistics Center, the first new such facility for 26 years, we have introduced automated warehousing and container loading robots with an eye on “smart logistics.” We are achieving “people-friendly logistics with enhanced productivity” through “automation and labor saving.”

■ Details of initiatives in Unicharm's voluntary action declaration

Initiative item	Initiative details
Logistics improvement proposals and cooperation	When we receive a request or consultation on logistics improvement from a supplier or logistics company, we respond to the discussion sincerely and also make positive proposals ourselves.
Use of pallets, etc.	We strive to reduce the burden of cargo handling work and shorten work time by using pallet transport.
Advance provision of receiving and shipping information from shipper	We work to increase ordering well in advance in partnership with suppliers.
Modal shift to shipping and rail	By promoting a shift from trucks to use of ferries, roll on/roll off ships and rail for long distance transportation, we are working to reduce environmental impact.
Fuel surcharges	We will continue operating fuel surcharges going forward.
Expansion of production items between sites	We are promoting the expansion of production items at each production site to reduce transportation between sites.



Kyushu Factory and Logistics Center

Acquisition of Eco Rail Mark

Unicharm is promoting “modal shift” as an initiative to reduce CO₂. As part of this, we have expanded environmentally-friendly rail transportation primarily for long-distance transport between Fukushima Factory and Shikoku Factory. In July 2019, we acquired the “Eco Rail Mark” corporate certification.



Certification award ceremony



Container bearing the logo mark

Received “Minister of Economy, Trade and Industry Award” at Green Logistics Partnership Conference, Excellent Logistics Commendation Program

As an initiative to reduce CO₂ by improving transportation efficiency, we are also promoting “collaboration with other companies” together with reducing the impact of retail store operations. In December 2019, the three-company initiative for the “joint delivery of storefront sales promotional materials” by Unicharm, Shiseido and Lion was recognized and received the “Minister of Economy, Trade & Industry Award,” the top award at “Green Logistics Partnership Conference, Excellent Logistics Commendation Program 2019” sponsored by Ministry of Economy, Trade & Industry, Ministry of Land, Infrastructure, Transport & Tourism and industry.



Evaluated by CDP Japan 500* for disclosure of climate change information

Unicharm cooperates with a survey of 500 companies selected for their inclusion in the FTSE Japan Index as part of its efforts to address CDP climate change. In fiscal 2019, Unicharm received a score of B. This indicates that the PDCA cycle for climate change is functioning at a high level to address our company's overall efforts. Unicharm was also recognized for moving forward with information disclosures to shareholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of climate change.



Please see also Supply Chain (Environment)>Obtaining B rating in CDP forests program and Water Resources>Obtaining B- rating in CDP water program.

* CDP (Carbon Disclosure Project): An international NGO that works to realize a sustainable society by conducting global surveys on the environment and by disclosing information

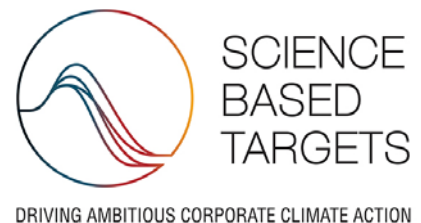
Participation in Japan Climate Initiative (JCI) since its establishment

The Japan Climate Initiative (JCI) was launched in Tokyo on July 6, 2018 and Unicharm has endorsed its declaration, “Joining the front line of the global push for decarbonization from Japan”, and has participated in the JCI. Unicharm will strive to achieve the COP21 Paris Agreement while collaborating with companies, local governments, organizations, NGOs and others that are working proactively on measures for climate change.



[Japan] Utilization of SBT activities as a concrete climate change mitigation plan

In order to draft concrete climate change mitigation plans, our company has endorsed SBT (Science-Based Targets), an international initiative, in May 2017 and uses the SDA tool (Ver. 8) to perform simulations up to 2050 and to draft reduction plans. In June 2018, in consultation with SBT, we received Japan's 17th certification for a plan that is aligned with the 2°C target.



[Japan] Commendation of initiatives aimed at establishing a low-carbon society

“The Carbon-Free Challenge Cup” is a program for commending the daily activities of various organizations (schools, corporation, local governments, NPOs, etc.) for preventing global warming in an attempt to build a carbon-free society for the next generation. The program shares know-how and information about excellent initiatives taking place across Japan and fosters cooperation and motivation for further activities. The year 2020 marks the tenth year of the program.

As a partner that advocates for the initiatives of “the Carbon-Free Challenge Cup,” in 2016, we established the “Unicharm Eco Charming Award for Excellence” to be presented to companies or organizations.

At “Carbon-Free Challenge Cup 2020,” after presentations by 28 finalists, the Unicharm Eco Charming Award was presented to “Realizing a Society that Builds a Rich Relationship between Humans and Nature” by Hyogo Prefectural Sumoto Industrial Senior High School.

Hyogo Prefectural Sumoto Industrial Senior High School has been working on research into renewable energy utilization aimed at realizing a carbon-free society for nine years and striving to create sustainable systems. As part of the initiative, the school has installed 13 windmill-powered street lights and three water mill-powered street lights together with local residents. These activities have increased public awareness about the environment and conserving energy.

Unicharm selected the activities carried out by those at Hyogo Prefectural Sumoto Industrial Senior High School for the “Unicharm Eco Charming Award for Excellence” recognizing that they are contributing to the realization of a carbon-free society as well as providing a model case leading to the “realization of cohesive societies” for which Unicharm is working.



Representative of Sumoto Industrial Senior High School presenting the activities report



The award winners from Sumoto Industrial Senior High School (center and right)

[Japan] Introduction of SDGs-related activities at “EcoPro 2019”

Unicharm exhibited at “EcoPro 2019” which was held at Tokyo Big Site from December 5 to 7, 2019 with the theme “Toward a Sustainable Society”.

This year, we used the theme of “product life cycle with eco” for our exhibits and provided a summary of the environmental promotion activities in which the Unicharm Group engages alongside the product life cycle. We also featured individual panels for some of them. These included (1) the manufacturing method of Paper-sand®, (2) the use of renewable energy at the Jaguariuna Factory of Unicharm Do Brasil (Brazil), (3) tray mats that help to reduce food loss and (4) the recycling method for used disposable diapers.

During the exhibition, more than 5,000 people, including children and students on their social studies field trips, visited Unicharm's booth to look at the panels and samples.

Please see CSR Key Topic 3 for abovementioned exhibits (1), (3) and (4).



Unicharm Booth Thronged with many Visitors

Pollution Prevention and Resource Utilization

Our basic approach

Many Unicharm products are consumables essential to a clean and healthy lifestyle. At the same time, our business development is closely related to the global environment through our use of natural resources and the generation of waste. Based on the above, we believe our role and responsibility in reducing environmental impact are significant and continue to expand with each passing year as our business grows.

Therefore our company, in line with our Basic Environmental Policy and Eco Plan 2020, is striving for effective utilization of resources and to prevent pollution.

The ESG Committee, chaired by the Representative Director, also meets four times a year to carry out PDCA for achieving these goals by confirming progress on environmental activities, etc.

Management structure

Four times a year at the ESG Committee meeting chaired by the Representative Director, plans and progress on environmental activities, quality issues, social issues and other important governance matters are shared. Specific plans are reported using “Eco Plan 2020” as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced in June 2017.

Pollution prevention activities and controls are carried out in accordance with environmental laws and regulations and ISO14001. Three types of environmental audits are implemented in order to maintain and improve the level and performance of activities and controls.

- (1) periodic audits in conformance with ISO14001-compliant environmental management systems;
- (2) Periodic audits focused on confirmation of compliance with laws and regulations
- (3) Onsite audits at industrial waste processing partners in order to confirm appropriate practices

Eco Plan 2020, goals and results of reduction of waste (from “Eco Plan 2020”)

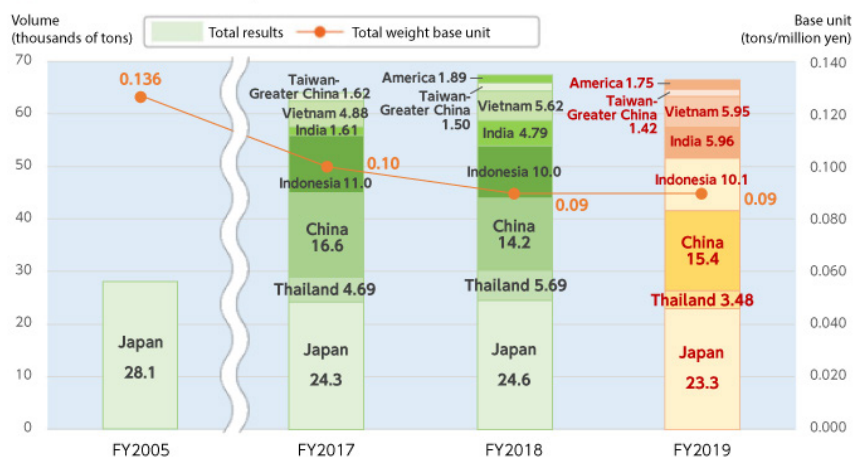
	Implementation items	2015 results	2016 results	2017 results	2018 results	2019 targets	2019 results	Evaluation	2020 targets
(1) Reduction of waste	■ Recovery technologies for used disposable diapers (Japan)	Established technologies	Starting with local governments	Start testing	Cycle model establishment	Cycle model operation start	Cycle model operation start	○	Full-scale operations
	■ Recycling of product loss (Overseas)	2,000 tons	2,600 tons	2,600 tons	4,300 tons	4,000 tons	6,000 tons	○	4,000 tons

Waste disposal reduction and effective utilization of resources

We promote waste disposal reduction and effective utilization of resources through activities focused on the following initiatives.

- Ongoing verification testing for recycling used disposable diapers
Ongoing verification testing in the Shibushi City and Osaki Town, Kagoshima Prefecture
- Initiatives for not disposing of waste from factories externally, but to recycle it within the Unicharm Group
Use of scraps produced during production of disposable diapers in Japan and overseas as the raw material for cat continence care products (Paper-sand®).

Unicharm's waste disposal volume



- Aiming for achievement of zero emissions at the main production sites in Japan (four sites). We are contributing to CO₂ reduction by reducing landfilling of industrial waste and shifting from thermal recycling to material recycling.

Example: Reuse of paper tubes (paper cores from rolled materials)

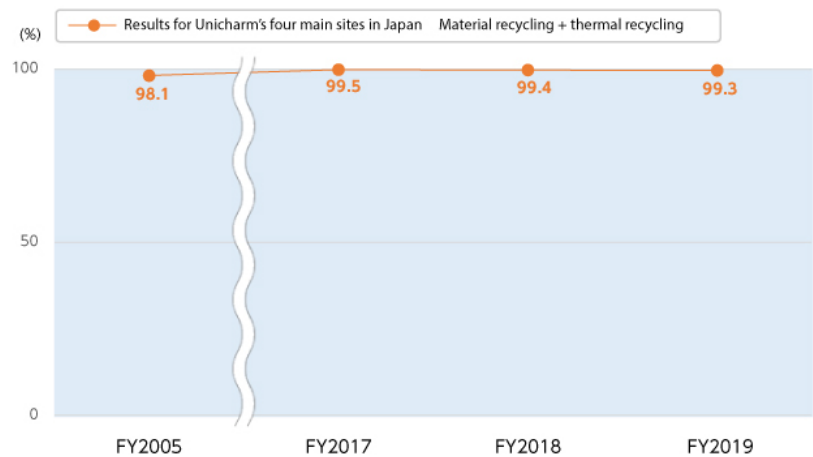
At the Unicharm Products Shikoku Chuo Factory, paper tubes were previously thermally recycled. We have achieved their reuse by returning them made of 100% paper to suppliers. We expect that 10 tons per year to be reused this way.

- For waste that absolutely must be discarded outside of the factories, search for waste processing suppliers who will practice the 3Rs (reduce, reuse and recycle) and will not place strain on the environment and consign the processing to them.
 Improve manufacturing quality and reduce waste generation
 Prioritize recycling over heat treatment

Recycling rate

In fiscal 2019, we continued to maintain the high recycling rate of over 99%. The number of other plants that have achieved zero emissions status by attaining a recycling rate of greater than 99% is also on the rise.

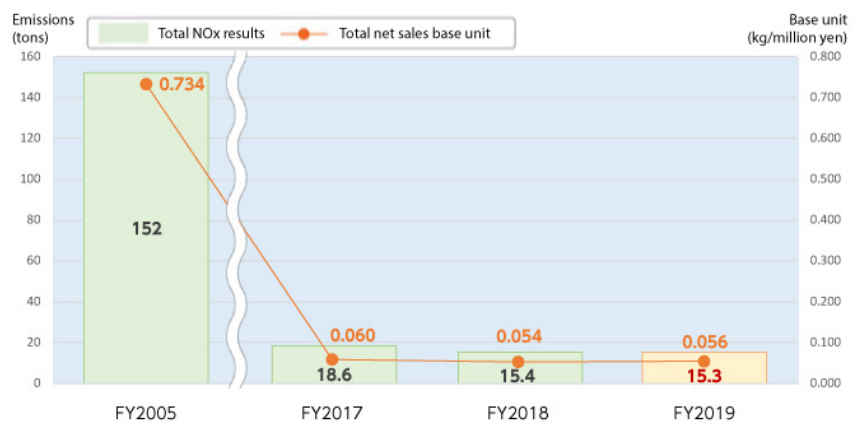
Recycling rate (Japan)



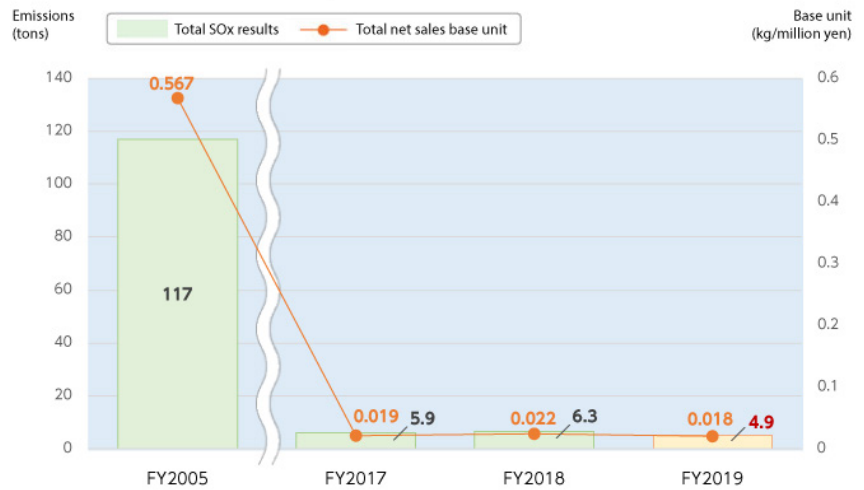
Measures against airborne pollutants

We are working to reduce NO_x (nitrogen oxide) and SO_x (sulfur oxide) emissions through means such as increasing operation efficiency for boilers and other equipment.

Unicharm's NO_x emissions (Japan)



● **Unicharm's SOx emissions (Japan)**



Protection of the ozone layer

We manage CFCs in compliance with laws and regulations and conduct regular inspections in working to protect the ozone layer.

■ **Ozone depleting substances (Japan)**

Substance	Business site	Amount possessed (tons)	Use
Halon (Class 1)	Unicharm Products Shizuoka Factory	1.6	Fire retardant
	Unicharm Products Shikoku Factories (Kagawa)	0.070	
	Unicharm (other development sites, etc. Kagawa)	0.00010	
HCFC (Class 1)	Unicharm Products Fukushima Factory	2.6	Refrigerant
	Unicharm Products Shizuoka Factory	3.6	
	Unicharm Products Kyushu Factory (Fukuoka)	2.3	
	Unicharm Products Shikoku Factories (Kagawa)	3.7	
	Unicharm Kokko Non-Woven Co., Ltd. (Ehime/Kagawa)	0.65	
	Unicharm Pet Care Co., Ltd. (Hyogo/Mie/Saitama)	0.93	
	Peparlet Co., Ltd. (Shizuoka)	0.038	
Unicharm (other development sites, etc. Kagawa)	0.86		
CFC	Unicharm (other development sites, etc. Kagawa)	0.0010	

* Reported for company properties based on the Act on Rational Use and Proper Management of Fluorocarbons

[Korea] Introduction of biomass plastics in response to marine plastic problems

Our local subsidiary in Korea, LG Unicharm, has begun an initiative to replace petrochemical plastics with biomass plastics for some sanitary napkin products with the aim of addressing plastic problems and reducing CO₂ at disposal. These sanitary napkins use a bioresin backsheet film derived from sugar cane. By combining this backsheet with the organic cotton already being used, the amount of plant-derived raw materials in these products has increased by 20%.



[Japan] Participation in “Plastics Smart” Campaign organized by Ministry of the Environment of Japan

Unicharm endorsed and participated in activities for the “Plastics Smart” campaign. The Ministry of the Environment of Japan launched the campaign in 2018 to support the implementation of initiatives through the cooperation of diverse bodies including corporations, local governments, individuals and NGOs aimed at solving the global problem of plastic pollution in the oceans.



[Japan] Introduction of activities to recycle plastic from factory waste

Unicharm recycles plastic from the waste generated in our factories. We turn scraps (trim) generated in manufacturing processes into pellets for recycling* to promote the efficient use of plastic.

* Please see CSR Key Topics 3 Initiative 2 Realizing the goal of “zero waste” by repurposing the waste generated by our factories on a commercial footing

■ Introduction of “recycling factory waste into plastic,” Unicharm's initiative under the Plastics Smart campaign



[Japan] Conclusion of an agreement with Ministry of the Environment of Japan as “Re-Style Partner Company” towards the building of a recycling-based society

We have participated in the Ministry of the Environment of Japan-sponsored “Re-Style FES!” and endeavor to promote consumer “3R (Reduce, Reuse, Recycle) activities” towards the building of a recycling-based society.

Through these activities, we have signed an agreement as a “Re-Style Partner Company” and will continue to work with the Ministry of the Environment of Japan to broader understanding and the empathy of the public for “3R behaviors.”

Going forward, we will continue to work together with the Ministry of the Environment of Japan to promote initiatives for building a recycling-based society.



The exhibition booth at the Ministry of the Environment of Japan-sponsored festival at AEON MALL Makuhari New City



Participated in the “2019 Re-Style Partner Company” signing ceremony in March 2019

[Japan] Prevention of water pollution, soil contamination and offensive odor

We strive to prevent pollution by management according to laws and regulations and voluntary standards. For water quality, we comply with the Water Quality Pollution Control Act and the Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea. To prevent soil contamination and offensive odor, we conduct periodic measurements according to voluntary standards.

[Japan] Initiatives to reduce the use of hazardous chemical substances (business waste)

Unicharm has established measures to control its use of chemical substances that are harmful not only to people, but ecosystems as well. We have formulated guidelines and a dedicated department investigates toxicity and legal compliance.

Polychlorinated biphenyl (PCB) storage situation

A small amount of PCBs is stored at certain business sites awaiting processing for disposal. Compliance assessments on storage conditions are carried out regularly and no abnormalities were found.

Pollutant Release and Transfer Register (PRTR) substance management

With regard to toluene, we are gradually shifting to the use of toluene-free thinner.

■ PRTR substance management

Fiscal year	Toluene (t/year)	Ethylene oxide (kg/year)	Dioxin (mg-TEQ/year)
2017	281	4	0.0001
2018	283	4	0.0001
2019	272	4	0.0002

Supply Chain (Environment)

Our basic approach and strategy

Many of the products that Unicharm provides are consumables essential to a clean and healthy lifestyle which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia, our role and responsibility for reducing our environmental impact has increased with each passing year.

In addition, the paper and pulp which form the absorbent material contained in our mainstay products are produced from coniferous trees and the palm oil added in small quantities to pet food is produced in plantations in the tropics. For such forest-derived resources, we believe that it is important to use certified materials that take the needs of sustainability into account.

Risk and Opportunity in the Supply Chain (Environment)

We perceive that a risk for our company is reduced supply due to destruction of forests and depletion of water resources in the upstream processes of forest-derived resources (paper, pulp, palm oil, etc.). Therefore, we formulated the Forest-derived Raw Materials Procurement Guidelines in 2015 and the Sustainable Procurement Guidelines in 2017, and we are striving to reduce the risk by ensuring the implementation of these guidelines by our suppliers.

On the other hand, we perceive that the opportunities for our company are reducing environmental impact and costs through low CO₂ emission and energy-efficient resource procurement, reducing environmental impact and costs through reduction of waste and use of recycled resources and the marketing of products as environmentally-friendly to promote sales. We will not only promote in-house recycling but also improvements in the efficient use of resources and resource recycling in society as a whole.

Management structure

Four times a year at the ESG Committee meeting chaired by the Representative Director, plans and progress on environmental activities, quality issues, social issues and other important governance matters are shared. Specific plans are reported using “Eco Plan 2020” as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced in June 2017.

Medium-Term Activity Targets

We drafted Eco Plan 2020 in 2016 and, as a target for 2020, we have been implementing activities aimed at switching to certified sustainable materials for 100% of the paper and pulp we purchase in Japan and overseas and 100% of the palm oil we purchase for pet food.

■ Eco Plan 2020, sustainable material procurement targets and results (from “Eco Plan 2020”)

	Implementation items	2015 results	2016 results	2017 results	2018 results	2019 targets	2019 results	Evaluation	2020 targets
(2) Procurement of sustainable materials	■ Third party certification of paper and pulp suppliers (Japan)	82%	80%	94%	95%	97%	95%	×	100%
	■ Third party certification of paper and pulp suppliers (Overseas)	—	84%	87%	90%	92%	95%	○	100%
	■ Third party certification of palm oil suppliers (Japan)	0%	Start of investigation	Ascertained	2%	10%	31%	○	100%

Implementing environmental monitoring

Evaluating new suppliers

We conduct a questionnaire on the environment and supplier evaluations through the Procurement Department for new suppliers. In 2019, we evaluated two new suppliers.

Evaluating existing suppliers

We carry out evaluations from five points of view (consistency of quality, stable supply, safety, environmental impact and delivery) and, once every three years, give commendations based on the scorings for each of a supplier's activities. In 2019, we evaluated 16 suppliers and did not find any deviations from the guidelines.

For the status of human rights and labor monitoring, please see Society > Supply Chain (Society) > Implementation of human rights and labor monitoring

Formulating the Unicharm group sustainable procurement guidelines

In October 2017, we formulated the Unicharm Group Sustainable Procurement Guidelines setting out standards for environmental conservation with the aim of achieving sustainable procurement.

Please see the Unicharm Group Sustainable Procurement Guidelines for details.

Providing suppliers with explanations of our policies

In November 2017, we held a briefing session to disseminate our procurement policies and guidelines at the Quality Policy Briefing Session for 76 supplier companies. In addition to distributing and explaining guideline materials, we once again asked for compliance and called for cooperation with respect to the importance of responding to climate change, sustainable procurement and water risk throughout our entire supply chain.



Please see Climate Change > [Japan] Sharing the Importance of Climate Change Countermeasures with Suppliers (Scope 3 Category 1)

Initiatives to promote “Forest-derived Raw Materials Procurement Guidelines”

We formulated the Forest-derived Raw Materials Procurement Guidelines in July 2015. As a result of checks through questionnaires on the status of compliance distributed to 3 relevant suppliers in 2019, there were no companies in violation of the guidelines.

Forest-derived Raw Materials Procurement Guidelines

Introduction

Recognizing the seriousness of the environmental issues that have emerged in recent years, including the impact of global warming and loss of biodiversity, etc., Unicharm Corporation aims to realize procurement of sustainable raw materials. Being fully aware that our business operations are dependent on natural resources, Unicharm supports procurement models that do not involve destruction of forests. We will also take an initiative for the current environmental issues as for plantation of palm oil.

Strategy

With climate change related risk having risen significantly in recent years, besides striving to reduce the burden placed on the environment, and to safeguard the environment, Unicharm is also making a serious effort to promote supply chain management that takes biodiversity into account, in line with the goal of building a sustainable society.

Therefore, we are committed to environmental conservation through the operation of the Forest-derived Raw Materials Procurement Guidelines, which make the Basic Environmental Policy*1 and the Basic Policy of Procurement *2 more concrete with regards to biodiversity.

*1 Basic Environmental Policy:

As a company that engages in the manufacture and sale of disposable products, we recognize the extent of our responsibility to the environment. Through our corporate activities we strive to create environmentally friendly products so that we may in the future pass on a beautiful earth to future generations. We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and we are determined to realize the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

*2 Unicharm Basic Policy of Procurement (excerpt from environmental themes):

- (1) Value corporations which understand the importance of, and promote, environmental conservation in purchasing activities.
- (2) Emphasize environmentally friendly raw materials in purchasing activities in an effort to achieve a recycling-oriented society.

Objectives

By 2020, Unicharm aims to be using raw materials that take the needs of sustainability into account, and recycled materials, for the paper and pulp used in the company's absorbent products.

When using virgin pulp (as opposed to waste paper or recycled pulp), Unicharm will collaborate with suppliers to fully verify that no damage is caused to forest resources. Specifically, Unicharm will verify third-party certified raw materials, such as FSC and PEFC, and certificates of origin confirming that materials do not come from High Conservation Value Forests (HCVF) and High Carbon Stock Forests (HCSF).

Japan Business Initiative for Biodiversity (JBIB) activities, and is striving to promote the utilization of sustainable forest resources.

Action Guideline

1. Giving priority to the use of waste paper, recycled pulp, and mill broke (paper trimmings and scrap generated during the paper manufacturing process).
2. Prioritizing the use of forest resources certified by reputable third parties such as the Forest Stewardship Council (FSC®) or the Programme for the Endorsement of Forest Certification Schemes (PEFC).
3. In the case of forest resources for which third-party certification is not available, certificates of origin, tags etc. are used to verify that the resources in question are not logged from High Conservation Value Forests (HCVF) or High Carbon Stock Forests (HCSF); Unicharm strives to promote the creation of supply chains which ensure that: (In regard to environmental issues): There is a guarantee that no damage is caused to forests; (In regard to social issues): The human rights of workers and indigenous residents are protected; (In regard to compliance): Local laws and regulations are respected and complied with.

Terms

FSC® : Forest Stewardship Council®

<https://jp.fsc.org/jp-jp>

PEFC : Programme for the Endorsement of Forest Certification Schemes

<http://www.sgec-pefcj.jp>

HCVF : High Conservation Value Forests

HCSF : High Carbon Stock Forests

JBIB : Japan Business Initiative for Biodiversity

<http://jbib.org/>

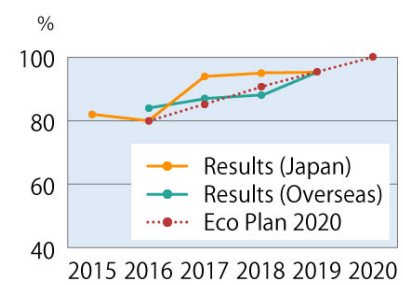
Promoting environmentally-friendly supply chain management

Amid mounting climate change risk in recent years, Unicharm has been striving to reduce its environmental impact and to conserve the environment with the aim of building a sustainable society. We have also been promoting supply chain management that gives consideration to the needs of biodiversity. By 2020, Unicharm aims to switch to recycled paper or certified sustainable forest-derived products for the paper and pulp used in the company's absorbent products. We have also instructed our suppliers not to use raw materials sourced from High Conservation Value Forests (HCVFs), which have a significant impact on biodiversity, and High Carbon Stock Forests (HCSFs).

Starting in 2016, we expanded the scope of activities for the procurement of sustainable materials to include local overseas suppliers.

Please see Eco Plan 2020 for detailed targets

■ Percentage of Sustainable Materials Certified by Third-Parties including FSC®



Also, we became a member of the Roundtable on Sustainable Palm Oil in 2017 and began collecting information and establishing traceability aimed at sustainable procurement given our focus on environmental issues directly related to palm oil.

Please see Biodiversity > Usage of third-party certified sustainable palm oil for 2019 initiatives related to palm oil.



責任ある森林管理
のマーク
FSC® N002492



Please see Unicharm's progress from the following URL.
www.rspo.org

Confirming the origin of paper and pulp

Pulp, which is mainly used as an absorbent, is made of conifers in FM-certified forests native to North and South America. The tissue enclosing the absorbent is made of wood from FM-certified forests in North America, China and Indonesia.

Vancouver declaration to promote the FSC® and SDGs

Following multiple rounds of open discussion with FSC® Japan, Unicharm stated its endorsement of the Vancouver Declaration on October 12, 2017, and we are committed to the expansion of FSC®-certified materials.

The logos of 57 companies (including 12 in Japan) that have endorsed the Vancouver Declaration can be seen at SUPPORTERS OF THE VANCOUVER DECLARATION

Obtaining a B rating in CDP* forests program

Unicharm supports efforts to address the CDP forests program and cooperates with a survey of companies. In 2019, Unicharm received a B rating. This indicates that the PDCA cycle for forest-derived resources is functioning at a high level company-wide and that Unicharm was recognized for moving forward with information disclosures to stakeholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of biodiversity.



Please see Climate Change > Evaluated by CDP Japan 500 for disclosure of climate change information and Water Resources > B-Rating in CDP Water Program

* Carbon Disclosure Project (CDP): An international NGO that works to realize a sustainable society by conducting global surveys on the environment and by disclosing information

Biodiversity

Our basic approach and strategy

Many Unicharm products and services are essential to a clean and healthy lifestyle, but because providing them is closely related to the global environment through the use of resources and the generation of waste, we recognize that there is a strong connection to biodiversity. By understanding the effects of business activities on biodiversity, we strive to promote sustainable business development and resource use that leads to a “future society in harmony with nature.” Particularly for pulp and other forest resources which we use in large amounts, we procure materials from managed forests, eliminate the use of illegally logged timber and strive to protect the rights of local residents and workers to contribute to the “mainstreaming of biodiversity.”

Risk and Opportunity in Biodiversity

Our risks are (1) procurement of resources could become unstable and capacity utilization rate could decline or that procurement costs could become unstable due to negative impacts on biodiversity that occurs when procuring resources (particularly paper pulp, palm oil and agricultural products); and (2) the danger that due to the impact on biodiversity that occurs during operations at our sites, costs may be incurred and operations may be suspended for the restoration of sites to their original condition and consumers may be reluctant to buy our products.

On the other hand, in terms of our opportunities, we expect that (1) the proactive utilization of certified sustainable materials will lead to stable supply of materials and reduction of costs; and (2) sales will expand due to the supply of products that take the needs of biodiversity into consideration in collaboration with retailers.

Management structure

Four times a year at the ESG Committee meeting chaired by the Representative Director, plans and progress on environmental activities, quality issues, social issues and other important governance matters are shared. Specific plans are reported using “Eco Plan 2020” as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced in June 2017.

We identify and review biodiversity problems and materiality through exchanges of opinions with outside experts to formulate issues and set indicators for our activities. In Eco Plan 2020, we are promoting a switch to third-party certified raw materials the sustainability of which has been assured in collaboration between the ESG Department, the Global Research & Development Division, the Procurement Department and procurement at overseas sites. We report progress to the ESG Committee as well as implementing disclosure on our corporate website.

■ Eco Plan 2020 Sustainable Material Procurement Targets and Results (Excerpt from Eco Plan 2020)

	Implementation items	2015 results	2016 results	2017 results	2018 results	2019 targets	2019 results	Evaluation	2020 targets
(2) Procurement of sustainable materials	■ Third party certification of paper and pulp suppliers (Japan)	82%	80%	94%	95%	97%	95%	×	100%
	■ Third party certification of paper and pulp suppliers (Overseas)	—	84%	87%	90%	92%	95%	○	100%
	■ Third party certification of palm oil suppliers (Japan)	0%	Start of investigation	Ascertained	2%	10%	31%	○	100%

We also verify the management of temporary industrial waste storage facilities and processors and measure emissions and wastewater in order to minimize the impact on manufacturing-based sites.

Biodiversity initiatives

Opinion Exchange Session with Experts

In April 2019, we held a dialogue with WWF on important medium-to-long-term social issues faced by our company. We received extensive opinions on climate change (energy conservation, renewable energy, carbon pricing, etc.), plastics pollution as natural capital (the current situation and future development) and deforestation (the situation for paper/pulp, palm oil, etc. and future development). We have been making preparations to tie in these opinions to our medium-to-long-term goals. With regard to deforestation in particular, we received extensive opinions for preventing deforestation, such as expanding the scope of our policies and guidelines, and on the importance of investigating the origins of certified forest materials and disclosing the results.



Opinion Exchange Sessions with Other Experts

In 2018, Unicharm also held opinion exchange sessions with the Forest Stewardship Council® (FSC®), an NGO; the Global Environmental Forum (GEF); and Amundi Japan, Ltd. and Nomura Asset Management Co., Ltd. in the Ministry of the Environment of Japan's Environmental Reporting Platform Development Pilot Project. As a company that uses forest resources, we will continue promoting highly transparent sustainable activities while obtaining information from NGOs and NPOs about local circumstances and forming partnerships to contribute to the achievement of targets.

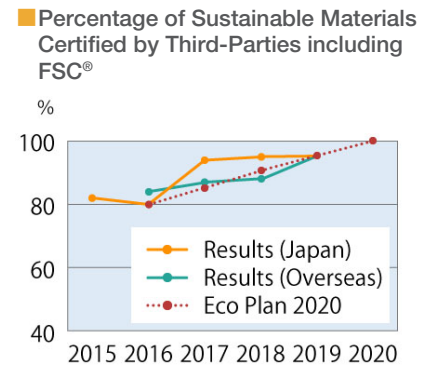
Initiatives of the Japan Business Initiative for Biodiversity (JBIB)

Unicharm supports the philosophy of the Japan Business Initiative for Biodiversity (JBIB) (Chair: Mitsui Sumitomo Insurance Company, Limited) and has participated as a member of the network since 2009.



Promoting use of sustainable materials certified by third parties including the FSC®

The percentage of sustainable paper pulp with certification by third parties, including the FSC®, PEFC and SFI, out of the paper pulp used for Unicharm products is as below.



FSC®-certified paper initiative

We have also introduced FSC®-certified products for some product cartons and cardboard.



Initiatives to raise awareness of FSC® certification (support for Forest Week)

Unicharm works with Forest Stewardship Council® Japan (FSC® Japan) to raise awareness of the Forest Stewardship Council® (FSC®), an international forest certification system. We supported “FSC® Forest Week 2019 ‘Hug Forests!’” held July 20 – September 30, 2019.

“FSC® Forest Week” is an awareness-raising campaign held by FSC® Japan. This campaign works to communicate the wise use of forest bounties and the importance of choosing FSC®-certified products to protect forests. The aim is to increase consumer awareness of FSC® certification and spread awareness that “choosing to select FSC®-certified products” is a method of forest conservation that everyone can do.



Usage of third-party certified sustainable palm oil

In 2019, Unicharm began expanding its use of RSPO-certified palm oil based on the mass-balance system*, under which we used 32.8 tons. Going forward, Unicharm will continue sustainable procurement activities while confirming quality and procurement routes to switch all our palm oil purchases to RSPO-certified oil.

* Mass-balance system: A certification model in which certified oil produced at certified farms is mixed with other uncertified oil during the distribution process. Although the certified oil physically contains uncertified oil, the certified farms and the amount of certified oil purchased are guaranteed.



Waste management

Waste emissions volume is reported in the Preventing Pollution and Utilizing Resources section.

Water system emission monitoring results

There were no violations of laws and regulations or in-house standards. The measurement results for COD and BOD are reported in detail in the Site Data section.

Atmospheric emission monitoring results

Atmospheric emissions are reported in the Preventing Pollution and Effectively Utilizing Resources section.

Water Resources

Our basic approach and strategy

Many Unicharm products are consumables essential to a clean and healthy lifestyle. At the same time, our business development is closely related to the global environment through the use of natural resources and the generation of waste. Based on the above, we believe our role and responsibility in reducing environmental impact are significant and continue to expand with each passing year as our business grows.

With regard to water usage, we believe that it is essential to properly understand the local situation where each of our production sites is located and utilize limited water resources as effectively as possible. We are also implementing efforts to reduce water usage by 1% on a yearly basis.

Risk and Opportunity in Water Resources

We perceive there is a risk of a decline in operating capacity due to a destabilization of supply of forest-derived resources (paper, pulp, etc.) resulting from the depletion of water resources. We conducted a medium-to-long term water risk assessment using the Aqueduct Overall Water Risk map (Aqueduct), a tool of the World Resources Institute (WRI), for suppliers operating in particularly high-risk river basins and requested them to thoroughly manage water resources and work to alleviate the risk.

On the other hand, we perceive an opportunity for our company is the fact that our products do not use water at the time of use and disposal. The strengths of our products are demonstrated in areas with droughts and disaster areas where lifeline services have not been established. We will implement activities to promote purchases by actively engaging in such settings.

Management structure

Four times a year at the ESG Committee meeting chaired by the Representative Director, plans and progress on environmental activities, quality issues, social issues and other important governance matters are shared. Specific plans are reported using "Eco Plan 2020" as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced in June 2017.

Identifying and Responding to Water Risk Using Aqueduct

Unicharm's water usage for in-house processes consists of (1) approximately 60% in the manufacturing division for tissue which makes up absorbent materials (90% water recycling achieved in the applicable processes); and (2) approximately 25% in the pet food production division, with use of cooling water at other sites (all in Japan). A decline in operating capacity due to a shortage of water has not occurred at the aforementioned sites in the past 20 years.

According to our Life Cycle Assessment (LCA) throughout the entire supply chain, water usage for the procurement of materials has increased.

We recognize that it is important to assess water resource usage in collaboration with local areas to continue these businesses. Going forward, we will continue to implement medium-to-long term water risk analysis using Aqueduct from the perspectives of assessing the current risk and studying the future risk.

The results of the analysis in 2017 showed that the current water risk is either medium – high (2 – 3) or low – medium (1 – 2). The results also showed that there is an extremely high possibility of water stress from 2030 onward.

The Non-woven Fabric Manufacturing Division in Indonesia which has a medium-high (2 – 3) water risk achieved about 70% water circulation and regularly reports water discharge volume and quality (tested value) to the local government.

Reducing water usage

We were able to achieve a year-on-year reduction of about 4% in fiscal 2019, exceeding our original target of 1% due to the results of reduction efforts at each site.

Changes in water usage

Unit: thousand tons

			2018 results	2019 results	2020 targets
Total water intake			6,008	5,768	5,710
Domestic (Japan) water intake			5,082	4,899	4,850
All regions			5,082	4,899	4,850
Water resource intake	Surface water (rivers, lakes, ponds)		159	151	150
	Groundwater		1,920	1,966	1,945
	Other water sources		3,003	2,782	2,755
Of these, locations that have specified facilities under the Water Pollution Prevention Act			3,413	3,201	3,170
Water resource intake	Surface water (rivers, lakes, ponds)		7	8	8
	Groundwater		403	411	407
	Other water sources		3,003	2,782	2,755
Overseas* water intake			926	869	860
Applicable regions			926	869	860
Water resource intake	Surface water (rivers, lakes, ponds)		926	869	860
	Groundwater		0	0	0
	Other water sources		0	0	0
Of these, areas with high water stress			516	454	450
Water resource intake	Surface water (rivers, lakes, ponds)		516	454	450
	Groundwater		0	0	0
	Other water sources		0	0	0

*The applicable scope of "overseas" here is Thailand, Indonesia, Vietnam and the United States.

Water quality, soil contamination and offensive odor

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2019, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, applicable factories are providing legally required reports to the government as required. There were no accidents linked to soil contamination or offensive odor.

Details regarding biological oxygen demand (BOD) and chemical oxygen demand (COD) are reported in the Site Data section.

Wastewater and water usage

Unicharm carries out tertiary treatment before discharging wastewater with the aim of improving water quality to meet government stipulated wastewater treatment standards (water quality at each site is stated in Site Data). We measure the volume of wastewater at some sites, and overall reporting consists of water withdrawal = wastewater volume + consumption volume + product consumption (GRI 303-4 and 5). Wastewater is primarily generated in the tissue manufacturing process and the pet food manufacturing process. Water usage is due to the paper sand® manufacturing process and evaporation of cooling water at factories. In 2019, the Unicharm Group generated 3.98 million tons of wastewater and steam.

Obtaining a B- rating in CDP* water program

Unicharm supports CDP efforts for water conservation and cooperates with its survey. Five hundred companies selected from the FTSE Japan Index participate in this survey. In 2019, Unicharm received a B- rating. This indicated that our company-wide management initiatives on water have been recognized. Going forward, Unicharm will use the rating to clarify issues and continue to carry out activities that are even more mindful of water resources.



Please see Climate Change > Evaluated by CDP Japan 500 for disclosure of climate change information and Supply Chain (Environment) > Obtaining a B Rating in CDP Forests Program.

* Carbon Disclosure Project: An international NGO that works to realize a sustainable society by conducting global surveys on the environment and by disclosing information

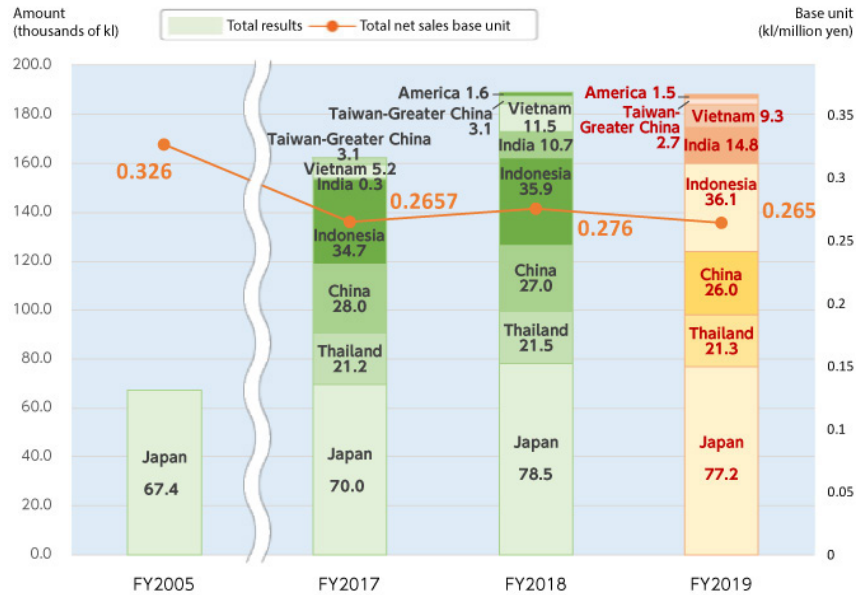
Activity Results

Addressing global warming and energy saving measures

Energy saving measures

In fiscal 2019, no new offices were added to the scope of non-financial audit data we disclose. Total energy usage increased in some countries (India, Indonesia). We were able to improve energy usage intensity. We will continue promoting energy-saving measures and adding sites for which we disclose environmental information.

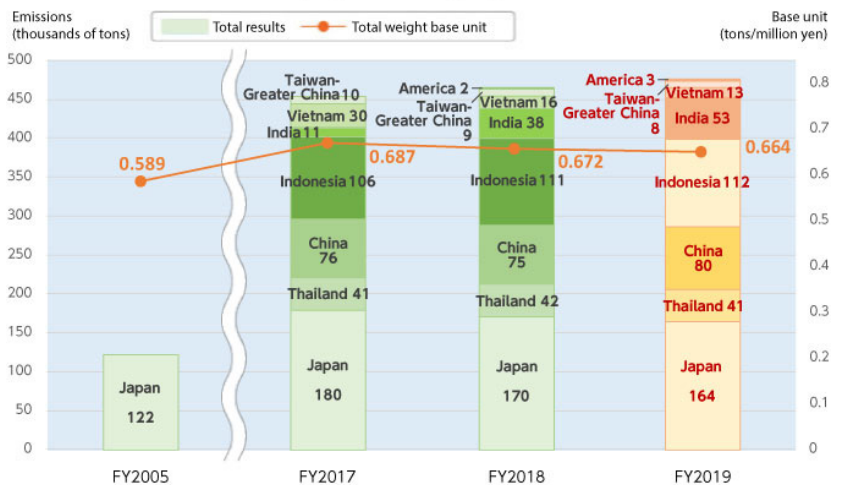
● Amounts of energy used by year



Reducing CO₂ emissions

In fiscal 2019, no new offices were added to the scope of non-financial audit data we disclose. In terms of our activities, we were able to decrease our CO₂ emissions intensity. The decrease is the result of energy conservation efforts in each country and region, and we will continue to promote activities to lower CO₂ emissions.

● Unicharm's CO₂ emissions (scope 1 and scope 2)



Promoting the effective use of resources and recycling

Reducing water usage

We were able to achieve a year-on-year reduction of about 4% in fiscal 2019, exceeding our original target of 1% because of reduction efforts at each site.

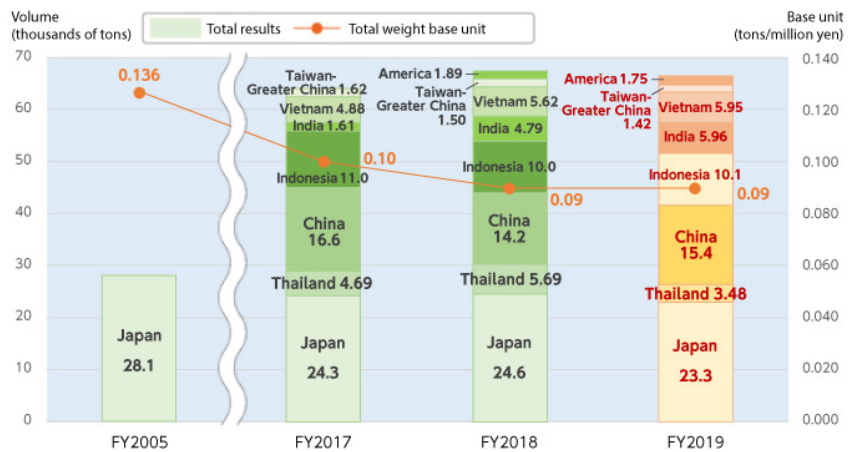
● Unicharm's water usage (Japan)



Waste disposal volume

In fiscal 2019, no new offices were added to the scope of financial audit data we disclose. Our efforts mainly at overseas plants to utilize waste that used to be disposed of by external contractors as a material in cat excretion care products paid off and total waste disposal volume increased but waste intensity is on a downward trend.

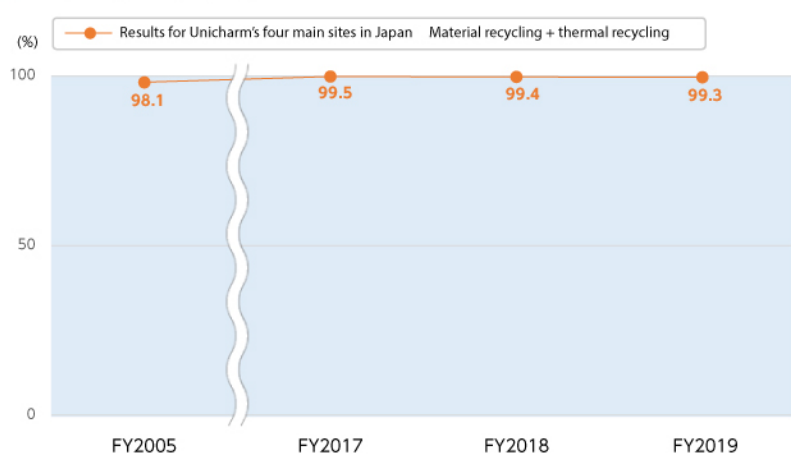
● Unicharm's waste disposal volume



Recycling rate

In fiscal 2019, we continued to maintain the high recycling rate of over 99%. The number of other plants that have achieved zero emissions status by attaining a recycling rate of greater than 99% is also on the rise.

● Recycling rate (Japan)

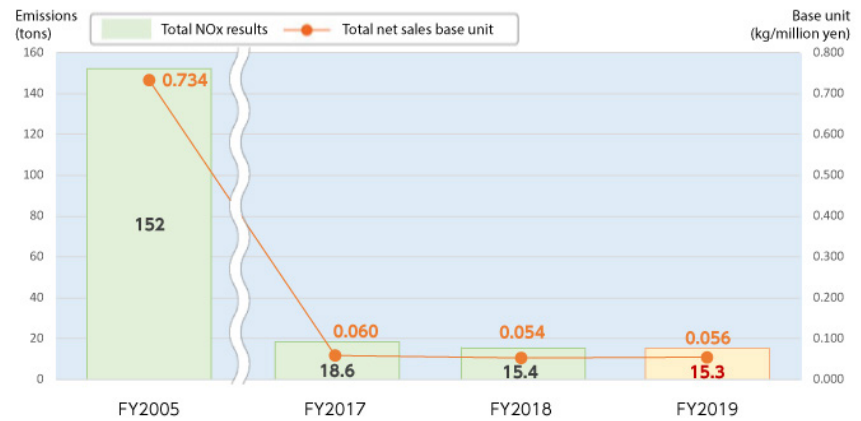


Initiatives to reduce the use of hazardous chemical substances

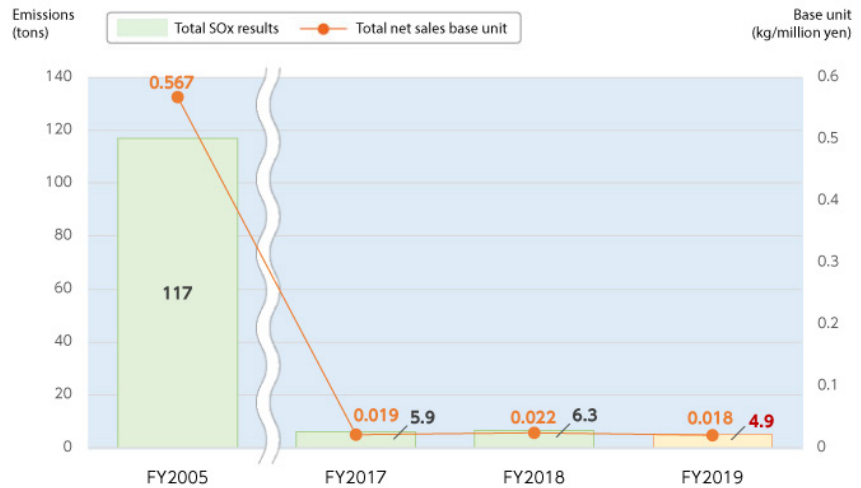
Airborne pollutants

We are working to reduce NOx (nitrogen oxide) and SOx (sulfur oxide) emissions through means such as increasing operation efficiency for boilers and other equipment.

● Unicharm's NOx emissions (Japan)



● Unicharm's SOx emissions (Japan)



Ozone depleting substances (Japan)

We manage CFCs in compliance with laws and regulations and conduct regular inspections in working to protect the ozone layer.

Substance	Business site	Amount possessed (tons)	Use
Halon (Class 1)	Unicharm Products Shizuoka Factory	1.6	Fire retardant
	Unicharm Products Shikoku Factories (Kagawa)	0.070	
	Unicharm (other development sites, etc. Kagawa)	0.00010	
HCFC (Class 1)	Unicharm Products Fukushima Factory	2.6	Refrigerant
	Unicharm Products Shizuoka Factory	3.6	
	Unicharm Products Kyushu Factory (Fukuoka)	2.3	
	Unicharm Products Shikoku Factories (Kagawa)	3.7	
	Unicharm Kokko Non-Woven Co., Ltd. (Ehime/Kagawa)	0.65	
	Unicharm Pet Care Co., Ltd. (Hyogo/Mie/Saitama)	0.93	
	Peparlet Co., Ltd. (Shizuoka)	0.038	
	Unicharm (other development sites, etc. Kagawa)	0.86	
CFC	Unicharm (other development sites, etc. Kagawa)	0.0010	

* Reported for company properties based on the Act on Rational Use and Proper Management of Fluorocarbons

[Japan] Water quality, soil contamination and offensive odor

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2019, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, there were no accidents linked to soil contamination or offensive odor.

Details related to volume of BOD and COD are reported in the Site Data section.

Polychlorinated biphenyl (PCB) storage situation

Small amounts of PCBs are stored at certain business sites awaiting processing for disposal.

Compliance assessments on storage conditions are carried out regularly and no abnormalities were found.

Pollutant Release and Transfer Register (PRTR) substances

With regard to toluene, we are gradually shifting to the use of toluene-free thinner.

Fiscal year	Toluene (tons/year)	Ethylene oxide (kg/year)	Dioxin (mg-TEQ/year)
2017	281	4	0.0001
2018	283	4	0.0001
2019	272	4	0.0002

Site Data

Environmental data show actual values for January – December 2019.

Unicharm Corporation

Head Office sites

→ Addresses:

Sumitomo Fudosan Mita Twin Bldg., West Wing, 3-5-27 Mita, Minato-ku, Tokyo
Keikyu Second Bldg., 3-25-23 Takanawa, Minato-ku, Tokyo

→ Business description:

General head office operations (product planning and management, including baby-care related products, feminine hygiene products, adult incontinence products and cosmetic puffs, etc.)

Water usage	- ton/year
Electricity usage	1,188 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	94(9) tons/year

Development site

→ Address:

1531-7 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture

→ Business description:

Research and development for paper products (diapers, sanitary napkins, liners, tampons, etc.)

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.0 tons/year NOx emissions: 0.0 tons/year
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	7,902 tons/year
Electricity usage	2,376 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	462(5) tons/year

Unicharm Pet Care Manufacturing Division Mie Factory

→ Address:

1319 Higashitawara, Nabari City, Mie Prefecture

→ Business description:

Manufacture of non-woven pet care products

→ Date operations commenced:

1966

→ Site area:

19,134m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	1,415 tons/year
Electricity usage	6,746 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	608(341) tons/year

Unicharm Pet Care Manufacturing Division Itami Factory

- Address:
9-67 Kita-Itami, Itami City, Hyogo Prefecture
- Business description:
Research, development and manufacture of pet food
- Date operations commenced:
August 1998
- Site area:
12,692m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: – ton/year NOx emissions: 0.4 tons/year
Water quality	BOD 8.4tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	1,237,011 tons/year
Electricity usage	7,678 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	961(410) tons/year

Unicharm Pet Care Manufacturing Division Saitama Factory

- Address:
1600-11 Oaza-Kami, Kamisato-machi, Kodama-gun, Saitama Prefecture
- Business description:
Manufacture of pet food
- Date operations commenced:
February 2011
- Site area:
3,177m²

As of 2020, this factory is considered a large-scale business establishment under the Saitama Prefecture Global Warming Strategy system and submits plans and status reports accordingly.

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: – ton/year NOx emissions: 0.6 tons/year
Water quality	BOD 9.4tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	49,361 tons/year
Electricity usage	4,311 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	586(8) tons/year

Unicharm Products Co., Ltd.

Fukushima Factory

- Address:
26-1, Aza-Nakasedotsuzuki, Oaza-kanazawa-uchi, Tanagura-machi, Higashi-shirakawa-gun, Fukushima Prefecture
- Business description:
Manufacture and distribution of adult and baby diapers, sanitary napkins, liners and tampons
- Date operations commenced:
November 1994
- Site area:
128,127m²

Air	Exhaust gas dioxin concentration: 0.000 ngTEQ/m ³ N SOx emissions: 3.0 tons/year NOx emissions: 6.4 tons/year
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	201,070 tons/year
Electricity usage	70,204 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	4,198(117) tons/year

Shizuoka Factory

- ➔ Address:
5-6 Shinoba, Kakegawa-city, Shizuoka Prefecture
- ➔ Business description:
Manufacture and distribution of adult and baby diapers, sanitary
- ➔ Date operations commenced:
March 1988
- ➔ Site area:
83,163m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: – ton/year NOx emissions: 0.8 tons/year
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	48,767 tons/year
Electricity usage	45,236 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	3,745(0) tons/year

Shikoku-Chuo Area Business Location

- ➔ Address:
1496-1 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- ➔ Business description:
Manufacture and distribution of adult and baby diapers, sanitary napkins, liners, cosmetic puffs and non-woven fabric
- ➔ Date operations commenced:
October 1983
- ➔ Site area:
62,799m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	114,582 tons/year
Electricity usage	53,055 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	4,317(33) tons/year

Onohara Works

- ➔ Address:
4507 Onohara, Onohara-cho, Kanonji City, Kagawa Prefecture
- ➔ Business description:
Manufacture of adult and baby diapers and liners
- ➔ Date operations commenced:
October 1982
- ➔ Site area:
24,839m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	3,861 tons/year
Electricity usage	15,641 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,630(6) tons/year

Toyohama Works

- Address:
1531-16 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of wet wipes and tampons
- Date operations commenced:
November 2002
- Site area:
21,588m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	COD 1.0 > ton/year
Soil	Same site and data as for Unicharm Kokko Non-Woven Co., Ltd.
Water usage	6,360 tons/year
Electricity usage	4,917 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	130(3) tons/year

* Toyohama Works's wet wipe manufacturing equipment was transferred to No. 1 Manufacturing Group at Unicharm Kokko Non-Woven

Kyushu Factory

- Address:
13-3 Torigoe-cho, Kanda-machi, Miyako-gun, Fukuoka Prefecture
- Business description:
Manufacture of disposable diapers (baby and adult), sanitary napkins, etc.
- Date operations commenced:
March 2019
- Site area:
160,215m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	1,582 tons/year
Electricity usage	6,286 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	179(0) tons/year

Unicharm Kokko Non-Woven Co., Ltd.

No. 1 Manufacturing Group, Non-woven Manufacturing Team, Wet Wipes Manufacturing Team

- Address:
1531-15 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of non-woven fabric
- Date operations commenced:
April 1993
- Site area:
19,713m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.8 tons/year NOx emissions: 1.5 tons/year
Water quality	COD 1.7 tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	413,288 tons/year
Electricity usage	14,414 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,612(73) tons/year

No. 2 Manufacturing Group, Kawanoe Works Team

- Address:
4087-24 Kawanoe-cho, Shikokuchuo City, Ehime Prefecture
- Business description:
Manufacture of non-woven fabric
- Date operations commenced:
February 1979
- Site area:
8,135m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 1.1 tons/year NOx emissions: 1.1 tons/year
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	785 tons/year
Electricity usage	5,738 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	505(2) tons/year

No. 2 Manufacturing Group, Kokko Works Team

- Address:
834 Kawanoe-cho, Shikokuchuo City, Ehime Prefecture
- Business description:
Manufacture of sanitary materials, food packaging materials, non-woven fabric and Paper-sand[®]
- Date operations commenced:
October 1947
- Site area:
10,225m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.1 tons/year NOx emissions: 0.7 tons/year
Water quality	COD 20.7 tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	2,787,630 tons/year
Electricity usage	14,433 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,717(2) tons/year

Cosmotec Corporation

- Address:
910 Hirota-cho, Zentsuji City, Kagawa Prefecture
- Business description:
Printing and processing for packaging
- Date operations commenced:
March 1966
- Site area:
23,799m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: – ton/year NOx emissions: 0.0 ton/year
Water quality	BOD 1.0 > ton/year
Water usage	2,303 tons/year
Electricity usage	5,340 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,670(43) tons/year

Peparlet Co., Ltd

- Address:
422 Shimodoma, Fujieda City, Shizuoka Prefecture and others
- Business description:
Manufacture and sale of pet excretion disposal material
- Date operations commenced:
April 1975
- Site area:
9,217m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: – ton/year NOx emissions: 3.2 tons/year
Water quality	BOD 1.0 > ton/year
Water usage	18,394 tons/year
Electricity usage	10,248 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	417(0) tons/year

Kinsei Products Co., Ltd.

- Address:
2518-8 Minourakabuto, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of pet excretion disposal material
- Date operations commenced:
May 2014
- Site area:
3547.17m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: – ton/year NOx emissions: 0.4 tons/year
Water quality	COD 1.0 > ton/year
Water usage	4,379 tons/year
Electricity usage	2,977 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	420(0) tons/year

Human Rights

Our basic approach and strategy

Since the founding of Unicharm, we have always believed in respecting “human rights,” as seen in the prominent mention respect for human rights and a mutually respectful human perspective in The Unicharm Way Action Guidelines and our Human Resource Philosophy. Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in global business based on international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly, and in 2017 we enacted the Unicharm Group Policy on Human Rights and demonstrate our continued efforts to fulfill our responsibility to respect human rights in all of our activities. Furthermore, we distribute our human rights policy to all Group employees as part of the Unicharm Group Action Guidelines.

We will not tolerate child labor and forced or compulsive labor and we will never discriminate against people based on nationality, race, religion, gender, sexual preference, age, family background, disability or any other factors. We will guarantee freedom of association and freedom of collective bargaining and we confirm reduction of excessive work hours and uphold the right to minimum wages.

● Unicharm Group Policy on Human Rights

The corporate philosophy “NOLA & DOLA” of Unicharm Group (the “Group”) contains our hope that “Unicharm aims to provide all people, from newborn infants to the elderly, with products that gently support their mind and body for freeing them from various types of burdens to fulfill their dreams.” In accordance with this philosophy, the Group supports the realization of a society where human rights are respected as a fundamental right granted to all people. Based on this assumption, the Group will make efforts to fulfill its responsibility to respect human rights.

1. Background

The Group has established the Unicharm Group Policy on Human Rights (the “Policy”) by which it will promote efforts for the respect of human rights of all stakeholders including employees based on the following international human rights principles; the International Bill of Human Rights (the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights), the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. The Policy complements the corporate philosophy and the action guidelines (The Unicharm Way) in which it clarifies how the Group will address the matters concerning human rights.

2. Scope of Application

The Policy will apply to all executives and employees who work at the Group. The Group will also require its business partners and suppliers to support and comply with the Policy and work together with them to promote efforts for the respect of human rights.

3. Responsibility to Respect Human Rights

The Group will fulfill its responsibility of respecting human rights by ensuring that its business activities do not result in human rights violations and by responding appropriately to correct any adverse human rights impact our business activities may cause. Furthermore, the Group will require its business partners and suppliers to respond appropriately to correct any adverse human rights impacts on them even if the Group does not directly contribute to those impacts.

Compliance with Applicable Laws and Regulations

The Group will comply with the laws and regulations of each country or region where it conducts its business activities. Where there is a conflict between national or regional laws / regulations and international human rights standards, we will seek ways to honour international human rights standards.

Human Rights Due Diligence

The Group will establish a system of human rights due diligence in accordance with procedures based on the UN Guiding Principles on Business and Human Rights under which it will make efforts to prevent or mitigate adverse human rights impacts.

Remedy

In the event the Group's business activities directly or indirectly result in adverse human rights impacts, it will provide a remedy through appropriate dialogue and procedures.

Education

The Group will provide appropriate education to ensure effective implementation of the Policy by which it will be instilled inside and outside the company.

Dialogue and Consultation

The Group will engage sincerely in the meaningful consultation with people whom its business activities may cause impacts as a part of its efforts under the Policy.

Reports

The Group reports on its efforts related to human rights through its website, etc.

Date of Establishment: October 25, 2017
Takahisa Takahara
President & CEO
Unicharm Corporation

Management structure

Since it is necessary to have a variety of departments involved in human rights, the Global Human Resources & Administration Division and the ESG Division take the lead, under the direction of the General Manager of the Global Human Resources & Administration Division (an executive-level officer and assigned responsibility for human rights), in promoting the initiatives of related departments such as the Procurement Department and Audit Department and those of related companies both in Japan and overseas, and in reporting to the ESG Committee. Meanwhile, our human rights initiatives in our supply chain are headed by our Procurement Department, which is the contact point for suppliers, which encourages suppliers' support for human rights, and which distributed the Basic Purchasing Policy and Sustainable Purchasing Guidelines, which were enacted in 2017, to our domestic suppliers.

Unicharm Group's ESG Promotion Organization

Please see Along with Our Business Partners for human rights initiatives in our supply chain (in society).

Stakeholder engagement for human rights

In 2018, we participated in Nippon CSR Consortium's stakeholder engagement programme(administered by CRT Japan), identifying important human rights issues by industry while referencing the human rights guidance tools formulated by the UN Environment Programme Finance Initiative (UNEP FI).*

In 2019, we held a dialogue with global human rights experts at the Global Conference on Business and Human Rights in Tokyo (administered by CRT Japan) and received advice on how to proceed with human rights due diligence. We will make use of the opinions received in our future activities.



Dialogue with global experts

**Initiatives in Thailand**

In October 2019, the Thai government was the first in Asia to take a cabinet decision to implement the National Action Plan on Business and Human Rights (NAP). Since Unicharm has a business presence in Thailand, we recognize there is need to determine the situation from a human rights due diligence perspective.

We therefore participated in the 2019 Global Conference on Business and Human Rights in Thailand for stakeholder engagement(administered by CRT Japan with support from the Embassy of Japan in Thailand) and carried out a

dialogue with Thai NPOs, the Foundation for Consumers and others for addressing human rights issues such as human trafficking, migrant labor and forced labor.

We also visited the Labour Protection Network, an NPO working to solve human trafficking in Thailand, to engage in understanding the status of human rights issues in the fishery industry. Accompanying officers from Thailand's Ministry of Labor during an unannounced inspection of a Bangkok Port facility, Unicharm observers were able to gain an understanding of the situation of onsite workers, such as how they offload catches.



Visit to the Labour Protection Network NPO



Unloading a catch at port



Unloading a catch at port

Initiatives in Australia

The Modern Slavery Act(MSA) was passed in Australia in 2018 and came into effect on January 1, 2019. Under this Act, Australian subsidiaries of overseas corporations with annual sales of more than A\$100 million are required to implement measures based on the UN Guiding Principles by 2021 and thereafter submit an annual modern slavery statement. In response to this requirement, Unicharm Australia first carried out a human rights impact assessment for employees at its factories regarding appropriate wages, appropriate working hours, workplace discrimination, forced labor and workplace health and safety as risk indicators.

No significant risk situation was found this time, but we will continue to monitor and identify potential risks.

Responsibility to Our Customers

Communicating with Customers

Our basic approach and strategy

In keeping with Unicharm's corporate philosophical framework ("Beliefs and Pledges" and Corporate Principles of Action), we have always regarded customer satisfaction as a top priority and are committed to providing products and services that transform "discomfort" to "comfort."

As part of these efforts, the Customer Communication Center (CCC) works to sincerely respond in a prompt, fair and impartial manner to the valuable opinions we receive from our customers and have formulated our Customer Communication Center Vision based on the core idea of striving to enhance customer satisfaction. We have also established the Complaint Correspondence Policy that guides our efforts in communicating with customers.

Customer Communication Center Vision

We aim to have our customers progress from saying "I'm glad that I inquired and consulted with the Customer Communication Center" to "I'll purchase the Unicharm product because it's trustworthy and I know I can contact the Customer Communication Center." To achieve this goal, we are committed to making sure that listening compassionately and conveying thoughtfully becomes second nature, to draw in others to ourselves and together solve the problem in front of us, giving our customers a helping hand to accomplish their child-raising and nursing care so they will say they want to purchase Unicharm products again and to deepen our bonds with customers in Asia and around the world.

Complaint Correspondence Policy

- 1 Customer feedback will be centrally managed by the Company's Customer Communication Centers and addressed in a fair and impartial manner in accordance with the QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint response process documentation. Information concerning defects in a product or service will be reported to the President & CEO and steps will be taken immediately to remedy the problem.
- 2 In the case customer feedback must be redressed, related departments will work together to immediately rectify the situation and prevent future reoccurrences in accordance with the QMS (ISO 9001) redress and preventive measure procedure manual.
- 3 We will strive to reflect the valuable feedback of customers in future products and services. We will take customer feedback seriously and exert our best efforts so that each department works together to ensure that customers are satisfied.

Management structure

Unicharm's Customer Communication Center, led by the Chief Quality Officer (CQO), works in coordination with related departments to gather customer opinions, enhance quality and safety and develop products tailored to our customers' needs.

We have compiled concrete initiatives for customer response for the entire company and, together with our Self-Declaration of Consumer-Oriented Company, we are building a response system that is compliant with the ISO 10002 complaint response MS.

With regard to overseas operations, Unicharm also made a declaration of self-conformity with the ISO 10002 complaint response MS in July 2006 and is laterally extending Customer Communication Centers in China, Taiwan-Greater China, Thailand, Indonesia, Australia, India, Vietnam and other countries; together with periodic auditing of overseas Customer Communication Centers and information-sharing, we are implementing efforts that will boost customer satisfaction across the Unicharm Group.

■ Self-Declaration of Consumer-Oriented Company

Self-Declaration of Consumer-Oriented Company

January 16, 2017
Takahisa Takahara
President & CEO
Unicharm Corporation

[Philosophy]

We contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers both in Japan and abroad.

[Policy on Basic Initiatives] — Commitment of Top Management —

Unicharm hereby declares that it will always respond to customer complaints and inquiries in an honest, swift and fair manner.

- I. All feedback received from customers is put together at Customer Communication Center (CCC) and addressed fairly and equally by CCC based on a QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint correspondence process documents.
Information concerning faulty products or services is swiftly reported to top management and necessary steps are taken to improve the situation.
- II. If the situation must be remedied, related departments work together following procedures on QMS (ISO 9001) rectification and prevention measures to swiftly remedy the problem and prevent future recurrences.
- III. Customer feedback is seriously reviewed and efforts are made toward improvements involving all relevant departments so as to ensure customer satisfaction. We strive so that precious customer feedback can be properly reflected in our improvement activities for products and services.

[Specific Initiatives]

I. Ensuring corporate governance — System for reporting customer feedback to top management without fail —

We will carry out transparent corporate management and actively disclose information while working to fulfill the company's growth and development, employees' happiness and the company's social responsibilities. A time slot is set aside at executive meetings for reports from CCC for discussing and disseminating a correspondence policy based on the serious review of feedback received from customers.

II. Proactive initiatives involving all employees

— Fostering a corporate culture and employee mindset that is customer-oriented —

In order to improve customer satisfaction, once every year, an occasion is set where all Unicharm Group employees including those from outside Japan come together to present on products and services as well as proposals for pleasing customers in an effort to learn about best practices. This will enable all Unicharm Group employees to share a customer-oriented mindset and strive for further improvement.

III. Swift response through systematic collaboration between related departments

— Initiatives for swift and honest responses —

All feedback received from customers is put together at CCC and addressed fairly and equally by CCC based on a QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint correspondence process documents.

Information concerning faulty products or services is swiftly reported to top management and necessary steps are taken to improve the situation.

If the situation must be remedied, related departments work together to swiftly remedy the problem and prevent future recurrences.

IV. Enhanced information provision to consumers and two-way exchanges of information

— Disseminating information for safe use —

Frequently asked questions about product safety will be published on the company's website in an effort to widely disclose this information.

We will provide information to customers in various means so that customers can use our products safely and effectively. These means include product packaging, user manuals, and advertisements to educate customer about the correct ways to use products, as well as through our corporate website, news releases and disseminations from CCC.

V. Improvement and development based on consumer and social needs

— Product creation making customer-oriented approaches and social responsibilities a reality —

The entire company will work on activities for linking needs with commercialization of products after seriously reviewing feedback from customers.

We will establish rigorous environmental standards for our products, take on the challenge of selecting product designs and raw materials and reducing waste in the production process to every extent possible and expand the number of products that can clear these standards and bear the Eco Charming label.

The entire company will also work as one solid team toward mitigating environmental impacts including reducing waste in business activities.

Initiatives of the Customer Communication Center

In 2019, the center received 47,000 calls. The feedback we received was in turn shared widely with related departments inside the company and used to help improve our products and services.



Training sessions for factory workers by CCC staff using “feedback from customers”

We conduct employee training at the CCC to reinforce quality and strengthen customer-oriented approaches. In 2019, CCC staff visited each factory in Japan, where they played recordings of customer (firsthand) “feedback” as part of a training session for listening skills. We will continue to enhance our customer-oriented approach on a company-wide level and supply products that truly satisfy our customers.



At a factory training session on “customer feedback”

■ Main Initiatives of the CCC

Main initiatives	Contents
1. Responder training	For staff who deal firsthand with inquiries from customers by phone, etc., we organize training programs to enhance our specialist knowledge, including sessions led by external instructors and other informative workshops, in order to improve the “quality of our response.”
2. Reflection in products	We share customer feedback with related departments in a timely manner through weekly and monthly report. This feedback is used to improve existing products and develop new products, in order to provide customers with products that are safe and convenient.
3. Information dissemination	Customer feedback is shared internally in real-time using our centralized customer information management system, or the SMILE system. Report meetings with business departments and product package confirmation meetings (Communication Guarantee Meetings) are also held to ensure feedback is utilized to improve products from a customer standpoint.
4. CCC training	The R&D and Manufacturing departments organize training sessions for new employees and others who wish to participate in order to reinforce their focus on the customer and quality. In FY2019, 933 employees took part in these training sessions.
5. Strengthen collaboration with overseas CCCs	The initiatives of our CCCs located around the world are being shared to help improve customer satisfaction across the entire Unicharm Group, including its overseas subsidiaries. This information is also being used to improve our response skills based on ISO 10002 complaint response MS and to step up interoffice collaboration.
6. Commitment	The CCC is an independent department reporting directly to the Unicharm's President & CEO. At the annual Board of Directors meeting, it presents and answers questions about the customer response policy for the next fiscal year. We have built and operate a system in which all executives can confirm progress towards goals and consider and give approval on whether consumer-oriented management is being promoted.

● Example of Customer Feedback that has been reflected in products

“For the Ultra-Comfort Mask for Women (Pleats Type), please also make the regular size in pink”

Many customers told us that they regularly use the masks, not just for colds, so they wanted the pink version in a regular size(only a small size was manufactured at the time). In August 2019, we launched a “regular-size Ultra-Comfort Mask for Women(Pleats Type) in baby-pink”.



“I'd like to have sanitary napkins in a stylish design”

In response to customer requests for a stylishly designed sanitary napkin including its individual package, we developed and launched the mature and stylish “Center-in Compact 1/2 series.”



Activities of overseas Customer Communication Centers

In March 2014, the Indonesia CCC made a self-declaration of self-conformity with regard to the ISO 10002 complaint correspondence MS. Following the declaration, the Japan CCC audited the Indonesia CCC in 2019 and confirmed that their system was operating properly and that customer feedback and complaints were being addressed. It was also confirmed that the China CCC was operating in line with the ISO10002 complaint correspondence MS and that each customer was being responded to with sincerity.



Indonesia Customer Communication Center



China Customer Communication Center

Expressions of thanks from consumers

For “Sofy Hadaomoi Organic Cotton”

I no longer worry about rashes or chafing. I like this product very much, but I was really impressed with the simple package design.



For “Wave Floor Wiper”

It's just simple and easy to use and I love that I can get it into narrow spaces. It easily slides into 2 cm gaps and grabs lots of dust. I really appreciate that I can clean the narrow space next to the wash basin, since it's too narrow for the vacuum.



For “Silcot Sponge-Touch Moisturizing UruUru Cotton”

I was unhappy with the large amount of lotion my previous cotton puffs were absorbing and how the puffs felt on my skin. But the Sponge-Touch UruUru Cotton solved such problems. I was also amazed that I could easily separate such a thin puff in two. Skincare is now a kind of fun to me.



Communication with customers using various media

Unicharm works to provide information that contributes to solving social issues through our business to “realize a cohesive society” in which multiple generations can live in an enriched manner.

In Japan, Unicharm provides information for incontinence care, first menstruation education and pet care. In 2019, Unicharm launched an online initiative via the Unicharm website called “My Style Bosai.” This microsite offers sanitary information about preparing for disasters in terms of babies, women, seniors and pets.

Outside of Japan, Unicharm has also set up corporate websites and we are working to strengthen web communication in all our markets inside and outside the country.

Launched “Navi for Adult Diapers” providing 24-hour support service

As Japan transforms into a super-aging society, we are receiving an increasing number of inquiries each year about how to do eldercare and how to properly carry out incontinence care. In 2017, Unicharm became the first business in the adult diaper industry to introduce an AI-assisted chatbot* called “Navi for Adult Diapers,” which can respond to inquiries around the clock and all through the year. In 2019, the availability of this chatbot was extended into the LINE app.

* “Chatbots” are programs (or the entire systems with such programs) that conduct conversations for an inquiry in place of a human operator.



Lifree Navi for Adult Diapers (Website)



Lifree Navi for Adult Diapers
“Maki-san | Lifree” Unicharm (LINE)
* Search “Maki-san Lifree” (in Japanese) on LINE.

Providing information on First Menstruation Education

First Body Navi offers young girls and their guardians information on how the female body works and how to deal with menstruation as well as how to choose female hygiene products to help foster a positive first experience with menstruation. For school teachers, we have made available a downloadable PDF with information about first menstruation which can also be used as an educational resource at schools.

We also began offering a Sofy official app which helps young women having their first period manage their cycle and also lets mothers know when their daughters are menstruating so they can provide appropriate support.



Sofy First Body Navi



Sofy official app

Childrearing support

“Baby Town” was created in collaboration with childrearing-related companies in support of parents and their babies by offering a community platform for searching information, consulting with others or discussing worries regarding pregnancy, child delivery and child care in accordance with their child’s stage of development. The official “Moony Instagram” account has also received approx. 30,000 “Likes” in the one year since it was launched in 2019. Our well-received “Moony-chan and Toilet Training” app released in 2017 which provides support for toilet training has been downloaded some 60,000 times.



Baby Town



Moony on Facebook



Moony on Instagram



Moony-chan and Toilet Training

Offering a web magazine for living happily with pets

“Along with my pet, always and forever & ever!” provides helpful information for owners and their pets to live together a long, healthy and happy life. Available as a website or through Facebook.



Along with my pet, always and forever & ever!

“My Style Bosai” is a Unicharm microsite that offers sanitary information about preparing for disasters in terms of babies, women, seniors and pets.

Many natural disasters have occurred in Japan in recent years. In addition to the damage from the 2011 Great East Japan Earthquake and tsunami, there have also been torrential rains, severe snowstorms, tornadoes and other catastrophes. The “My Style Bosai” microsite was launched in February 2019 with the aim of helping people reduce the hygiene risks that they, their family members and their pets are exposed to in such disasters. Through narratives of people’s actual experiences, the site examines “various issues that arise during a disaster” based on the needs of different kinds of households.

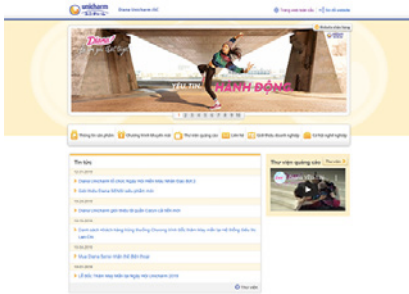
“My Style Bosai” offers the needed disaster preparedness and response information in terms of the following groups: (1) everyone, (2) babies, (3) women, (4) seniors, (5) persons requiring nursing care at home and (6) pets.



My Style Bosai

Strengthening information provision to overseas customers

As Unicharm's popularity also grows in international markets, we are striving to enhance our customer service through the websites of our local subsidiaries by strengthening the delivery of information about our products and company.



Corporate Site (Vietnam)



Sofy Feminine Care Products Website (Egypt)



Baby Diaper Brand Mamy Poko Website (Brazil)



Lifree Adult Diaper Brand Website (Thailand)

Product Development and Marketing

Insight research closely in tune with the frontlines

We practice a model of manufacturing that closely reflects customer needs by adhering to the motto “Maintain our No.1 position through continued and dedicated service” ingrained in our DNA. We thoroughly observe the lifestyle and consumption style of consumers and pursue the true needs that exist in their subconscious. We are committed to developing products that exceed customer expectations by leveraging our customer-oriented creativity. In order to promote a more extensive global reach, we are developing products localized to meet the needs of each region and market. While Unicharm products are considered daily necessities, there are some countries where paper diapers are regarded as a luxury or consumers are not accustomed to using paper diapers throughout the day. Taking customs and needs of each country and region into consideration, we are creating unprecedented new value in our products that balances function with cost, making these products more accessible to all. Our never-changing hope is that we continue to deliver products and services to more consumers around the world that change “discomfort” into “comfort.” We make a contribution that leverages Unicharm's unique strengths by helping people living in all regions to maximize their potential so that they can play an even bigger role in the development of their respective societies. We aim to continue developing products that suit the local needs of each region by combining the forces of product development and marketing.



Monitoring survey

Collaboration between product, technical and facilities development groups

Using an organizational structure consisting of research, development, and engineering (R&D&E), Unicharm promotes product development in a cross-departmental approach that encompasses five businesses. These departments work closely together in product development that provides new value to customers, development of novel materials and technologies needed for product development and the development of facilities to manufacture these products. This ensures that existing products are revamped and new products are developed. In addition, we have set up development remote centers in key geographic areas, creating an infrastructure capable of developing products that truly meet local needs.



Product testing

Quality

Our basic approach and strategy

In keeping with Unicharm's corporate philosophical framework ("Beliefs and Pledges" and Corporate Principles of Action), we always strive for continual improvement with customer-oriented ideas.

Since many of our products come into direct contact with skin, we strive to enhance quality and safety and ensure proper labelling so that customers can use our products with confidence.

Management structure

As quality assurance is aligned to the quality policies in our mid-term management plan, the Chief Quality Officer (CQO) who is responsible for the conformity and effectiveness of the company's quality management system is assigned to promote internal and external audits mainly through the ESG Division and Global Quality Assurance Department. While taking corrective and preventive measures, the ESG Division periodically reports to the ESG Committee chaired by the president on quality management so that the entire company can carry out quality enhancement activities on an ongoing basis.

All our business offices have obtained ISO 9001 and ISO 14001 certification, on which our quality management systems (QMS) and environmental management systems (EMS) are based. In 2017, the QMS and EMS were merged in hopes of strengthening the activities that encompass both quality and environmental managements. By integrating the operation of the two management systems, we are now addressing both quality and environmental tasks via a centralized structure.

Outside Japan, in order to keep current with updated regulations in the countries of import and marketing, we are working to obtain certification in each country and region. We acquired ISO13485, the international standard of quality management system for medical equipment, in Indonesia and Thailand in 2014 followed by ISO9001 in India in 2016 and ISO14001 in Egypt in 2018.

■ ISO9001, ISO14001 and ISO13485 Certification at the Unicharm Group (certified unit)

Name of unit obtaining certification	Certification status		
	ISO9001	ISO14001	ISO13485
Unicharm and Unicharm Products (Japan)	○	○	○*
Unicharm Kokko Non-Woven (Japan)	○	○	
Cosmotec (Japan)	○		
United Charm (Taiwan-Greater China)	○	○	
Uni-Charm (Thailand) (Thailand)	○	○	○
PT.UNI-CHARM INDONESIA Factory1 (Indonesia)	○	○	○
PT.UNI-CHARM INDONESIA Factory2 (Indonesia)	○	○	○
PT.UNI-CHARM INDONESIA Factory3 (Indonesia)	○	○	○
Unicharm Consumer Products (China) (Shanghai, China)	○	○	
Unicharm Consumer Products (Jiangsu) (Jiangsu, China)	○	○	
Unicharm Consumer Products (Tianjin) (Tianjin, China)	○	○	
Unicharm Gulf Hygienic Industries (Saudi Arabia)	○	○	
LG Unicharm (Korea)	○	○	
Unicharm India (India)	○		
Unicharm Australasia (Australia)	○		
Unicharm Middle East & North Africa Hygienic Industries (Egypt)	○	○	
Diana Unicharm (Vietnam)	○		
DSG International (Thailand) (Thailand)	○		
Disposable Soft Goods (M) (Malaysia)	○		

* ISO13485 certification is applicable only to Unicharm Products Co., Ltd.

Safety initiatives

We carry out gate-checks in accordance with the Unicharm Management System Basic Regulations during every process, from materials procurement to product development, manufacturing, sales, and disposal so that customers can use products that directly contact their skin with greater peace of mind.

The Safety Assessment Committee has established a gate function during the stage of product development to conduct risk assessment based on various product uses and disposal. Products for which safety is confirmed receive Safety Assessment Confirmation Sheet.

In addition, we implement product use tests with products that use the safety-checked materials.

Products Safety Assessment Sheet 

CSB本部 品質保証2部

No.Japan19001-CF000

発行	確認	作成
		
2019/02/08	2019/02/08	2019/02/08

本製品〇〇【おブリーパー〇〇】は、ユニ・チャーム安全性評価委員会（2019年2月8日開催）において下記のとおり安全性を確認しました。

【確認内容】

Ⅰ. 主要成分の検査

1) 製品適合性検査：〇〇

2) 禁止・制限物質不含有、毒性成分含有量について問題なし。

Ⅱ. 安全性の評価（リスク評価）

1) 安全性の評価

イ) HDPF：使用時の安全性懸念およびリスクは低レベル

ウ) HSDPF：アレルギー-接触性皮膚炎とも懸念せず

Ⅲ. 使用状況

- 使用時の状況不適合：日本販売

2) 誤用懸念なし

結論：本製品はア)ウ)イ)より使用時点で安全性の懸念はなく、安全性が保障できる。

Safety Assessment Confirmation Sheet

Animal Testing

Unicharm does not conduct experiments involving animals for its safety checks, including outsourced testing, nor will we in the future. (Not applicable in any cases where UC is held accountable toward society for safety issues or is met with demands from local administrations in certain countries and regions.)

● Initiatives for Product Safety

Obtained “STANDARD100 by OEKO-TEX®”, one of the world's best-known labels for textiles tested for harmful substances, for Disposable Baby Diaper “Natural Moony”

In January 2020, Unicharm received “STANDARD100 by OEKO-TEX®”, a certification that is one of the world's best-known labels for textiles tested for harmful substances, for disposable baby diaper “Natural Moony”. We are now in the process of adding this label to the certified product. This marks the first time that a disposable baby diaper in Japan obtained this certification*1.

“STANDARD100 by OEKO-TEX®” is an international safety certification for textile products given only to products that clear strict standards after analysis and testing for more than 350 types of harmful substances by authorized testing institutes*2 that belong to the international consortium called OEKO-TEX®. To use the STANDARD 100 label, a product has to clear the testing criteria for all of materials and chemical solutions it is made from.



*1 Finding by Unicharm as of January 2020

*2 This product was certified by the Nissenken Quality Evaluation Center, the only OEKO-TEX® authorized testing institute located outside of Europe.

Management of chemical substances

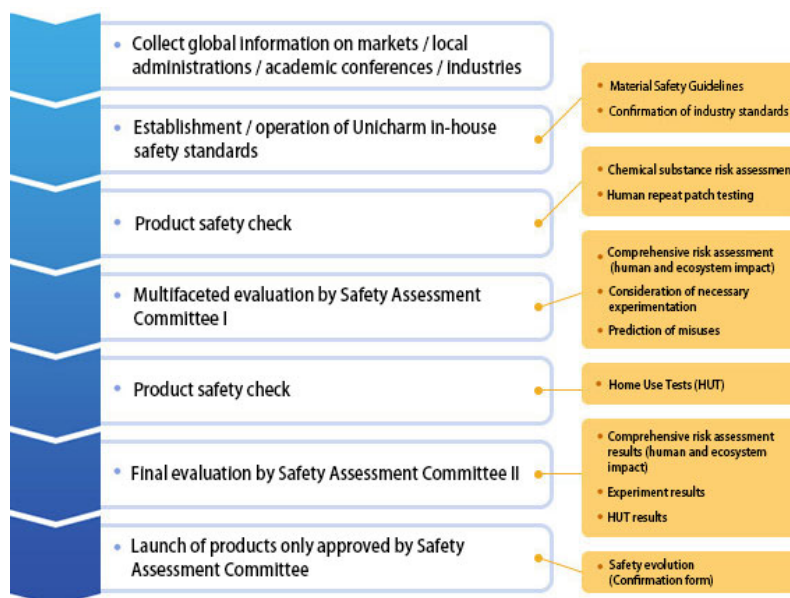
We strive to minimize any direct or indirect (environmental) impacts on people from chemical substances used in manufacturing diapers and sanitary pads using the Unicharm Material Safety Guideline. This forms part of our efforts to ultimately eliminate all harmful impacts found in the raw materials we use. To achieve this, we have defined harmful substances, developed a substance list of approximately 3,600 materials and determined target substances for reduction. At the same time, we receive disclosures from each supplier on the complete materials list and conduct toxicity risk assessment. In determining target substances for reduction, we strive to broadly collect the global information on harmful chemical substances and identify and manage the prohibited and restricted substances based on the reference literatures and standards. In addition, with the implementation of a management system for chemical substances contained in products or materials in 2017, we have been able to strengthen our collaboration with material suppliers in more efficiently managing chemical substances.

Example of List of Target Reduction Substances
 Example of Toxicity Risk Evaluation

Parts No.	Item Change No.	Parts Name	Parts Number for Reporting	Number of use	Unit for customer survey	Survey Unit Mass	Shift of Rep.	Representative Parts No.	Decl.
Y13-0018		Y13		2	1	κ	1	κ	
Y13-0019		SS24		2	1	κ	1	κ	
Y13-0020		XPS		2	1	κ	1	κ	
Y13-0021		DO		2	1	κ	1	κ	
Y13-0022		PI-45		2	1	κ	1	κ	
Y13-0023		UCH50		2	1	κ	1	κ	
Y13-0024		UK3		2	1	κ	1	κ	
Y13-0025		LPS		2	1	κ	1	κ	
Y13-0026		MVF		2	1	κ	1	κ	
Y13-0027		MVD		2	1	κ	1	κ	
Y13-0028		URT		2	1	κ	1	κ	
Y13-0029		KM		2	1	κ	1	κ	
Y13-0030		XBG		2	1	κ	1	κ	

Chemical Substances Information Management System (Image)

Safety Check Workflow



Reference Information Example

- ECHA (European Chemicals Agency)
- SVHC (Substances of very high concern)
- RoHS (Restriction of Hazardous Substances)
- REACH
- STANDARD100 by OEKO-TEX®
- EU DIRECTIVE2015/1221/EC
- DIRECTIVE 2009/48/EC (safety of toys)
- POPs: Stockholm Convention on Persistent Organic Pollutants
- Dioxin Regulation Act
- Montreal Protocol

Global safety initiatives

Safety-related initiatives are necessary in all locations where Unicharm runs business, so we operate a global safety-check framework. We have been operating a safety-check framework in each country and region of operation since April 2007. Currently, our local subsidiaries in China, Korea, Taiwan-Greater China, Thailand, Indonesia and Vietnam are spearheading efforts. We strive to share experiences and information through general meetings involving all persons in charge of safety, tele-conferences and regular individual meetings. In addition, we visit our suppliers, testing partners and government institutions in each country to step up communication in order to deliver safe and reliable products to our customers.

Also, we steadily rolled out the chemical management system mentioned above at our overseas locations beginning in 2018. This rollout has been completed in five countries, including Japan, as of December 31, 2019. We will continue to roll out the system in 2020 as well to ensure a system is in place for local persons in charge of the growing volume of imports and exports are able to comply with the regulations of the country where products will be marketed, swiftly conduct investigations on chemicals used in products and deliver even greater peace of mind to customers.

Quality management initiatives for manufacturing

As an initiative for quality management, Unicharm Products uses the Unicharm Total Management Strategic System (UTMSS) at all its plants together with information from consumers relating to problems with products in order to make continuous improvements. Working together as a whole, we work to address customer feedback on problems with products which is essential to improving product quality and safety.

UTMSS is used for “visual control” and “standardization” that allow us to provide our customers with products that are consistent and of high quality. All plants implement regular UTMSS activities (at least once per month) to continuously improve productivity and quality. As a specific example, by introducing the “workmanship management” framework, we have minimized individual variations in work, thereby realizing stable quality.

UTMSS members at all plants worldwide gather in Japan twice per year for an all-company meeting. At this meeting, UTMSS members report on the results of their improvement activities and the seven plants that had the best results make a presentation to share/implement their efforts. With Japanese plants as a benchmark, plants outside Japan deploy these ideas in their own countries. We also promote a “mother plant system” between factories in Japan and other countries to transfer frameworks and success stories to overseas plants. Through such initiatives, we are promoting UTMSS improvement activities and passing on such frameworks to carry out productivity improvements and quality enhancement at plants outside Japan.



At an all-company UTMSS gathering



At an all-company UTMSS gathering

Initiative for appropriate product labeling

Since 2010, Unicharm has continued to maintain its track record of zero product labelling issues based on its own consumer-oriented labelling code.

In order to provide correct information to customers, our marketing communications (product packaging and advertising) are checked for compliance with applicable laws such as the Law for Ensuring the Quality, Efficacy and Safety of Pharmaceutical and Medical Devices, the Premiums and Representations Act and the Containers and Packaging Recycling Law and for compliance with industry standards set out by the Japan Hygiene Products Industry Association and our own proprietary evidence-based standards. We also confirm compliance from a customer perspective to ensure that the information provided does not invite false assumptions or mistaken use. In accordance with changes in the environment inside and outside the company including diversification of advertising medium, market changes and changes in consumer awareness, Unicharm updates its own standards and works thoroughly to ensure its application by providing trainings to the relevant divisions.

Additionally, at the product design stage, we have established a Communication Guarantee Meeting as a gate-check on labelling that is based on scientific evidence. Members from the Customer Communication Center also participate in the package design to lend a customer-focused perspective so that the company as a whole provides labelling that is optimal and accurate.



Communication Guarantee Meeting



Labor Standards

View Concerning Human Resources

Our basic approach and strategy

We will never discriminate based on nationality, race, religion, gender, sexual orientation, age, family background, disability or any other factors. We also will not tolerate child labor or forced labor and we support the right to solidarity, collective bargaining and other group actions by guaranteeing the right to assemble and freedom of association.

We will hire and evaluate people in a fair and equitable manner, respect the rights of each employee, create a workplace that makes the most of each person's individuality and abilities and strive to achieve happiness for our employees and their families.

In order to ensure legal compliance Group-wide and promote understanding, we hold discussions with persons in charge of personnel matters at Group companies on revisions to labor laws and other topics on labor standards.

In addition, as part of our work-style reforms, Unicharm encourages employees to take at least five days of paid vacation each year and monitors overtime work using a new attendance management system. In this manner, we are working toward changing the way our people think about work, promoting operational reforms and improving productivity.

“Mission, Vision and Values” in the Unicharm Group's Global Human Resources Philosophy

At Unicharm, we value the autonomy of each and every individual based on our “Beliefs & Pledges’ and Corporate Principles of Action”. We endeavor to provide fair opportunities for our employees to find fulfillment in their work and to create a corporate culture that fosters the development of confidence and pride.

■ Unicharm Group's Global Human Resources Philosophy

Mission

Mission and purpose

We will seek to unify the growth of the company and individuals by creating resonant personnel who continually grow and strive to fulfill their life and career vision in order to support corporate management that aims to realize cohesive societies.

Vision

Vision for the future

We will establish a “shared growth model” globally by utilizing KYOSHIN^{*1} and promoting skills development using the Unicharm Way for ensuring our employees can play an active and lively role.

Value

Shared values of the organization and guidelines for action

We will promote management with resonance and work with employees in a fair and sound manner centered on the philosophy that “our people are the driving force behind corporate value” and, by pursuing the “three fulfillments”^{*2} and providing a “rewarding workplace,” we will earn the trust of each and every employee.

*1: A human resource system that promotes common skills development globally which is a digital tool for skills development by utilizing data on each employee's career, evaluation feedback and e-learning.

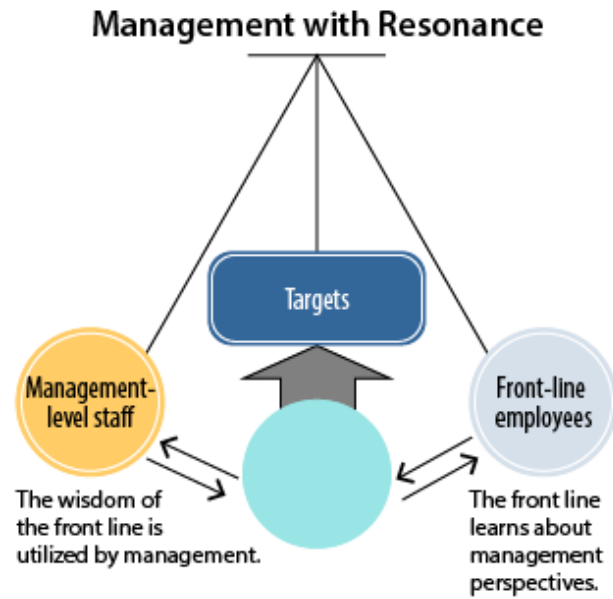
*2: The three fulfillments include (1) fulfillment of aspiration, (2) fulfillment of economy and (3) fulfillment of mental and physical wellbeing.

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 management-level staff are able to come in first-hand contact with front-line information and share viewpoints. Meanwhile, through dialogue with management-level staff, front-line employees are able to learn “management viewpoints, standpoints and time horizons” to develop mutual understanding while still working to solving conflicts. In this way, both management and the front line work towards a shared goal, fostering a sense of comfortable unity even under strict conditions in the company. Daily ingenuity and wisdom therefore swings resonates between the front line and management like a “pendulum.” This is indeed the “Management with Resonance” in which the wisdom of the front line is utilized by management and the front line learns about management perspectives.

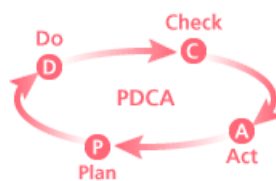
■ Management with Resonance



Toward an organization that can respond to environmental changes quickly and flexibly using “OODA-Loop”

Unicharm has set the medium-term targets based on underlying megatrends and translated action plans for achieving these targets into plans that employees on the frontlines of our operations can well be convinced. We then have turned PDCA cycle on a weekly basis to monitor progress of strategy. In recent years, however, a “new normal” has emerged where changes become the norm. In order to achieve sustainable growth in such circumstances, we need to establish a system that constantly reviews “approaches” and makes fundamental changes in order to catch the signs of change and to respond ad hoc to a constantly changing environment, without overly focusing on initial plans. As a result, we introduced “OODA-Loop,” a new management method that represents an evolution in our conventional “SAPS method” that focused on PDCA cycle. Our goal is to become an organization where “primary information” from the frontlines is used to understand the fundamental essence of individual situations so that individual employees use their own senses to harness past experiences and knowledge to determine the best course of action autonomously based on situational awareness.

[Philosophy of SAPS method]



Possibility that we are not able to address environmental changes not foreseen initially

[Philosophy of OODA-Loop]



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

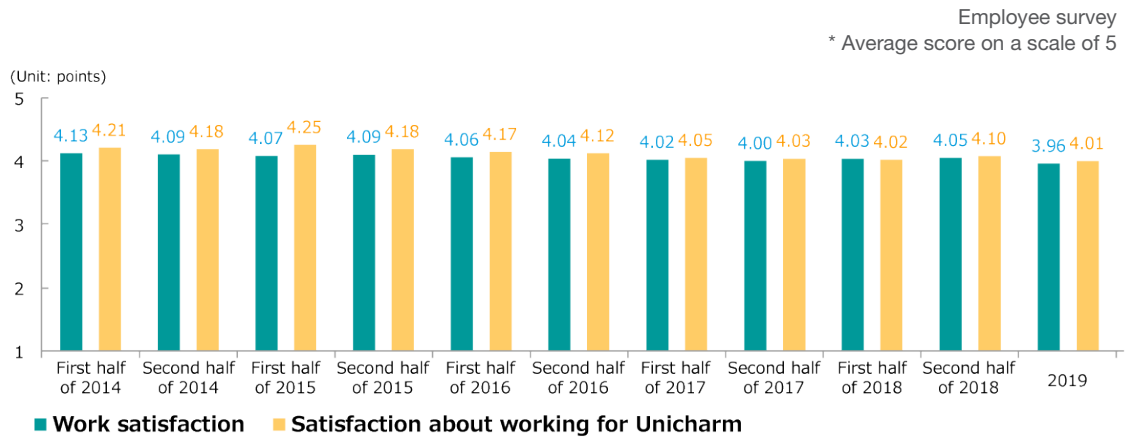
Building a healthy and active workplace environment

Unicharm is committed to be a company where employees can fully experience purpose in their work based on fulfillment in all aspects of their life including career, home life and health. Based on this commitment, we are working to usher in work-style reforms. We are promoting an active workplace environment where employees can be both physically and mentally healthy by using telework, communication considerate of others such as prohibiting work calls and emails on holidays and encouraging employees to take at least five days of paid leave systematically each year. The goal of this is to ensure all employees have the required at least eight hours off between shifts and a work-life balance where employees can satisfy their childcare or family care obligations. In addition, we are designing and building a fair compensation evaluation system so that our diverse workforce with its varied employment formats is highly motivated to play an active role at the company.

Employee survey

We conducted “employee surveys” twice a year at all group companies in Japan and overseas, in order to verify employees' satisfaction/fulfillment and sense of accomplishment. This sequential surveying enables us to implement various measures in management and human resources, and also encourages employees and organizational operations to be more proactive.

Changes in results of employee awareness survey on “motivation at work” and “satisfaction”



Personnel Utilization and Training

Expansion of education and training programs

We have a skill-enhancing program that consists of understanding our OODA-Loop methodology and practical skills improvement in order to develop human resources who will practice Management with Resonance.

Skills-enhancing and Career Planning Support Programs (FY2019)

By level	Business skills & UC-Way	Management skills & The Unicharm Way	Career planning		Global skills	Leadership development	Self-development (selective)
			Group	Open recruitment			
Management L class		Training for new leaders	Life & Career Redesign Training			G15 ^{*2}	Cross sector training Marketing training CCC training
General P class	Mid-career		P2 Training (former "Training for mid-level employees")	Life & Career Design Training	Career change (semiannual, for 4th year and longer employees)	Global trainee (nomination required; all ages)	
	Junior employees	P4 Training (former "Training for entry-level employees")	Training for employees in their 3rd year Training for employees in their 2nd year	In-house internships (for 3rd-5th year employees) In-house free agent program ^{*1} (3rd year only)	Training program for employees posted overseas		
	New hires	Training for new employees				Global internships (for 4th-10th year employees)	

*1 Shorthand for the "In-house Free Agent System"

*2 Shorthand for the "Global 15 Project". Participants are chosen from executive management candidates who will develop the direction of global strategy and establish a grand design.

*3 Shorthand for "Middle Management Board of Directors". A program aimed at cultivating Unicharm's next generation of leaders.

*4 Shorthand for "Team 63 Mutants". A program for employees in millennial generation to take the lead in activities and make proposals that will bring about radical changes(mutations) in realizing cohesive societies.

Our distinctive training programs (excerpt)

Title	Summary
Training for new employees	(1) Transitioning from student life to working life (change in mentality) (2) Deepening employees' understanding of "The Three DNAs," which serve as guiding principles for our thoughts and actions and the corporate philosophy "NOLA & DOLA (Necessity of Life with Activities & Dreams of Life with Activities)" (3) First-hand experience and understanding of the three aspects of actual work sites (manufacture, purchase and use) and recognizing and persisting in developing a "consumer-oriented mindset" (4) Understanding of "Management with Resonance" (5) Experiencing the importance of working as an organization (team selling), and understanding Unicharm's persistent emphasis on "target oriented" and "target achievement" approaches (6) Creating your own "10-year career vision and plan"
Training at all levels, ages and roles	Training is carried out for people in keeping with their respective levels, ages and roles. All training is based on understanding our "OODA loop methodology" and improving practical skills, providing opportunities and places to enhance the ability to think and take action.
Life & Career Redesign-1	Implemented targeting employees in their early 50's to promote accurate acknowledgment of environmental changes between today and their retirement age, define career goals that contribute to self-growth and benefit the company and provide an opportunity to consider and develop an action plan to realize these goals in five years.
Life & Career Redesign-2	A program that provides opportunities to employees close to retirement to rethink their life and work styles in order to continually achieve personal growth both inside and outside the company regardless of age.
Strategy Secretary to CEO	Employees who are candidates for executive positions take turns to serve as the president's strategy secretary during a two-month period. This program enables an employee to work closely and learn directly from the president on management consideration and actions to develop leadership skills and achieve self-improvement.
Ten-year career vision and plan	Provides employees with the tools and a system for designing and developing individualized 10-year career plans, and for completing their own action plans. The tools can also be used for communication with management, in order to support each employee in achieving her/his own goals.

Workplace Exchange Workshop	A cooperative training program established by several companies for the purpose of allowing participants to enhance their own skills and improve their own issues & weaknesses. Interaction with participants from other companies is expected to provide all participants with inspiration and insights that may not be available within a single workplace.
Training program for employees posted overseas	A training program which raises employees' awareness regarding cross-cultural communication, risk management, bribery, etc., and promotes their preparations for their post-overseas transfer so that they can rapidly assume their duties in the new environment and achieve results.
Training for new leaders	This program is aimed at nurturing executives in correct management behavior that respects people in terms of their role in dealing with business performance, human relations issues, leadership and status assessment.
Brothers & Sisters knowledge sharing program	Upon entering Unicharm, the first three years are considered a period for fostering a strong foundation. Senior employees take part in this instructor training program to promote fostering the new employees to develop their own knowledge and skills of Brothers & Sisters and enhance human skill while at the same time respecting their basic human rights.
Harassment training	Through e-learning on human rights and new leader training, employees learn about specific cases of bullying and harassment along with how to prevent it and what to do in case it actually happens.
In-house internship program	Employees experience work at a department of their choice to learn the necessary knowledge and skills needed for achieving their own career vision and actualizing their career plan.

Evaluations for career development

Unicharm's personnel evaluations involve systematic implementation of the “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 such integrated implementation of these three elements.

Our thinking about evaluation and training is that it is not only about results but also process—that is, requiring practices/behaviors that lead to results.

To evaluate such behaviors, there is a need of practice to combine the thinking for our evaluation and training system with that for OODA loop methodology. All employees create their own career vision and plan and set semiannually as well as quarterly goals to achieve the plan with their superiors who check progress each quarter and provide support for the employees' career development by adjusting individual trajectories so their efforts will lead to good outcomes and successful experiences.

Respect for Diversity

Various support systems

We are committed to always improving our work environment so that each and every employee can work to the best of their abilities.

As one of our work-style reforms, we began working interval program and telework program from 2017 and implemented the government's premium Friday program. We implemented the second job system from 2018.

Moreover, from 2019, we introduced the Lifree Flexible Work Program and began allowing annual paid leave to be taken by the hour, as well as opened the Agile Special Area at Mita Headquarters.

Various support systems to respect diversity (case study in Japan)

System	Eligible people	Summary
Moony Birth Support Leave Program	Employees who undergoing fertility treatment	Leave for advanced fertility treatment (up to 1 year)
Moony Shortened Work Hours System for Childcare	For employees who have a child/children up to the third year of elementary school	Working hours can be shortened to 5 hours a day
Moony Childcare Involvement Leave	For male employees who have a child/children up to eight weeks old	Can take up to 5 days off in order to be involved in childcare activities.
Lifree Nursing-Care Leave	For employees who have family member(s) in need of continuous nursing care for more than 2 weeks as a result of injury, sicknesses, or physical or mental disorders.	By application, up to 5 days leave/year is available for one family member, up to 10 days leave/year for 2 or more family members who require nursing-care.
Career Recovery System	Former Unicharm employees who worked for more than 3 years and resigned from employment for various reasons such as marriage, pregnancy, childbirth, childrearing, nursing-care, or accompanying spouses on business transfers.	They are eligible for re-employment within a five-year period (from time of resignation), provided that both the former employee and the company reach a certain agreement.
Civic Duties Leave System	Those selected to serve a citizen judge or on a Committee for the Inquest of Prosecution	The required number of days leave to appear in court as a citizen-judge is available by application.
Bone Marrow Donor System	Employees who wish to donate their bone marrow	Up to 7 business days leave per 1 donation of bone marrow available by application, for the procedures required for donation to a patient in the working country (except for donor registration).
Working Interval Program	All employees	Once an employee finishes his/her work day, he/she will in principle have to have a rest period of 10-hours or more, with a minimum period set at eight hours.
Telework Program	All employees *Excludes positions for which telework is not feasible	Employees can apply for permission to telework up to four times a month. The telework for that day is done from home or any other environment that allows concentration on work.
Anniversary Leave	All employees	Promotes the taking of planned annual leave for anniversaries or other days important to the individual. We are working to improve the rate of annual leave taken. (Three days per six months/six days annually)
Second Job System	For all employees	Second jobs that will foster the advancement of one's skills or growth are permitted (provided it will not impede one's primary work). This is applicable only to off-business hours and holidays.
Lifree Flexible Work Program	Full-time employees *Excluding manufacturing sites such as plants	There is no upper limit in the frequency of use of the Telework Program which can also be used in conjunction with reduced working hours.

Employment of people with disabilities

We aim to proactively employ personnel with disabilities who are well motivated and provide them with a workplace where they are also able to fully exercise their abilities and promote their desire to grow. More than anything else, we expect proper outcomes from employees with disabilities by setting appropriate goals in accordance with their respective abilities and desires and promote a corporate cultural environment free of barriers in all respects for enjoying the feeling of accomplishment as a team.

Initiatives for balancing work and childcare

Aiming to create an environment that supports both childcare and work, our childcare leave program allows employees to take up to two years of childcare leave. Childcare leave taken before and after pregnancy is treated as paid vacation, while employees with accumulated paid vacation days at the start of their childcare leave can use up to 15 of these days to receive their normal pay and help reduce their burden from birth and childcare. Moreover, “Moony Childcare Involvement Leave” was implemented in 2018 for all male employees that allows up to 5 days off to take care of their newborn babies within 8 weeks of their birth. This system was thoroughly promoted to every employee with individual information session provided for the employees and their supervisors. As a result, in 2019, the rate of employees utilizing Moony childcare involvement leave was 80.0%. At present, the average days of leave taken is 3.5 days. Going forward, we aim to continue to promote the program to encourage leave of five days.

● Voice from an employee who took childcare involvement leave



Fumiaki Kondo
Trademark & Label
Department
Intellectual Property Division
Unicharm Corporation

I took five days of Moony Childcare Involvement Leave at the time of my second child's homecoming from the hospital. As I was experienced with this with my firstborn, I knew it was essential to take leave during the newborn stage when the baby's sleep schedule is not yet settled. This is why I wanted to take leave soon after my child was discharged from the hospital. I had discussed with my supervisor and colleagues about making adjustments to my workload ahead of time and was able to transition into my leave smoothly. While on leave, I cannot say for sure that I completely reduced the burden on my wife, but I was able to spend lots of time with my children through diaper changes, giving baths and reading together. It also gave me the opportunity to talk about raising children with my wife which had a positive influence on my involvement in childrearing after the leave.

Opening of the Agile Special Area at Mita Headquarters

In 2019, the “Agile Special Area” was opened on the 25th floor at Mita Headquarters with the aim of “providing a space that promotes deep thinking and free imagination to speed up work processes.” There are four different areas set up on the floor that are for working independently or interacting with colleagues and those from outside the company to help generate ideas. The development of such a space for free imagination promotes the company's ideology of “Management with Resonance” and the “OODA-Loop” method.



Booth-style focus area: utilized to encourage deep strategic planning and “meditative thinking”



Review Space: utilized as a space for meeting and communication among a large group of people

Unicharm Family Plant Visit Day and Family Day

Unicharm holds Family Plant Visit Days at all of our plants both in Japan and overseas to welcome the families of employees for a tour of the plant. Family Day participants were surprised at how fast products were being made while we got to see children being impressed with seeing their parents in a professional capacity.

Moreover, each year, local subsidiaries in China and Indonesia host the Family Day event where every employee and their families are invited. Those who have participated reflected on their appreciation for the opportunity to develop a sense of unity.



Jiangsu Plant



Shanghai Plant



Shikoku Factory



Jiangsu Plant



Indonesia

Implementing Second Job System

The Second Job System was implemented from FY2018 with the aim of promoting further growth of each employee by enabling them to acquire skills or specialization in a different environment than at the company and expand their horizon through opportunities to exert on their capabilities and broaden their network. As of the end of FY2019, 24 employees have participated in the system while many reported having acquired tangible new skills.

Dialogue between labor and management

We place a great deal of value on mutual trust between labor and management, and hold regular monthly discussions between the company and labor union. Depending on the details of these discussions, we also hold irregular meetings in addition to monthly meetings. In FY2019, we held talks about work-style reforms, about reducing overtime work and about employee benefit programs and health management measures, among other issues, and continued with efforts to foster workplaces that can motivate and fulfill employees.

Health and Safety

Our basic approach and strategy

As an occupational health and safety initiative, Unicharm Group strives to ensure health and safety management in the workplace through the Unicharm Group's “‘Beliefs and Pledges’ and Corporate Principles of Action*” in order to realize our “Pledge to Associates” to prevent workplace accidents and to ensure that our employees can work safely and securely.

* We pledge to sincerely conduct our business activities in order to be a trusted partner to our customers, shareholders, business partners, employees and society, and have established the Unicharm Group “Corporate Principles of Action” to do so.

Basic Policy for Health Management

1. Employees give priority to primary prevention and strive to improve lifestyle habits based on the idea of protecting one's health through one's own actions.
2. The company provides a safe and comfortable environment so that employees can enjoy a fulfilling workplace and fully exercise their abilities.
3. The Human Resources Division properly uses and manages personal information such as medical examination results and promotes health management with collaborators inside and outside the company.

Being thorough with Workplace Safety and Industrial Health Management

To prevent workplace accident and ensure that employees can work safely and comfortably, we strictly implement safety and health management in the workplace toward a goal of zero accident. At the same time, we give top priority to ensuring employing safety at all times, do not force employees into excessive labor or overtime and provide a work environment in which safety and health managers play a central role. Managers also confirm the mental and physical health of their subordinates and promptly respond when they find an issue.

Management structure

The Iki-Iki Health Promotion Office was opened in 2017 to assist employees with physical and mental health management. We have also implemented an occupational safety and health management system (OSHMS) focused on manufacturing in order to continuously maintain and improve our health and safety activities and have specified a PDCA (Plan, Do, Check, Act) process to promote ongoing health and safety management on an autonomous basis that assists in preventing workplace accidents, promotes worker health, creates a comfortable work environment and improves our activities for enhancing safety and health standards. OSHMS operations ensure that all employees at manufacturing plants have set objectives for health and safety activities with clear roles and responsibilities. Along with regular checks by the plant manager, who is responsible for overall health and safety management at the plant, this system allows the identification of latent risks for occupational injuries and diseases and revision of health and safety activities.

In Japan, the Ministry of Health, Labour and Welfare sets out OSHMS guidelines.

The International Labour Organization (ILO) has also sets out OSHMS guidelines as international standards. Japan's guidelines conform to the ILO standards.

We also have third-party organizations monitor our manufacturing sites in and outside of Japan. This monitoring serves to identify issues with long working hours, occupational safety, wages and building safety so we can make improvements.

In order to create a safe and comfortable workplace, we have established a Health and Safety Committee with selected employees, labor union representatives and occupational physicians. The committee meets once per month on matters such as activities to improve the workplace environment, prevention of workplace accidents and elimination of vehicle accidents. Important actions from a PDCA perspective are reported to the directors through the Health and Safety Committee office. Actions related to safety that have been approved by the directors are implemented as activities in each department. Progress is reported to the directors in the Health and Safety Committee and periodic reports with their decisions on actions and instructions for improvements being issued to implement the PDCA cycle for safety activities.

Additionally, by using the company intranet, we post “Health Lab,” health promotion information, and “Overseas Support Information,” information on safety/security and health issues (e.g., HIV, AIDS, tuberculosis, malaria) in foreign countries, which is provided as needed to employees going on business trips to other countries.

Objectives

We are aiming for zero workplace accident and a five percent year-on-year increase in the rate of paid annual leave taken.

With the aim of zero workplace accident, production-focused managers (including plant managers) visit sites and take necessary measures to promote PDCA for occupational health and safety. In FY2019, both the workplace accident frequency rate and the workplace accident severity rate fell once again, bringing Unicharm below the industry average.

Please see Human Resources Data for the workplace accident frequency rate and the workplace accident severity rate.

With telework and working interval programs, a monthly no-overtime day and premium Friday across the entire company, Unicharm Corporation is realizing the creation of well-balanced way to work. We have also clarified priorities, with employees thoroughly managing their actions by creating weekly plans for effective use of work time in order to promote reductions in working hours and the creation of a meaningful working environment.

Company-wide safety conference

We hold company-wide safety conference as part of our efforts to ensure employee safety. As one example, Unicharm Products Co., Ltd., which manufactures products in Japan, held its 17th company-wide safety conference on April 17, 2019 at the Central Plant, Shikoku Factory. Unicharm Products President & CEO, Eiji Ishikawa, who is also a Director and Vice President at Unicharm Corporation, reaffirmed the company's commitment to safety, noting that “we can prevent all accidents and injuries.” Toward this end, he strongly declared that senior executives would take the initiative to create a “safe and comfortable workplace” based on a philosophy of “safety as an asset” and “safety taking precedence overall.”



The 17th Company-wide Safety Conference
Unicharm Products Co., Ltd.

Health and Safety Committee

Unicharm's “Health and Safety Committee” consists of industrial doctors and elected commissioners from the company and the labor union. The Committee implements various activities once a month, including activities related to improving the working environment and preventing work-related accidents, as well as carrying out campaigns to eliminate vehicle accidents. We have also implemented workplace improvement activities and promotion activities for new 2019 Japanese regulations that require the consumption of a minimum number of paid holidays and implemented telework and working interval programs, a monthly no-overtime day and premium Friday to create a well-balanced way to work. We have also clarified priorities, with employees thoroughly managing their actions by creating weekly plans for effective use of work time in order to promote reductions in working hours and the creation of a worthwhile working environment.



Health and Safety Committee

Promoting employee health

In order to make it possible for employees to be both healthy in body and mind and highly productive, we have implemented ongoing health and safety activities and improved facilities so that in FY2019, there were no fatal workplace accidents. Active promotion of annual health checkups also resulted in a 100 percent uptake rate at Unicharm Corporation in FY2019, the tenth consecutive year since 2009 that the uptake rate was 100 percent. As an early prevention measure for female breast cancer and cervical cancer, all female employees of Unicharm Corporation, regardless of age, are required to have a breast and gynecological checkup, the costs of which are fully paid by the company. With October designated as Pink Ribbon Month, we gave out pink ribbon badges and educational books to employees, providing our employees, their families and people close to them with the opportunity to think about breast cancer.

For our Pink Ribbon activities, please see Making Contributions to Society through Business Development.

To shift health management practices from treatment to prevention, we began administering a stress check in FY2016 and promptly directing those with high stress for health consultations with health nurses and industrial physicians. Health nurses also publish the monthly Healthy Lab Newsletter as a health awareness-raising activity and hold body composition measurement and health-themed discussion events to provide advice for improving the everyday life of employees. Additional initiatives aimed at conveying the importance of improving lifestyle habits from an early stage and being more health-conscious include introducing the company's internal consultation desk to new employees, providing health management training sessions for employees in their 30s and offering individual consultation on Tuesdays and Thursdays regarding protection against infectious diseases such as influenza.

Furthermore, Unicharm Corporation has had a company-wide ban on smoking in the workplace since January 1, 2016.

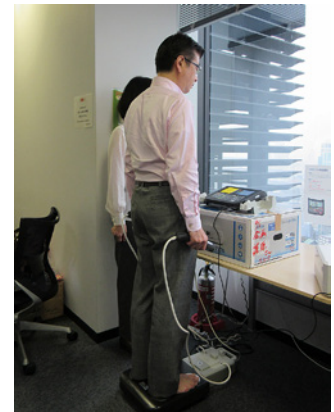
We also introduced an employee support program by which our employees and their families can consult with external counselors about their worries and troubles, in order to facilitate their realization of fulfilling and healthy lives without worries. In FY2019, we introduced an app “Oshikko Check” in Mita-area for making lifestyle improvements based on changes in urine pH. We also conducted various kinds of training and education, such as lifesaving training for emergencies, for 2,363 people. In recognition of these efforts, since 2018 Unicharm has been recognized for three consecutive years as a Certified Health and Productivity Management Outstanding Organization White 500.



Urine check app “Oshikko Check” (in Japanese)

Human Resources Data

Please see Human Resources Data for health and safety performance.



Body Composition Measurement Event

健康相談のご案内

このような場合には、お気軽にご相談を！

- ・自覚症状はないが健康診断で指摘された項目がある
- ・Metabolic syndrome対象者・予備群と言われた
- ・保健指導対象者と言われた
- ・肥満が気になる
- ・最近血圧が高い
- ・産後急に太ってほしい
- ・EAPを利用したい
- ・週初めの体調が良くない
- ・部下・同僚の体調が気になる
- ・ロコモ・フレイルが気になる

【日時】 毎週火曜&木曜 10時～15時

予約不要
遠方の方はTV電話にて
【場所】 三田28階 男性休養室
【担当】 いきいき健康推進室
保健師 元田紀子
selfcare-grp@unicharm.com



Health consultations



Health discussion roundtable



Human Resources Data

Human Resources Data

	Unit	2018			2019			
		Total	Males	Females	Total	Males	Females	
①	Number of permanent employees (consolidated)	Persons	16,207	10,081	6,126	16,304	10,190	6,114
	Percentage of permanent employees (consolidated)	%	53.5	58	47.5	52.6	58.8	44.7
	Number of permanent employees (Japan)	Persons	3,200	2,606	594	3,244	2,642	602
	Number of permanent employees (other than Japan)	Persons	13,007	7,475	5,532	13,060	7,548	5,512
	Number of contract employees (consolidated)	Persons	14,082	7,313	6,769	14,709	7,134	7,575
	Percentage of contract employees (consolidated)	%	46.5	42	52.5	47.4	41.2	55.3
	Number of contract employees (Japan)	Persons	1,418	689	729	1,552	788	764
	Number of contract employees (other than Japan)	Persons	12,664	6,624	6,040	13,157	6,346	6,811
②	Employment rate of persons with disabilities (annual average)	%	2.13	—	—	1.90	—	—
③	Rehiring rate of retired employees	%	89.4	—	—	92.3	—	—
④	Employee turnover rate	%	2.7	—	—	2.9	—	—
⑤	Average age of employees	Age	41.7	42.6	38.5	41.7	42.6	38.6
⑥	Average length of service	Years	17.4	18.4	13.1	17.1	18.2	13.2
⑦	Number of employees who are new graduates	Persons	52	42	10	51	35	16
⑧	Turnover rate of employees with less than 3 years of service who started as new graduates	%	20.8	18.1	26.7	3.6	2.7	5.6
⑨	Number of managerial employees (Japan)	Persons	618	536	82	596	517	79
	Number of managerial employees (other than Japan)	Persons	692	520	172	778	587	191
⑩	Percentage of available annual leave taken	%	58	—	—	62.46	—	—
⑪	Per-person overall working hours	Hours	1,993.50	—	—	1,936.25	—	—
⑫	Use of childcare leave system	Persons	107	48	59	91	31	60
⑬	Percentage of available childcare leave taken	%	87.7	76.2	100	87.5	70.5	100
⑭	Number returning to work after childcare leave	Persons	105	48	57	91	31	60
⑮	Return/retention rate for pregnancy and childcare leave	%	98.1	100	96.6	100	100	100
⑯	Use of nursing-care leave system	Persons	4	0	4	5	3	2
⑰	Use of shortened work hours system for childcare	Persons	52	0	52	44	0	44
⑱	Use of flextime system for personal lifestyle support	Persons	68	17	51	62	12	50
⑲	Health check-up rate	%	100	—	—	100	—	—
⑳	Number of persons on mental health leave	Persons	3	—	—	2	—	—

		Manufacturing industry average (2018)	2017	2018	2019
⑳	Workplace accident frequency rate	1.20	0.33	0.23	0.24
㉑	Workplace accident severity rate	0.10	0	0	0

		2018		2019	
㉒	Number of union members	1,490	Percentage of employees covered by the Labor Law	1,391	Percentage of employees covered by the Labor Law
			100%		100%

			2018		2019	
			Master's degree	University degree	Master's degree	University degree
㉓	Starting salary	Yen	226,000	210,000	226,000	210,000

①⑨: Total group, ⑫ - ⑰: employees on the payroll of Unicharm or Unicharm Products. Others: employees on the payroll of Unicharm

*1 Based on numbers as of December 31.

*2 ⑫ - ⑰: permanent and contract employees. Others permanent employees.

*3 ③ Rehiring rate of retired employees = Number of rehired employees / Number of retired employees (at mandatory retirement age)

*4 ④ Employee turnover rate = Number of terminated employees (except for retirement at mandatory retirement age, death, promotion to board members or transfer within the group) / Number of employees at the end of each fiscal year

*5 ㉑ Workplace accident frequency rate = Number of workplace accident occurrences / Total number of working hours × 1 million hours

*6 ㉒ Workplace accident severity rate = Number of lost working days / Total working hours × 1,000 hours

Local Community

Our Attitude toward Social Contribution and its Structures

Our basic approach and strategy

Unicharm believes that its business activities have a highly positive impact on society. We feel a strong sense of pride and joy in providing comfort, emotion and pleasure to people not only in Japan, but also in Asia and other parts of the world. By making a positive contribution in terms of addressing a wide range of societal issues and creating employment opportunities, through expanded provision of products and services suited to the unique characteristics of each country and region, we are working to become a company that is welcomed and trusted by people in these societies.

Management structure

In Japan, each division conducts autonomous activities to fulfill our corporate social responsibility, with the ESG Division playing a central role. Overseas, local subsidiaries in each country and region lead community-focused social contribution activities.


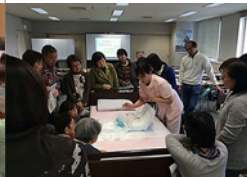

Making Contributions to Society through Business Development

Efforts to lengthen healthy life expectancy through seminar on “Caring for urine leakage and continence”

Unicharm continues to provide appropriate continence support and nursing know-how in cooperation with educational institutions and local communities so that we can help the elderly live with being themselves forever. Tailoring themes and programs to suit participants, we are presenting useful knowledge and skills for care workers so they can provide a high level of care and a comfortable life for the elderly.

See “Continence Care Navi” for knowledge and ideas about comfortable excretion care.

■ Seminar on “Caring for urine leakage and continence” by Continence Care Research Center

Target	General elderly population	At-home care specialists	Caretaking and nursing students (of vocational schools)
Theme	Caretaking prevention (urinary incontinence)	Continence care	Continence care
Number of presentations in 2019	21	14	30
Contents	We introduce prevention and improvement, and finally, how to best live with urine leakage under the theme, “Preventing and self-care of urine leakage,” which is important to care prevention.	We introduce how to lessen the burden of continence care which is a large issue in at-home assisted care through introducing appropriate ways of choosing and using (or putting on) diapers.	We teach from the basics of the role and knowledge of the experts in the context of elderly continence care for the future experts of medicine and elderly care who will become caretakers for the elderly.
			
	Scenes from the day	Scenes from the day	Scenes from the day

Initiatives via Unicharm Corporation's "flat-rate disposable baby diaper service"

At most Japanese daycares, parents are responsible for supplying their own child's diapers. Beginning in July 2019, Unicharm Corporation has partnered with BABY JOB Co., Ltd., a childcare worker staffing service, to offer a flat-rate disposable baby diaper service for daycares in order to ease the burden on parents and daycare staff and make child-raising full of smiles.



Ongoing participation in Pink Ribbon activities in Japan and overseas

Pink Ribbon activities help to raise awareness around the world about the early detection, early diagnosis and early treatment of breast cancer and Unicharm assists with these activities in Japan, China and Taiwan-Greater China. Unicharm is now in its 12th year of supporting Pink Ribbon activities in Japan. A total of 65 people, including employees and their families, took part in the Pink Ribbon Smile Walk Tokyo Event held in October 2019 to communicate the Pink Ribbon message.

In order to foster correct understanding about Pink Ribbon activities, we provide information on basic knowledge on breast cancer and self-check methods for early detection through a special website and with limited-edition packaging for "Sofy" sanitary napkins. Part of the proceeds from the sale of these limited-edition package products was donated to relevant organizations in conjunction with the "#Sofy Pink Feather fund-raising campaign" on Twitter and Instagram. In addition, Unicharm raised money at the "2019 Childcare Festa" and the "Paper Festival", both held in Shikokuchuo City, Ehime Prefecture, with donations provided to all relevant organizations.

In addition, to enable employees to be both mentally and physically healthy and to engage in highly productive activities, we designated October as Pink Ribbon Month and gave out pink ribbon badges and educational books to employees, providing our employees, their families and people close to them with the opportunity to think about breast cancer.

Active promotion of annual health checkups resulted in a 100% uptake rate in FY2019. As an early prevention measure for female breast cancer and cervical cancer, it is essential for all female employees, regardless of age, to receive gynecological checkups the costs of which are fully paid by the company.

Our subsidiary in Taiwan-Greater China sponsored the 2019 "Pink Ribbon Walk Event" held by the Formosa Cancer Foundation in May 2019. This was the eighth year we supported this event, in which 30 employees and their family members participated in order to raise awareness about the importance of breast cancer screening. Our local subsidiary in China sponsored a running event "Pink Line" in Macao in November 2019 aimed at raising awareness of breast cancer.

■ Pink Ribbon activities in each region

Japan



Pink Ribbon Smile Walk Tokyo



Pink Ribbon limited-edition products

Taiwan-Greater China



Pink Ribbon Walk Event

Participated in a gender equality exhibition

We participated in the exhibition “Too little, too late to ask ‘What is Gender Equality?’” organized by JICA(Japan International Cooperation Agency) Yokohama which was a photo and video retrospective of gender inequality issues around the world and the various efforts made to address them. We held our first menstruation education in Myanmar which we carried out in cooperation with the Myanmar government and the NPO Japanese Organization for International Cooperation in Family Planning(JOICFP).

Please see CSR Key Topic 2 for information on our initiatives in Myanmar



Activities in cooperation with consumers to consider small things that lead to better futures for children

We supported and co-sponsored Toyoshima & Co., Ltd.'s the “Orgabits Project” through “Natural Moony,” our diaper with an organic cotton surface sheet. The Orgabits Project began with the idea of contributing to the global environment through increasing the use of organic cotton “bit” by bit. By increasing the number of people who use organic cotton, organic cultivation and the number of organic cotton field increase, improving the global environment and helping the children of the future to smile.

A portion of purchase price for eligible purchased boxes of “Natural Moony” are donated to the PEACE BY PEACE COTTON PROJECT (run by the PEACE BY PEACE COTTON Foundation) through Toyoshima & Co., Ltd. The collected donations are used in India to support organic cotton farmers, encourage the spread of organic cotton use and support school attendance by the children of cotton organic farmers.

Supporting the “Panel for Life” project for the happy life of rescue dogs and cats

From October 2019, we have carried out a campaign to support “Panel for Life”, an initiative by the Christel Vie Ensemble, which is a foundation that wishes for the happiness of all pets and works to realize a society in which all living things are valued. The “Panel for Life” project installs life-sized dog and cat panels in various locations to increase awareness of the existence of rescue dogs and cats and to help those animals find their forever home.

Community-based Social Contribution Activities (Japan)

Sponsored program to gift disposable diapers upon birth registration in Kakegawa City

Since 2016, we have had a program of gifting disposable diapers for newborn babies upon birth registration in Kakegawa City, Shizuoka Prefecture, where our Shizuoka Factory is located, with the goal of promoting healthy growth of children, reducing financial burdens on child-raising families and contributing to the local region.



Sponsored program to gift disposable diapers upon birth registration in Shibushi City and Osaki Town

In November 2018, the Presentation Ceremony for Newborn Gifts at Birth Registration was held in Shibushi, Kagoshima. This is an initiative to congratulate and support child-raising families through gifting of diapers for newborns in Kagoshima Prefecture's Shibushi City and Osaki Town. These two municipalities are working with Unicharm to develop disposable diaper recycling technologies, which are essential to the future of our children.

Please see CSR Key Topic 3 for information on initiatives of disposable diaper recycling.



Sponsored program to provide disposable diapers to Shikokuchuo City

Shikoku-Chuo City is considered to be one of Japan's largest paper producing areas. Unicharm is helping to sponsor local initiatives to assist children here as part of a public-private partnership initiated by the city government. Through this initiative, families in the city raising a child below the age of one receive a childcare support voucher they can use to redeem for MamyPoko and Moony products free of charge. Unicharm actively supports the city's efforts to promote the local production and local consumption of paper products as a means to easing the burden placed on child-raising families and encouraging the healthy development of children.



Child-raising support voucher

Participation in the Childcare Festa 2019 in Shikoku-Chuo City

We participated in "Childcare Festa 2019," a child raising festival held in the city of Shikoku-Chuo in October 2019. In keeping with the city's slogan, "The Best Place to Raise a Child in Shikoku," this event provides an opportunity for parents and children to interact with one another and to promote a good childcare environment. We displayed products, operated a miniature steam locomotive, carried out awareness-raising activities for the early detection of breast cancer and raised money for the Pink Ribbon Campaign.



Supported the “Smiling Face of Ehime Child Raising Support Project” in Ehime Prefecture

With Ehime being home to many leading paper manufacturers in Japan, we are sponsoring the “Smiling Face of Ehime Child Raising Support Project,” a collaboration between the prefectural and local governments and disposable diaper manufacturers in the prefecture to support families with young children. This project offers support to families with two or more children by providing coupons valid for diaper purchases in order to reduce their economic burden.



Sponsored the ITF Unicharm Trophy EHIME International Open Tennis

As a company originating in Ehime Prefecture, since 2018 we have sponsored the ITF Unicharm Trophy EHIME International Open Tennis, a men's tennis competition recognized by the International Tennis Federation (ITF), with the aim of contributing to regional revitalization. We also provide support to junior tennis athletes reaching for the world stage through kids tennis classes taught by former professional tennis player Ms. Kimiko Date and Japan Tennis Association (JTA)-certified coaches.



Sponsored the Malaysian Badminton Team Camp in Ehime

Given that Ehime was chosen as the official training camp for the Malaysian Badminton Team in preparation for the 2020 Tokyo Olympic Games and considering that Unicharm is a company originating in Ehime Prefecture and further developing its business in Malaysia, we have been sponsoring the “Malaysian Badminton Team Camp in Ehime” since August 2018.



Donated wheelchairs to Sapporo City Council of Social Welfare

Since 2000, we have annually donated wheelchairs to the Sapporo City Council of Social Welfare in collaboration with Tsuruha Holdings, Inc. In recognition of these efforts, we were presented with a letter of appreciation in July 2019 at the “42nd Sapporo City Social Welfare Convention.” In October 2019, we donated another 20 wheelchairs for a cumulative total of 220 wheelchairs. The donated wheelchairs are being used by many facilities for the elderly in Sapporo as rental wheelchairs and for transportation services.



Products chosen as thank you gifts for making Hometown tax contributions

In collaboration with local municipal governments where our manufacturing plants reside with the hopes of revitalizing the local regions, Unicharm products have been adopted as thank you gifts to taxpayers making Hometown tax contributions in Kakegawa City, Shizuoka Prefecture; Kanonji City, Kagawa Prefecture; Tanagura Town, Fukushima Prefecture; Itami City, Hyogo Prefecture; Nabari City, Mie Prefecture and other municipalities.

Established a scholarship foundation for the development of children leading the next generation

Unicharm's President & CEO Takahisa Takahara established the Unicharm Resonance Fund in 2017 for the purpose of the development of university students and graduate students leading the next generation, particularly students interested in manufacturing, welfare and globalism, in order to achieve cohesive societies of people and pets. The foundation provides scholarships for students enrolled at universities and graduate schools in Japan for the purpose of supporting the development of human resources that will contribute to society.

[Unicharm Resonance Fund website](#)

Community-based Social Contribution Activities (Overseas)

[Vietnam] Maternal & Child Health Handbook promotion activities

Our local subsidiary in Vietnam collaborated with the Ministry of Health to raise the awareness of mother and child on health insurance by distributing 200,000 copies of the Maternal & Child Health Handbook in nine cities and prefectures.



[Vietnam] Provision of disposable diapers to vaccination centers in Vietnam

From July to December 2019, our local subsidiary in Vietnam provided 36,000 disposable diapers for babies to the visitors in the diaper changing room at the vaccination centers in Vietnam.



[Thailand] Disability support project

As a project to help people with disabilities earn income, our local subsidiary in Thailand provides a space where they can sell products.



[India] Support for women affected by major cyclone

In May 2019, a large cyclone named “Fani” made landfall in the eastern Indian state of Odisha at Puri City. The severe cyclone caused serious damages including power and water outages and communication interruptions. At the request of the Odisha State Government, our local subsidiary in India delivered 214,560 sanitary napkins to 53,640 women as relief supplies.



[India] Educational activities for disposable diaper use

Getting enough sleep is vitally important for the healthy growth of babies. Unicharm is conducting the Namaste Poko Chan Event to highlight the importance of providing an environment where babies can sleep soundly and hygienic excretion care in some cities and rural areas of India where the use of disposable diapers is still low. The event is held using a specially designed truck in open spaces in local communities to help promote awareness. With cooperation from local public health nurses, many mothers came to these events where, through short movies and interactive programs, they were able to hear explanations on the importance of sleep for mothers and babies, learn about hygienic baby care and excretion care and see how to properly use disposable diapers and absorption experiments. In 2019, several of these special trucks were used for 960 events over 240 days, with some 50,000 people attending.



[Indonesia] Educational activities for river cleanups and proper waste disposal

To solve the problem of garbage being dumped in rivers in the suburbs, our local subsidiary in Indonesia has been carrying out river cleanup activities since March 2019 in collaboration with local environmental bureaus and NGOs. Along with a donation of 20 trash cans and 20 signs noting that dumping in the river is illegal, we are raising citizen awareness about proper waste disposal and supporting the development of a waste collection system by the local government. As a manufacturer of disposable diapers, we also carry out educational activities on their proper use, such as printing instructions for appropriate disposal methods on diaper packages and carrying out education in rural areas about proper disposal.



[Indonesia] Visit to orphanages

In August 2019, employees at our local subsidiary in Indonesia visited two orphanages. The visit has been held as a part of the annual company founding commemoration event for the local subsidiary, with the goal of providing social assistance to orphaned children and promoting mutual interaction. In addition to providing a donation of disposable diapers, wet wipes and sanitary napkins, an educational event was held for girls near the age of first menstruation.



[Indonesia] Excretion care seminar for nursing care trainees

In October 2019, our local subsidiary in Indonesia conducted a joint training course for nursing care trainees on excretion care for the elderly together with OS Selnajaya Indonesia. Twenty-six trainees learned about Japanese-style excretion care, including how to use disposable diapers and how to attend to persons using them in accordance with activities of daily living (ADL) for the elderly.



[Malaysia] Donations for social welfare groups through a purchasing campaign

Our local subsidiary in Malaysia conducted a campaign with 99 Speedmart (a Malaysian retailer) to donate one ringgit to social welfare organizations for each target product sold during the campaign period.



[Taiwan-Greater China] Sponsored a senior stage show

In November 2019, our local subsidiary in Taiwan-Greater China held a stage show for seniors sponsored by Hondao Senior Citizen's Welfare Foundation to promote social participation by seniors and help them realize a healthy and enjoyable life as they continue to grow older. An amount of 65,000 RMB was donated to "Xian Jiao Bai Lao Hui 8 (仙角百老匯 8)" for the show and "Lifree Sawayaka Pads" and "Lifree Slim-fit Style Underwear" were also distributed at the venue on the day of the show.



[Taiwan-Greater China] Sponsored the Infant and Children Support Bazaar

In May 2019, our local subsidiary in Taiwan-Greater China provided products in support of a bazaar hosted by The Garden of Hope Foundation, a welfare group which fosters infants and children, and baby goods specialty store KODOMO. Ten percent of the bazaar sales and donations collected from participants will fund the living and medical expenses of these children.



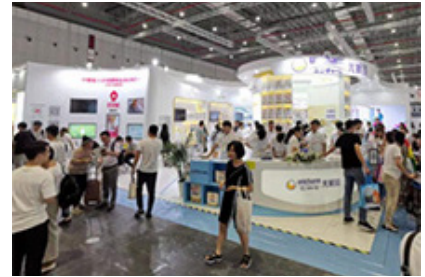
[China] Visited welfare facilities

In August 2019, our local subsidiary in China visited an elderly welfare facility in Shanghai and communicated with facility residents. An explanation of adult diapers was provided and adult diapers and daily necessities were donated. This visit has been made annually since 2011 as one of the subsidiary's local contributions in cooperation with the neighborhood association.



[China] Exhibited at the “Children Baby Maternity EXPO China”

In July 2019, our local subsidiary in China exhibited at the “CBME (Children Baby Maternity EXPO) China” in Shanghai, the largest exhibition of baby-related products in China. This was our fifth year participation and we exhibited and provided samples of our newly released 0.2 cm thin disposable diapers.



[Korea] Carried out the “SHARE PAD Campaign”

Our local subsidiary in Korea, in collaboration with the Korea Single Parent Family Welfare Facility Association, held the “SHARE PAD Campaign” to donate 1,964,252 packs of sanitary napkins and panty liners to single-parent families.



[Korea] Campaign to support low birthweight babies

In collaboration with Samsung Card's Baby Story, our local subsidiary in Korea provided 83,000 diapers for 3,000 low birthweight babies and also held a class for parents of such babies where childcare information was presented by the experts.



[USA] Exhibited at “Global Pet Expo 2019”

In March 2019, our local subsidiary in the US exhibited products with demonstrations at “Global Pet Expo 2019” in Florida which is the largest pet goods exhibition in the US. This annual exhibition showcases more than 1,000 companies from countries around the world and introduces over 3,000 new products. In 2019, a record-high 1,174 companies exhibited.



Supply Chain (Society)

Our Basic Approach and Strategy

Approach to materials procurement

Unicharm has operated the business in line with the Unicharm Group CSR Procurement Guidelines which were established in 2009 for the purpose of maintaining fair and impartial relationships with all suppliers. The guidelines incorporate provisions relating to applicable laws, human rights, industrial relations, environment and product safety such as “the abolition of child labor,” “the elimination of discrimination” and “the promotion of measures against global warming” as stated in the U.N. Global Compact.

By working closely together through mutual communication with suppliers, we are sharing and establishing an understanding of Unicharm's responsible procurement approach, philosophy, specific activities and requests for cooperation towards safety and the environment.

At our overseas locations, only rolling out best practices from Japan is not sufficient given more dramatic changes in awareness and regulations on safety and the environment. So we are also gathering information from the local market and promoting materials procurement closely in tune with local market conditions as well, and thus aiming to build business relationships that fulfill the quality, functionality, safety, environmental and service requirements of product lines in overseas markets. In addition, we are promoting procurement activities with a particular emphasis on crisis management. When starting new business transactions overseas, we make efforts to establish a sound understanding and dissemination of Unicharm's stance and approach toward procurement including compliance with laws and social imperatives and due consideration to human rights and labor and thus call for the cooperation of the partners in environmental and ethical areas.

In October 2017, we established the Basic Policy of Procurement promoted from the Unicharm Group CSR Procurement Guidelines in response to increased expectations towards the sustainability initiatives of global companies and to prevent human rights and labor problems throughout the supply chain. At the same time, the Unicharm Group Sustainable Procurement Guidelines were established as a subdivision of this Basic Policy of Procurement to express our intentions towards the prevention of child labor and forced labor, the prohibition of discrimination, the right to the freedom of association, the right to collective bargaining, reductions in excessive working hours, minimum wages, health and safety standards and the prevention of corruption. These policy and guidelines cover all business partners that conduct business with the Unicharm Group around the world, and we have worked to ensure awareness, primarily through the International Labor Standards (ILS) Promotion Group established at production subsidiary Unicharm Products Co., Ltd. However, this group changed its name to the ESG Promotion Group in 2019 with the aim of including all social difficulty issues, including the environment, and will continue promoting initiatives so that social responsibilities can be fulfilled throughout the supply chain.

We will work towards safe and secure procurement based on legal compliance going forwards so that suppliers can understand the intent of these policy and guidelines.

Basic Policy of Procurement

Basic Policy of Procurement

The Unicharm Group will make efforts to fulfill its corporate social responsibility and implement its fair and equitable corporate activities.

1. Compliance with Laws and Regulations, and Social Norms

- (1) Comply with related laws and regulations, and social norms, in purchasing activities.
- (2) Provide business partners with fair and equitable opportunities for competition in purchasing activities, regardless of nationality, size, or track record.
- (3) Require business partners to implement appropriate management of information obtained in purchasing activities.

2. Giving Due Consideration to Human Rights and Labor

- (1) Engage in purchasing activities with corporations which place importance on respect for human rights.
- (2) Engage in purchasing activities with corporations which give due consideration to the appropriateness of labor practices.
- (3) Respect the importance of engaging in purchasing activities with corporations which promote appropriate employment practices.

3. Environmental Responsibility

- (1) Value corporations which understand the importance of, and promote, environmental conservation in purchasing activities.
- (2) Emphasize environmentally friendly raw materials in purchasing activities in an effort to achieve a recycling-oriented society.

4. Procurement of Safe and Secure Products and Materials that Provide Peace of Mind

- (1) Choose products and materials for which safety has been confirmed in purchasing activities.
- (2) Choose economical and high quality materials and products in purchasing activities.
- (3) Emphasize the ability to manufacture and supply products that meet requirements in purchasing activities.

5. Development of Relationships of Mutual Trust

- (1) Cultivate a relationship and trust with business partners within the scope of social norms.
- (2) Strive to enhance business performance mutually through exchange of essential information with business partners.

■ Sustainable Procurement Guidelines**Unicharm Group Sustainable Procurement Guidelines**

These guidelines define the ethical standards that Unicharm wants all of its suppliers to adhere to, in order to help realize sustainable procurement. We expect all of our suppliers to understand and comply with the intent of these guidelines.

1. Compliance with laws and social imperatives

- 1) Legal compliance
 - Comply with laws and regulations (antitrust laws, personal information protection laws, subcontracting laws, etc.), as well as social imperatives related to individual country and region.
- 2) Fairness in transactions and prohibition of bribery
 - Comply with laws related to fair trading, fair competition and antitrust.
 - Prohibit all stakeholders from offering or accepting bribes (monetary or non-monetary benefits) and from abusing superior bargaining position.
- 3) Management and protection of information
 - Comprehensively manage and protect confidential information and build a structure that prevents information leakage.
 - Use suppliers' intellectual property rights only after concluding appropriate contracts and do not use them illegally.
 - Properly handle personal information.

2. Giving due consideration to human rights and labor (Refer to the Unicharm Group Policy on Human Rights.)

- 1) Respecting the International Bill of Human Rights and the International Labour Organization (ILO) declaration
 - Respect the International Bill of Human Rights (the Universal Declaration of Human rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights) and the ILO Declaration on Fundamental Principles and Rights at Work.
- 2) Respecting human rights
 - ① Prohibition of child labor
 - Do not employ children who do not meet the minimum age requirement. (A child is defined as any person younger than 16 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling in which case the higher age requirement applies.)
 - ② Prohibition of forced labor
 - Do not employ any form of forced or inhumane labor, hold a person in slavery or servitude or engage in human trafficking.
 - Employ only people who voluntarily wish to be employed and do not restrict their rights to freely leave their jobs.
 - ③ Prohibition of discrimination
 - In recruitment and employment, do not discriminate on the basis of race, national origin, ethnicity, gender, religion, physical impairment, etc.
- 3) Prohibition of inhumane treatment
 - Respect the human rights of employees and do not subject them to inhumane treatment such as physical abuse, physical punishment, harassment, physical oppression or sexual abuse.

4) Fair employment

① Working hours

- Comply with the working hours set forth by the local laws and regulations of individual country and region (excluding crises and emergency situations).

② Proper compensation

- Pay employees in compliance with local compensation-related laws and regulations on minimum wage, overtime work, piecework pay, etc.
- For overtime work, pay a wage premium in accordance with the local laws and regulations of the individual country and region.

③ Ensuring health and safety

- Clearly identify potentially dangerous locations related to work and take preventive actions and implement workplace safety measures.
- To prepare for emergencies, take steps such as confirming the reporting requirements in the event of an emergency, establishing rules for notifying employees and installing fire detectors.

④ Respecting freedom of unionization and the right to collective bargaining

- Do not, in any way, obstruct employees' right to form a labor union using legal and peaceful means in accordance with applicable laws.

3. Responsibility to the environment

1) Environmental conservation

① Legal compliance

- Comply with the environment-related laws and regulations of the individual country and region.
- In accordance with local laws and regulations, submit the required administrative reports when necessary and retain records.

② Control of substances that are harmful to the environment

- Control discharge of harmful substances that can cause air pollution, water quality degradation, etc.
- Control discharge of harmful substances that can cause soil contamination.
- Control discharge of waste generated during manufacturing, product usage and end-of-life disposal.

③ Promotion of resource conservation and recycling

- Strive to conserve resources, manage waste and promote recycling.
- Improve usage efficiency of energy (such as electricity and fuel).
- Strive to consume sustainable resources such as alternative energy sources.

④ Promotion of global warming countermeasures

- Identify substances that contribute to global warming, assess their emissions and retain records.
- Control discharge of substances that contribute to global warming.

2) Promoting procurement of sustainable raw materials (Refer to the Forest-derived Raw Materials Procurement Guidelines.)

- Prohibit use of illegally logged lumber.
- Do not consume natural-resource-derived raw materials such as lumber and water excessively but utilize resources in step with the cycling speed at which nature recovers.

**4. Procurement of safe and secure products and materials
(Refer to the Unicharm Group Materials Safety Guidelines.)**

1) Supplying safe materials

- Report component composition including the content of chemical substances deemed harmful by the Unicharm Group.

2) Supplying materials that are high in quality and for which the supplier has large supply capacity

- Submit safety data sheets (SDS) for materials.

Management Structure

Although Unicharm avoids various risks by closely communicating with business partners, it also implements procurement activities with a focus on crisis management in addition to communication in supply chains throughout the world in response to dramatic changes in awareness and regulations relating to human rights and the environment. In addition, Unicharm conducts a supplier risk assessment when starting new business transactions overseas to determine in advance whether it is an appropriate business partner. While regularly monitoring labor environment after business transactions are commenced, we are ready to establish a sound understanding and dissemination of Unicharm's stance and approach toward procurement including compliance with laws and social imperatives and due consideration to human rights and labor and thus call for the cooperation of the partners in environmental and ethical areas.

Moreover, the Unicharm Group aims to build a sustainable supply chain based on the “Unicharm Group Policy on Human Rights” and the “Sustainable Procurement Guidelines”. In May 2018, Unicharm Products Co., Ltd., a production subsidiary in Japan, as well as local subsidiaries in Thailand, Indonesia, Taiwan-Greater China, China, India, Saudi Arabia, Brazil and South Korea began taking part in Sedex. Sedex provides the world's biggest platform for managing risks related to labor practices (labor standards, health and safety, environment and business ethics). In July 2020, the Group as a whole will join Sedex with plans to operate the platform throughout the Unicharm Group. Ahead of joining Sedex, we have implemented regular SMETA audits* (an audit scheme provided by Sedex) at our own production sites and that of some suppliers in efforts to respect the human rights of employees and improve the working environment.

* SMETA(Sedex Members Ethical Trade Audit) is an audit scheme formulated with the aim of improving corporate ethics in global supply chains with the participation of leading global retailers and food companies.

Supplier risk assessment

For new suppliers, we ask that suppliers understand the Unicharm Group Policy on Human Rights and the Sustainable Procurement Guidelines and conduct a risk assessment using the independently developed new supplier risk assessment table. In high risk regions, we also monitor the labor environment in advance together with assessing risk.

For existing suppliers, we conduct a regular supplier assessment in accordance with the annual plan. We have established the regular Unicharm Supplier Award that commends suppliers based on the results of these assessments and the explanation of the assessment items and standards at the awards ceremony also boosts the awareness of improvements by all suppliers.

Initiatives aimed at education and penetration

The Sustainable Procurement Guidelines are distributed to suppliers and the intent of these guidelines is explained in an aim to achieve a sustainable society throughout the supply chain.

We held seminars on procurement at distribution warehouses and the factories of suppliers in addition to our plants in 2016, 2017, 2018, and 2019 for the education and penetration of the guidelines and the sharing of health and safety in the workplace. Seminars were held in nine countries (China, Thailand, Indonesia, Vietnam, India, Brazil, South Korea, Japan and Malaysia; 17 of our own plants) at 52 supplier factories for a total of 527 people.



Seminar

Labor environment monitoring initiatives

Unicharm conducts monitoring of the labor environment while cooperating with our own plants and supplier factories. Through this monitoring, it is possible to identify issues related to long working hours, occupational safety, wages and building safety and encourage efforts towards improvement. Addressing issues of long working hours at factories, if a point to note related to long working hours is discovered, the details of that point are verified and appropriate measures are taken in cooperation with factories. In particular, monitoring of the labor environment is

essential for achieving improvements in productivity and quality in an environment where the human rights of employees are respected and the safety of employees is protected.* Unicharm works towards these goals through strong partnerships with suppliers.

Monitoring is regularly conducted by external organizations before new transactions and after the commencement of transactions. This monitoring program was consolidated into the SMETA from October 2017, under which monitoring is conducted based on global standards for effective risk management.

* Please see Initiatives for details.

Regular monitoring

External auditors visit our own plants and supplier factories that Unicharm has a direct contract with, and conduct monitoring. Monitoring starts with an opening meeting and includes observation of related facilities such as the factory, cafeteria and dormitory, interviews with factory employees and the employees of associate companies on the premises, meetings with management and checks on the required documents. Lastly, a closing meeting is held and points to note confirmed in the monitoring are explained to management. At a later date, management will be requested to create an improvement report and commit to improvement.

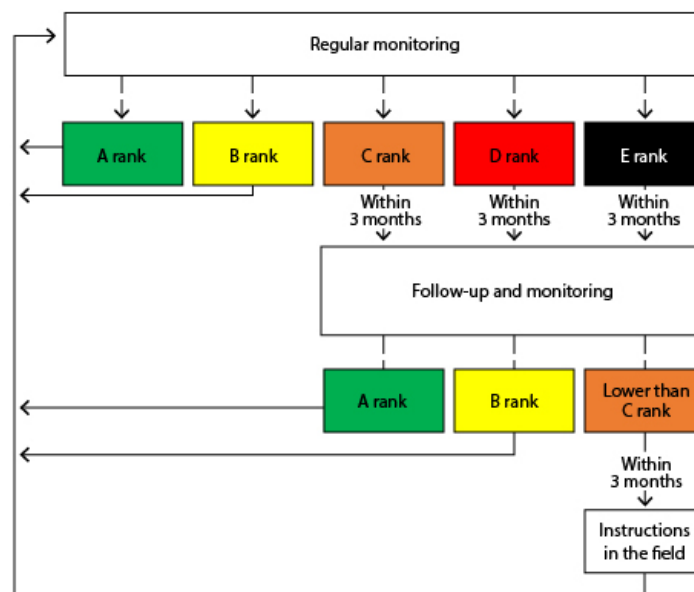
The monitoring results are scored on a 5-level ranking from A to E. If a point to note is confirmed when the rank is B to E through monitoring, Unicharm will conduct an analysis on the root cause of the problem, encourage the formulation of an appropriate improvement plan and provide support for resolution of the problem. If improvements at the factory are not made within the prescribed deadline, a visit is made to the factory and instructions are provided so that a rank of B or above can be acquired.

If a point to note is detected through monitoring, efforts are made to improve together with the factory.



Instructions in the field

Monitoring assessment framework



A rank	No point
B rank	Minor violation: There is a gap with requirements, but it has no clear impact on occupational safety, health and environmental performance
C rank	Serious violation: There is a gap with requirements of laws and regulations and it has a clear impact on occupational safety, health and environmental performance
D rank	Critical violation: There is a serious violation of requirements of laws and regulations and it may possibly and immediately threaten to human health and lives
E rank	Denial of supervision, child labour, compulsory labour

Initiatives

Implementation of human rights and labor monitoring

The Unicharm Group regularly conducts monitoring on suppliers regarding ESG using the Sustainable Procurement Guidelines for the purpose of identifying risks. It assesses the status of compliance, the labor environment (safety and health, fire safety, harassment, and discrimination), working hours, wages and employment, child labor, and environmental protection. Improvement activities are conducted together with suppliers if any risks are identified. In fiscal 2019, the Group conducted monitoring at 74 supplier plants (100% of the target). We also conducted monitoring at 12 of our own plants and associate companies on the premises of our own plants in seven countries (Japan, China, Thailand, Indonesia, India, Brazil and Vietnam). We commenced monitoring in Japan as well in fiscal 2018, and monitored three of our own plants, as well as seven supplier plants.

Examples of observations at time of monitoring (supplier plants in China and India, own plant in Brazil)

Applicable countries	Evaluation results	Non-complying item	Rectification guidance	Improvement results
China	D	Inadequate attendance records and fire safety	Onsite guidance for improvements in accordance with laws and regulations	Confirmation of improvement through second follow up audit
Brazil	B	Eye washers not installed	Guidance to install	Confirmation of installation
India	B	Installation of insufficient fire extinguishers	Guidance for installation of number in accordance with laws and regulations	Confirmation of installation

Among these, an overview of the monitoring conducted in China is as follows. We requested the monitor target company to improve discovered contents that should be improved through onsite guidance and confirmed the results.

Case of supplier facilities in China, rank D

- Regular monitoring: December 2018, rank D

Improvement request: As working hours and salary details could not be confirmed due to lack of attendance records, record using time cards was requested. Also improvement requested as inadequate fire safety was confirmed (narrow evacuation routes, locked emergency exits, some emergency lights not installed, some evacuation lights not installed).

- Follow-up monitoring: April 2019, rank D

- Onsite guidance: May and July 2019

Improvement request: As manager punched time cards and there were discrepancies between time card records and content of interviews with employees, working hours and salary details could not be confirmed, so biometric time card record that does not allow attendance record by proxy requested. Also improvement requested as inadequate fire safety confirmed again (some emergency lights not installed)

- Second follow-up monitoring: October 2019, rank B

For environmental monitoring, also see Environment > Supply Chain (Environment) > Environmental Monitoring

Implementation of Quality Policy Briefing Session

The Quality Policy Briefing Session that is regularly held for suppliers was held in November 2017. This 12th Quality Policy Briefing Session was held to provide explanations on Unicharm's management philosophy, the approach towards CSR efforts, materials quality and materials distribution, safety, environmental consideration, the approach towards supply chain management, the revised Basic Policy of Procurement and Sustainable Procurement Guidelines and the newly established Policy on Human Rights in order to share information in an aim to foster a mutual understanding of sustainable procurement and strengthen cooperative efforts.

Additionally, we are promoting quality improvement activities together with our local suppliers related to a broad range of themes involving materials through meetings with overseas subsidiaries and suppliers from various countries and regions, including the 3rd Quality Policy Briefing Session held in China in September 2014.



Quality Policy Briefing Session in Japan



Quality Policy Briefing Session in China

Initiatives to improve quality

A “Supplier Award” has been set at the Quality Policy Briefing Session to raise the motivation of suppliers towards improvement, under which suppliers are evaluated from five perspectives (stable quality, stable supply, safety, environmental burden and deliveries) and recognized for their outstanding contributions.

For the stability of materials quality, we narrow down priority themes and conduct intensive improvement with suppliers, resulting in acceleration of improvements. We will expand these efforts going forward as we work towards even further improvements in materials quality.

In addition, we regularly conduct quality audits on suppliers. In the audits, we confirm whether suppliers are in compliance with our requirements in all processes from raw materials management to shipment. If a non-complying item is discovered, we ask for the proposal of a rectification method, confirm the contents of the proposal and implementation of improvements and confirm the instilling of improvements in the next audit. We will make ongoing quality improvements in materials by repeating this cycle from auditing to the instilling of improvements.

Shareholders and Investors

Our Basic Policy on Profit Returns to Our Shareholders

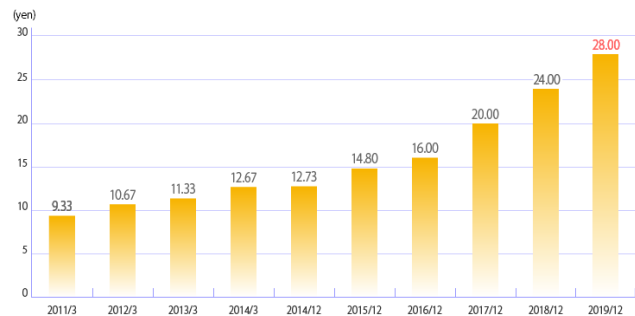
Our basic approach and strategy

The “Beliefs and Pledges’ and Corporate Principles of Action” outlined in the Unicharm Group’s Action Guidelines constitute our pledge to our shareholders which clearly state that “We pledge to distribute industry-leading returns to shareholders.” The basic guidelines for shareholder returns based upon these principles emphasize two points; investment to support business expansion in the med-long term and the continuation and stability of dividend payouts. As a result, in the fiscal year ending December 2019, the company paid an annual dividend of 28.0 yen per share, continuing to increase dividends for 18 consecutive years.

Additionally, we have bought back some 4.24 million shares worth approximately 15 billion yen in an effort to enhance the total return of shareholders.

We will continuously view shareholder return as an important management agenda and will strive to realize the distribution of industry-leading returns with continuous improvement of our business performance.

■ Dividend payout amounts



Information Disclosure for Our Investors

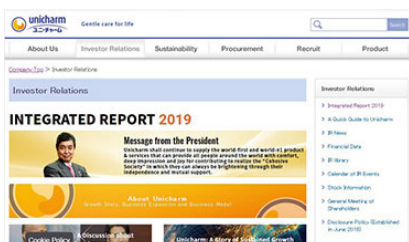
Information disclosure for our investors

We opened investor relations pages on our websites to post disclosure information including brief notes on the settlement of accounts and financial statements. At the same time, we disclose information for our overseas investors by posting important information on our English site.

Starting in FY2015, Unicharm’s integrated report was published on this website in order to introduce useful information about the company to investors in a concise and easy-to-understand manner.

We also position result briefings and overseas IR roadshow as important venues for dialogue among company executives and our investors, and strive to improve the disclosure of information in order to help investors to better understand our business activities. President Takahisa Takahara visits corporate investors in Europe and North America on an annual overseas IR roadshow where he makes an appeal for future growth by directly referencing the security of the company’s stable domestic profits in Japan and details Unicharm’s medium-to-long-term global growth potential.

Furthermore, we continue to promote dialogue through individual meetings for institutional investors and securities analysts and hold IR events such as tours of our new Kyushu factory (completed in 2019) and lectures about our ESG activities to foster greater engagement.



Information for investors on our website



Results briefing



Overseas IR roadshow



Lectures on ESG activities

Status of Inclusion in ESG Indexes

Status of inclusion in ESG indexes

Unicharm is included in all four ESG indexes selected by Japan's Government Pension Investment Fund(GPIF) for Japanese stocks.

For continued inclusion in major ESG indexes in the future, Unicharm will promote proper management that brings value to all stakeholders through its business activities and strive for the consistent improvement of corporate value by communicating appropriate business information.



Governance

Corporate Governance

Our basic approach and strategy

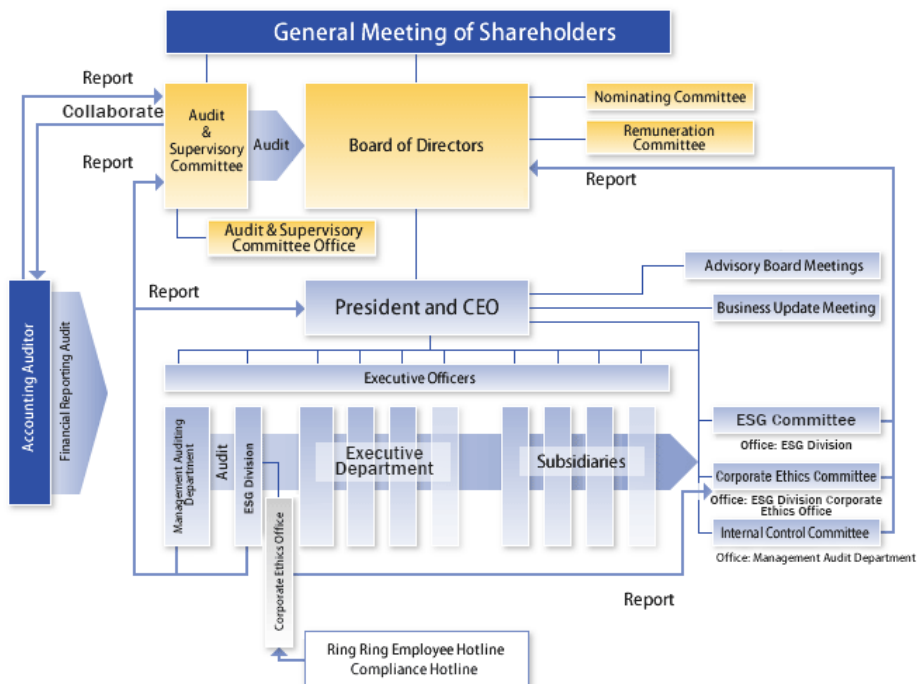
Unicharm believes that working towards sustainable growth and creation of medium-to-long term corporate value through efforts to cooperate appropriately with stakeholders and become a company supported and trusted by society leads to the “promotion of sound corporate management” through the Unicharm Ideals. In order to achieve these targets, the basic policy towards corporate governance is to achieve transparent, fair, prompt and bold management through frank and proactive engagement that will gain the support of various stakeholders, initiatives in response to ESG issues and the further development of an environment that enables appropriate decision-making by directors without missing an opportunity.

Report on Corporate Governance

Management structure

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 by strengthening the oversight function of the Board of Directors toward management and bringing outside directors into the management process to increase transparency and efficiency. 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 helped to create a corporate culture and spirit based on compliance, appropriate collaborative relationships with stakeholders and sound business ethics.

■ Corporate Governance Structure (as of January 1, 2020)



ESG Promotion Structure of the Unicharm Group

Development of our internal control system

Unicharm 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 Unicharm Group company, 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.

Directors' remuneration

For information on directors' remuneration, please see Unicharm's Report on Corporate Governance.

Implementation status of the Board of Directors and Committees

In FY2019, the Board of Directors met 10 times and the Audit & Supervisory Committee met 13 times. The attendance rate was 98.6% for meetings of the Board of Directors and 100% for meetings of the Audit & Supervisory Committee. The attendance rate for Outside Board Directors and for Outside Audit & Supervisory Committee Members was 100% in both cases.

Selection Standards for Independent Directors

The selection standards for Independent Directors are indicated below.

Selection Standards for Independent Directors

Compliance

Our basic approach and strategy

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”. Unicharm has created a booklet called The Unicharm Way which includes the Group’s Code of Conduct and other important compliance documents. Having been approved by the Board of Directors, The Unicharm Way has been distributed to and shared with everyone working at Unicharm Group companies, both within and outside Japan. It 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 and the Articles of Incorporation. In addition, Unicharm works to prevent acts that would lead to corruption including bribery, excessive entertainment and gifts through corporate activities, improper political contributions and insider trading, and to ensure compliance with labor standards. The President & CEO and executives continue to communicate the spirit set forth in The Unicharm Way to employees around the world in an effort to improve and instill an awareness of corporate ethics and ensure that all corporate activities are based on compliance.

Management structure

The “CSR Committee,” established by Unicharm in 2005 for the purpose of monitoring all activities related to social responsibility centered around a framework of quality, safety and the environment, has been restructured and renamed the “ESG Committee” as of January 2020. The “ESG Committee” ensures the legality, fairness and soundness of corporate activities. The “Compliance Hotline” has been established as a consultation and whistle-blowing contact point for violations of laws and regulations, internal regulations and major corporate ethics while the “Ring-Ring Employee Hotline” has been established for problems in the workplace such as internal harassment acts and human relationship issues as part of efforts to develop and enhance the compliance structure. A Corporate Ethics Office has been established within the ESG Division as the contact point for the management of these bodies and, when a serious problem occurs, the Representative Director who serves as the chairman convenes a “Corporate Ethics Committee” with the standing members of the deputy chairman(Director & Vice President) and members of the Audit and Supervisory Committee to resolve the issue; the “Corporate Ethics Committee” reports annually to the Board of Directors on the action that it has taken and the Committee’s effectiveness is periodically assessed. In addition, in order to conduct audits on whether business execution in each division is being conducted appropriately in accordance with laws, regulations, etc. and to provide advice as necessary, an Internal Audit Division that is independent from each business execution division and directly supervised by the President & CEO has been established and it conducts internal audits on all Group companies.

In addition, the Board of Directors has established policies and is promoting efforts to prevent all forms of corruption including demands and bribery and such efforts are also being conducted at related departments. In addition, the Sustainable Procurement Guidelines that aim to maintain fair relationships and prevent acts of corruption in transactions with suppliers clearly indicate the necessity of compliance with laws, regulations and social norms and fair trade as well as the prohibition of bribery and kickbacks, and promote the comprehensive prevention of corruption in transactions.

Whistle-blowing system

The “Compliance Hotline” has been established for Group employees, both within and outside Japan, including contract employees, as a consultation and whistle-blowing contact point in anonymity for violation of laws and regulations, violation of internal regulations and acts of corruption such as the taking and receiving of bribes etc. or major corporate ethics violations, while the “Ring-Ring Employee Hotline” has been established for problems in the workplace such as internal harassment acts and human relationship issues. Unicharm has also put in place a system that makes it easy for employees and their families to consult with external organizations. The privacy of employees who use this system is respected and every effort possible is made to ensure that whistle-blowers are protected from harm; in addition, if it becomes necessary to involve a third party, the whistle-blower’s consent to this will be sought. 51 consultations (none of these related to compliance violations; there were four consultations regarding labor standards) were responded to in FY2019.

We also set up and operate similar hotlines at our local subsidiaries in China and Thailand.

Initiatives to raise compliance awareness

The Unicharm Group Action Guidelines in The Unicharm Way that is distributed to all Group employee states the laws and regulations that should be taken into consideration in order to achieve our pledge to each stakeholder and aims to improve awareness of compliance in relation to issues such as corruption prevention. In addition, monitoring is conducted every year through an employee awareness survey.

● From the Unicharm Group Action Guidelines

To achieve our pledge to business partners (excerpt)

Prevention of unfair competition

We will always respond sincerely to business partners as we cooperate towards mutual growth in mutually prosperous relationships with them.

1. We will not acquire or use the business secrets of other companies through unauthorized methods for whatever reason.
2. In addition to not using any slanderous or fictitious expressions towards competitors, we will not use any expressions that could cause a misunderstanding.
3. We will provide entertainment and gifts to business partners within the scope of the general common sense. Entertainment and gifts will not be provided to any public officials or equivalent parties. We will not provide payments (facilitating payments) to facilitate public procedures.

In addition, an ESG executive responsible for legal affairs will be specified at the insider information management administrator in the Insider Trading Prevention Regulations in an effort to prevent illegal acts. Transactions with a high level of risk that are similar to insider trading are prohibited as a general rule. In addition, it is obligatory to submit a trade notice for Unicharm's shares, etc. every time treasury shares are sold and cautionary information is released as appropriate that sets specific limits on trades of Unicharm's shares in consideration of circumstances including the positions and departments of executives and employees.

Compliance training and education

In order to raise the awareness of executives and employees towards compliance with laws and regulations, etc. and prevent the occurrence of compliance problems, compliance themes are incorporated into the learning curriculum in trainings for new employees and employees posted overseas and the Legal Department and Accounting Control & Finance Division hold compliance study session for directors and executive officers several times a year. Through this training, efforts are made to thoroughly instill awareness on matters such as prohibitions on the taking and receiving of bribes and facilitating payments to public officials and the importance of compliance with antitrust laws. In addition, compliance-related courses have been incorporated into e-learning targeting all employees. The status of participation in these courses is monitored in an effort to ensure participation and instill understanding. Furthermore, quizzes related to legal knowledge are regularly posted on the internal intranet in an effort to spread awareness to ensure that employees do not unintentionally violate the law by introducing cases that can lead to misunderstandings.

Risk Management

Our basic approach and strategy

Unicharm pledges to continuously improve corporate value through global business activities and to sincerely conduct business activities in order to gain the trust of all stakeholders including customers, shareholders, business partners and local communities. In order to achieve this, Unicharm has established the Unicharm Ideals, the Five Great Pillars and Associate Principles of Action, the Beliefs and Pledges and Corporate Principles of Action and the Unicharm Group's Action Guidelines.

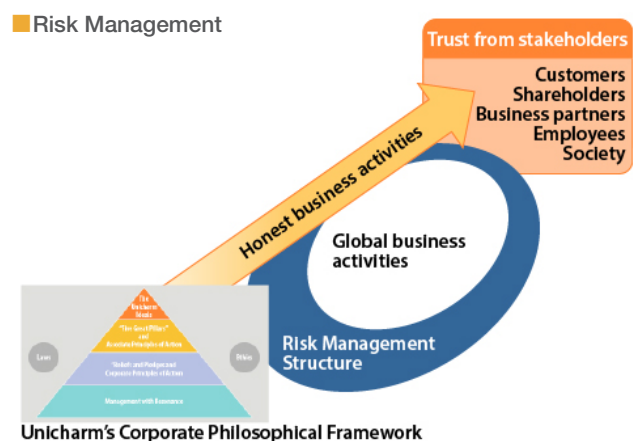
Gaining an appropriate understanding of the various risks that could have an effect to the realization of these objectives and preventing and minimizing the impact of such risks when they occur are positioned as important management issues. The Group has established a risk management system for the entire group that is implemented while continuously reviewing and improving ESG risk management.

In addition to overseeing the code of conduct and code of ethics, the Board of Directors also analyzes and evaluates major ESG risks that are reported from each unit leader in order to deliberate and decide on improvement measures, while members on the Audit and Supervisory Committee fulfill their roles by implementing various audits during their statutory term of office.

In addition, the ESG Committee learns about the importance of crisis management based on the theme of risk management. The main items that could become a business risk have been defined as follows and are deliberated by the ESG Committee.

Major risks of ESG

1. Risks related to the sales environment in conditions of intense competition
2. Risks related to the population structure
3. Overseas business risk
4. Raw materials price fluctuation risks
5. Risks related to the reliability of products
6. Risks relating to legal compliance violations
7. Risks related to intellectual property including patents and trademarks
8. Risks related to environmental problems
9. Risks related to climate change
10. Risks related to disasters and accidents
11. Risks related to acquisition, partnership, business consolidation, etc.
12. Information leakage risks



For the management of these risks, Unicharm uses the ISO framework that also incorporates quality and environmental risks as important business risks as a manufacturer. In addition, individual management is conducted for risks including business continuity at the time of disasters.

Primary reference frameworks

· COSO · ISO9001 · ISO14001 · ISO10002 · ISO13485 · ISO14971

Management structure

Chaired by the Representative Director and the Director & Vice President acting as deputy chair, the “ESG Committee” is a cross-functional organization which considers sharing risk management issues and measures to be one of the important themes that need to be addressed. The themes deliberated by the ESG Committee and their results are reported to the Board of Directors by the head of the ESG Division, while supervision of risk management is implemented by directors and members of the Audit and Supervisory Committee.

In addition, the Unicharm Group Action Guidelines have been established as action guidelines for actions by employees in recognition of major risks including the prohibition of insider trading, compliance with antitrust laws, the elimination of child labor and forced labor and the protection of personal information. In response to risks of corruption that have a high probability of occurring in society including insider trading and bribery, efforts are made

to prevent corruption that include the provision of cautionary information to employees on insider trading using the internal intranet, training for employees posted overseas and the provision of cautionary information through e-learning as strengthened compliance training for employees engaged in operations in regional business activities are conducted, as well as the implementation of internal audits.

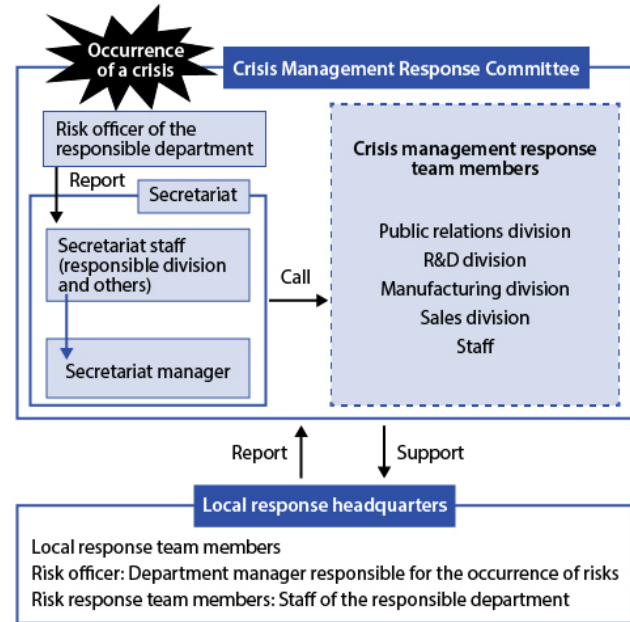
ESG Promotion Structure of the Unicharm Group

Response to the occurrence of ESG risks

If a major crisis occurs, a Crisis Management Response Committee will be established and endeavor to respond quickly and appropriately and achieve a prompt recovery based on the Crisis Communication Manual established as a regulation related to crisis management.

An emergency in which the above risks are realized is considered a crisis and Unicharm positions the 12 items below as major crises. When such a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation swiftly and accurately in accordance with the Crisis Communication Manual, working to prevent the expansion of damage and communicating appropriately with stakeholders. A handy manual has been distributed to every employee for the purpose of responding promptly when an ESG risk has emerged and a crisis has occurred. In addition, a structure has been established to respond to risks by the Crisis Management Response Committee in cooperation with internal related departments.

■ Diagram of structure in response to occurrence of a crisis



Major crises

1. Quality
2. Environment
3. Representations
4. Occupational safety
5. Human rights
6. Supplier/vendor related
7. Top/executives related
8. Disaster
9. Information accidents
10. Reputational damage
11. Pandemics
12. Disputes/political changes

Rigorous information security

To ensure rigorous information security, Unicharm 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 and Specific Personal Information Handling 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. 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.

Meanwhile, as a physical measure to prevent against information leaks through the loss or theft of devices, we completed the adoption of PCs that cannot store data, the development of a cloud environment in which data and systems can only be used on a server and the creation of an environment in which systems can be used anywhere, at any time, without needing to take office PCs out of company premises, thereby making it possible to impose restrictions on taking office PCs out of the office.

Protecting intellectual property

The Intellectual Property Division centralizes the management of the Unicharm Group's intellectual property assets and formulates and executes intellectual property strategies linked to Unicharm's business and development strategies in an aim to put in practice an IP landscape in which intellectual property is useful for management decision making.

As a patent application strategy, we intend to protect and utilize business and development results, 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 72.3%(2016) and the registration rate for Japanese patents at 96.8%(2018) (data taken from the “Patent Administration’s Annual Report 2019”). In addition, as Unicharm is focusing on the development of environment-friendly products and technologies, we have acquired patents related to technologies for ozone treatment in obtaining sanitary and safe high-quality pulp from used disposable diapers and patents related to treatment for cleaning used disposable diapers in reducing environmental impact in FY2019. Going forward, Unicharm will work to protect and use intellectual property at the same time as the development of technologies for practical application. Meanwhile, Unicharm has applied for and secured trademarks that protect the Group’s brands in more than 160 countries and regions around the world and we are also protecting our rights to proprietary packaging.

As part of our efforts to build and strengthen our intellectual property portfolio in Japan and overseas, we actively use the Japan Patent Office’s “Patent Prosecution Highway Program” in order to raise the quality of our intellectual property rights, as well as work on acquiring rights such as sound trademarks in China, Taiwan-Greater China, Korea and Thailand.

Unicharm also takes a firm stance on protecting its intellectual property rights, including filing lawsuits against their infringements or unauthorized use. Its IP division closely cooperates with business and product development divisions as well as overseas subsidiaries and works with local governments to eliminate unauthorized and counterfeit products in Japan and overseas such as Asia, the Middle East and Africa and online in e-commerce. 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 and Asia.

Business Continuity Plan (BCP*)

Unicharm has been strengthening risk management since fiscal 2005. We have formulated a business continuity plan (BCP) to help us prepare for a major emergency that could occur in Japan such as an earthquake directly underneath Tokyo or a large-scale interconnected earthquake involving the Tokai, Tonankai and Nankai plates. We have assumed the scenario of an earthquake (intensity of approximately upper 6) with an epicenter under the Tokyo metropolitan area in an area that includes the head office, adjacent plants and sales offices, and we have prepared impact assessments and damage assumptions, etc., considered alternative measures and established organization structures and backup structures to ensure the safety of employees and their families and continue business if an actual emergency occurs, and conducted ongoing evacuation drills assuming the occurrence of such an emergency based on this scenario.

Main overview of the business continuity plan (BCP)

- (1) Basic requirements
 - Basic policy
 - Assumed risks
 - Impact assessment
 - Assumed damage
 - Main elements
- (2) Confirmation of safety and well-being of employees and their family members
 - Ensuring and saving lives
- (3) Concrete measures for business continuity
 - Organizational structure and command structure
 - Securing important bases
 - External information dissemination and information sharing
 - Backup
 - Provision of products and services
- (4) Important items that should be supported along with business continuity
 - Cooperation with and contributing to the community

災害対策 pocket manual

日本国内勤務者用

【行動理念】

人命の尊重を最優先とした自律・公益を行動理念とし、以下の事項のとおり基本方針を定める。

- (1) 社員及びその家族の健康・安全を最優先とする。
- (2) お客様・お得意先・お取引先への影響を最小限に留める。
- (3) 業務の早期復旧と継続を図り、商品・serviceを提供する。
- (4) 地域への二次災害の防止を図るとともに地域の被災対応への支援を行う。

- 1 -

Disaster response pocket manual

(5) Measures necessary for implementing the business continuity plan (BCP)

- Education and training
- Inspections, corrective action and reviews

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 distribute a disaster response pocket manual for immediate reference during an emergency to all employees. We have put systems in place that allow us to contact employees using smartphones, which they must carry at all times, to help 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 and 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. Since 2017, we have conducted ongoing training and drills including drills assuming the nighttime evacuation of production bases. Going forward, we will develop systems for responding to all incidents that can be assumed by strengthening risk countermeasures on a global level that incorporate risks such as uprisings or terrorism overseas.

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



Crisis response training

Drills assuming the nighttime evacuation
(Shizuoka Plant)

Survival course at the head office

Operation of a smart factory in Kyushu that aims to effectively integrate people, knowhow and equipment

In March 2019, the Group's first smart factory, Kyushu Plant began operation. The plant, designed to integrate “people, knowhow and equipment”, adopts Internet of Things(IoT) technology that permits communication of factory on-site data in a timely manner, which is capable of enhanced levels of safety and productivity. In terms of environmental protection, the new plant features over 70 energy-saving machines that help to reduce carbon dioxide emissions. With regard to reducing water consumption, by switching over from water-cooled equipment to air-cooled equipment for the plant's ancillary equipment, the plant has succeeded in reducing the amount of waste water discharged to zero. In addition, by adopting driverless transporter vehicles and robots, we have “automated”* the movement of heavy items within the plant and related materials supply operations, thereby reducing the amount of effort that workers need to exert and enhancing efficiency.

We have secured a supply system in addressing potential risks associated as Unicharm's main production facilities in Japan are located in Fukushima, Shizuoka and Shikoku, which means that they are at risk of being damaged in the event of a major earthquake occurring in the Nankai Trough(it is anticipated that an earthquake of this type could cause serious damage in Western Honshu and in the Chubu region). In the future, we will move ahead with ways to extend the adoption of smart technologies to our existing plants and realize effective business continuity planning(BCP) through our new production system which effectively diversifies risks.

* “Automation” is a form of automation that aims to integrate the expert skills and knowhow that human workers possess with digital technology.



Risk management information website

In FY2017, we added a Risk Management Information Website to our corporate Intranet, focused on potential risks to the lives of Unicharm employees working within and outside Japan. The site specifies clear guidelines and criteria for responding to natural disasters, pandemics, occupational accidents, large-scale equipment-related accidents (all of the above are defined as safety risks), kidnapping, intrusion into and damaging of company facilities, terrorist attacks, riots, coups d'état and civil war. Information provided by Ministry of Foreign Affairs of Japan and by a risk management company that we have contracted with for this service is updated on a daily basis and, in FY2019, we compiled “Domestic Natural Disaster Response Manual” and “Headquarters Special Organized Crime Response Manual” and added pages to the various manuals included in our corporate Intranet as we continue to strive to keep up with current environmental changes and information concerning safety.



Tax Compliance

Basic approach and policy

The Unicharm Group recognizes the appropriate payment of taxes in compliance with the tax laws of each country and region around the world as its basic policy. Based on this recognition, the Unicharm Group has established the “Unicharm Group Tax Regulations” which aims to establish a balanced, company-wide tax management system as well as maintain and enhance our tax compliance with the following efforts in place.

1. Compliance with tax laws

The Unicharm Group complies with applicable laws, files tax returns and pays taxes appropriately in the countries and regions where we conduct business. To ensure the appropriateness of subsequent tax management, decisions on important transactions inside and outside of Japan are made based on approval after consultation with the director in charge of accounting following confirmation of treatment in tax law. Moreover, the Unicharm Group has established, developed and appropriately implemented an internal control system that can ensure appropriate accounting treatment and financial reports. The effectiveness of this system is evaluated and confirmed through audits by the accounting auditor and the Audit and Supervisory Committee.

In addition, we use expert third-party tax advisors effectively and efficiently to maintain tax compliance. During tax inquiries, the director in charge of accounting reports progress and results to the Representative Director & President along with the Audit & Supervisory Committee as needed, in an effort to enhance the entire Group's tax compliance.

2. Relationships with tax authorities

Tax information, etc. is provided in an appropriate and timely manner to tax authorities and efforts are made to improve transparency through advance queries on tax processing as necessary, to create sincere and positive trust relationships with tax authorities and to reduce tax risk. We also aim to provide top priority cooperation when it comes to tax inquiries through open and honest correspondence with inspectors in facilitating the process.

3. Support for the BEPS project

Recognizing the purpose of the BEPS (Base Erosion and Profit Shifting) Project by the OECD (Organization for Economic Cooperation and Development), the Unicharm Group pays special attention to ensure transactions are conducted for legitimate business purpose and real business activities and ensures that appropriate taxes are paid in the appropriate region in order to prevent the transfer of tax sources to so-called tax havens (countries or regions with no taxes or low taxes) for the purpose of excess tax savings.

In addition, “transfer pricing regulations” have been established for the Unicharm Group in order to comply with the tax laws of each country and region and the OECD Guidelines on transactions between the Group companies and, based on Arm's Length Principle, we work to achieve an appropriate allocation of global income in accordance with the contribution of each Group company while taking into consideration arm's length prices. Moreover, we apply, as necessary, for qualification for bilateral Advance Pricing Agreements in order to prevent dual taxation as a result of the transfer pricing regulation.

Third Party Assurance Report

We obtained third party assurance of Unicharm's "Sustainability Report 2020". The details are found below.



This English language report is a translation of the original Independent Practitioner's Limited Assurance Report in Japanese for reader's convenience.

Independent Practitioner's Limited Assurance Report on Unicharm Group's Sustainability Report

April 7, 2020

To: Mr. Takahisa Takahara, President and CEO
Unicharm Corporation

PricewaterhouseCoopers Sustainability LLC
Otemachi Park Building,
1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

We have undertaken a limited assurance engagement of the information marked (㊟) (hereafter the "Selected Information") in the Unicharm Group's Sustainability Report 2020 (hereafter the "Report") for the year ended December 31, 2019.

We have not performed any procedures with respect to other information in the Report and, therefore, no conclusion is expressed on such information.

Management's responsibilities

Unicharm Corporation (hereafter the "Company") is responsible for the preparation of the Selected Information in accordance with the Company's policies and standards (hereafter "Reporting Criteria"), which is applied as explained in the footnotes of the Report. The Company's responsibility includes the design, implementation and maintenance of internal control, relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

In accordance with the International Standard on Quality Control, we maintain a comprehensive system of quality control including documented policies and procedures with respect to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Understanding reporting and measurement methodologies

The absence of a significant body of established practice on which to base the evaluation and measurement of non-financial information allows for different, but acceptable, measurement techniques. The nature of non-financial information, and the techniques and precision used to determine and evaluate it, can result in materially different measurements. This may affect comparability between different entities and periods of time. The Selected Information, therefore, should be read and understood together with the Reporting Criteria¹. The Reporting Criteria used is applicable as at December 31, 2019.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained. Depending on the type of information, we conducted our limited assurance engagement in accordance with:

- International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") for CO₂ emission information.
- International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits and Reviews of Historical Financial Information ("ISAE 3000" revised December 2013) for other information in the Selected Information.

These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling information with underlying records. The details are as follows:

- inquiry with relevant the Company's management;
 - evaluating the suitability of the Reporting Criteria as the basis for preparing the Selected Information;
 - evaluating the overall presentation of the Selected Information;
 - evaluating the design of the key processes and controls for managing, recording and reporting the Selected Information. This included visiting the four manufacturing sites listed below and one corporate office selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information; and
- Unicharm Corporation (Mie Factory), Unicharm Consumer Products (China) Co., Ltd. (Tianjin Factory), Unicharm Nonwoven Tianjin, Unicharm Packaging Materials (Tianjin) Co., Ltd.
- performing limited testing on a selective basis of the Selected Information at the corporate office and in relation to twenty-six manufacturing sites to check that data had been appropriately measured, recorded, collated and reported.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Selected Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information in this report for the year ended December 31, 2019 is not prepared, in all material respects, in accordance with the Reporting Criteria.

¹ The maintenance and integrity of the Company's website is the responsibility of the Company's management. Our engagement did not consider matters relating to the maintenance and integrity of the Company's website. Accordingly, we accept no responsibility for any errors or changes to Selected Information or Reporting Criteria when presented on the website.

List of Awards and Commendations Received in Fiscal 2019

A list of recognition from third parties we received in 2019:

Month and year	Name and description	Implementing organization	Recipient
January 2019	Received Excellence Award in 7th "Corporate Value Improvement Award"	Tokyo Stock Exchange	Unicharm Corporation
January 2019	Received Gold Award in disposable diaper division of "Mother & Baby Award 2018" with "MamyPoko Pants" for third year in a row	Mother & Baby Magazine, a monthly magazine in India	Unicharm India Private Ltd. (India)
February 2019	Received "Goods of the Topic Award" with "Sophy Center-in Happy Catch" at the "31st Goods of the Big-Hit & Topic Awards"	Drug Magazine Co., Ltd.	Unicharm Corporation
February 2019	Recognized under 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)	Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi	Unicharm Corporation
February 2019	Received "Consumer-Oriented Activities Award" in recognition of the "Tiny Lives Support Project" at the 4th ACAP "Consumer-Oriented Activities Awards"	the Association of Consumer Affairs Professionals (ACAP)	Unicharm Corporation
February 2019	"Japan's Best Global Brands 2019", Brand Value Ranking: 22nd	Interbrand	Unicharm Corporation
February 2019	Toyo Keizai "13th CSR Company Rankings 2019": 54th	Toyo Keizai Inc	Unicharm Corporation
February 2019	Fiscal 2018 Top 100 Company in Shanghai Qingpu	Shanghai, Qingpu Municipal People's Government	Uni-Charm Consumer Product (China) Co., Ltd. (China)
February 2019	Fiscal 2018 Top 20 Tax Paying Company in Shanghai Qingpu	Shanghai Qingpu Industrial Park Management Committee	Uni-Charm Consumer Product (China) Co., Ltd. (China)
March 2019	Ranked first in Word of Mouth Grand Prize for "Silcot Antibacterial Wet Tissues Non-Alcohol" in the antibacterial sheet category, "MoonyMan Air Fit" in the disposable baby pant-type diaper category and "Moony Baby Wipes Soft" in the baby wipes category at the "Mamari Word of Mouth Award 2019 Spring"	Mamari	Unicharm Corporation
March 2019	Received first place for "MoonyMan Air Fit" in the disposable baby diaper division, pants-type diapers in the "10th Tamahiyo Baby Goods Awards 2019"	Benesse Corporation	Unicharm Corporation
March 2019	Received "Environmental Governance Award 2018"	Industrial Estate Authority of Thailand	Uni-Charm (Thailand) Co., Ltd. (Thailand)
April 2019	Selected for "2019 Competitive IT Strategy Company Stock Selection"	Ministry of Economy, Trade and Industry/Tokyo Stock Exchange	Unicharm Corporation
May 2019	Received "BEST BRAND of FMCG (Fast Moving Consumer Goods) 2018" at "Shopee Conference 2019"	Shopee	Diana Unicharm Joint Stock Company (Vietnam)
June 2019	Received award for "Mamy Poko" in the disposable baby diaper category and for "Sofy" in the sanitary goods category at the "Motherhood Choice Award 2019"	Motherhood	Uni-Charm Malaysia (Malaysia)
July 2019	Received letter of appreciation for continued donation of wheelchairs at the "42nd Sapporo City Social Welfare Conference"	Sapporo City	TSURUHA Holdings, Inc. Unicharm Corporation
August 2019	President Takahisa Takahara received "Corporate Communication Management Award" at the 35th Corporate Communication Awards	Keizai Koho Center, Japan Institute for Social and Economic Affairs	Unicharm Corporation
August 2019	Received "Gold Class" in the general category at the "SUSTAINA ESG AWARDS 2019"	SUSTAINA JAPAN Inc.	Unicharm Corporation
August 2019	Ranked first in the "litter tray manufacturer and litter manufacturer categories" in the Cats' Feelings: Users' Choice Rankings for Popular Items 2019"	Benesse Corporation	Unicharm Corporation
September 2019	Former director and founder the late Keiichiro Takahara received a "Special Sports Service Award" at the Ehime Culture & Sports with Smile Awards in honor of service in contributing to the development of sport in Ehime Prefecture	Ehime Prefecture	Unicharm Corporation
October 2019	Ranked first in Word of Mouth Grand Prize for "MoonyMan Air Fit" in the pant-type disposable diaper category at the "Mamari Word of Mouth Award 2019 Fall"	Mamari	Unicharm Corporation
October 2019	Received "Good Design Award 2019" for "Natural Moony" and "Moony Air Fit"	Japan Institute of Design Promotion	Unicharm Corporation
October 2019	Received a "Mamatas Award" for "Wave" in the convenient housework category at the "Mamatas Awards 2019 Fall"	Mamatas	Unicharm Corporation
October 2019	Received a "Reader's Choice Award" for "MamyPoko" in the best baby diaper category at "Mother & Baby Fair"	"Mother & Baby Magazine Indonesia"	PT Uni-Charm Indonesia (Indonesia)
October 2019	President Takahisa Takahara ranked 72nd in The CEO 100, "The Best-Performing CEOs in the World 2020" and 10th in the daily commodity industry in the "Harvard Business Review"	"Harvard Business Review", a U.S. business management journal	Unicharm Corporation
November 2019	Received "Best Partner Award" in "Mother & Baby Category 2019" at "11.11 Mega Seller Conference" for fourth year in a row	Lazada	Diana Unicharm Joint Stock Company (Vietnam)
December 2019	Received four-stars in the 1st "Nikkei SDGs Management Survey"	Nihon Keizai Shimbun	Unicharm Corporation
December 2019	Jointly received the "Minister of Economy, Trade and Industry Award" in recognition of reducing impact of environment and retail store operations through joint delivery of storefront sales promotional materials at the "Green Logistics Partnership Conference, Excellent Logistics Commendation Program 2019"	Ministry of Economy,	Shiseido Company, Limited, Lion Corporation, Tracom Co., Ltd., Hitachi Distribution Software Co., Ltd., Unicharm Corporation

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Chapter Title	Topic	Web version	PDF version
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	Primary Consolidated Subsidiaries and Affiliates		●
	Production and Sales Areas		●
	Main Business Indicators		●
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	Contents	●	●
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Unicharm Group's Sustainability	Our basic approach and strategy	●	●
	Management Structure	●	●
	Reference Framework for Unicharm's CSR strategy	●	●
	Communicating with Stakeholders	●	●
CSR Key Topics	1. Lengthening Healthy Life Expectancy	●	●
	2. Supporting Women's Independence and Improving Hygiene	●	●
	3. Contributing to Global Environment	●	●
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	Climate Change	●	●
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Chapter Title	Topic	Web version	PDF version
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Local Communities	Our Attitude toward Social Contribution and its Structures	●	●
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Shareholders and Investors	Our Basic Policy on Profit Returns to Our Shareholders	●	●
	Information Disclosure for Our Investors	●	●
	Status of Inclusion in ESG Indexes	●	●
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	Compliance	●	●
	Risk Management	●	●
	Tax Compliance	●	●
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List of Awards and Commendations Received in Fiscal 2019		●	●
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GRI Standard Comparison Table

This cross-referencing table shows how the content of the 2018 CSR Report corresponds to the GRI Sustainability Reporting Guidelines, and also shows where individual items are located within the company's website.

GRI Items	Contents of GRI Index	Page to Refer
GRI102: General Disclosures 2016		
1. Organizational profile		
102-1	Name of the organization	Company Profile
102-2	Activities, brands, products, and services	Integrated Report 2019: Unicharm's Business Development
102-3	Location of headquarters	Company Profile
102-4	Location of operations	Overseas Operations Offices and Group Companies
102-5	Ownership and legal form	Company Profile
102-6	Markets served	Overseas Operations Offices and Group Companies
102-7	Scale of the organization	Financial Data Human Resources Data Offices and Group Companies
102-8	Information on employees and other workers	Human Resources Data
102-9	Supply chain	Supply Chain (Society) Supply Chain (Environment)
102-10	Significant changes to the organization and its supply chain	Not applicable
102-11	Precautionary Principle or approach	Business Continuity Plan Pollution Prevention and Resource Utilization Forest-derived Raw Materials Procurement Guidelines Approach to Materials Procurement Climate Change > Our basic approach and strategy > Background and approach of TCFD initiatives
102-12	External initiatives	Reference framework for Unicharm's CSR strategy Initiatives of the Japan Business Initiative for Biodiversity (JBIB) Promoting Environmentally-Friendly Supply Chain Management Climate Change > Our basic approach and strategy > Background and approach of TCFD initiatives
102-13	Membership of associations	Reference framework for Unicharm's CSR strategy Initiatives of the Japan Business Initiative for Biodiversity (JBIB) Promoting Environmentally-Friendly Supply Chain Management
2. Strategy		
102-14	Statement from senior decision-maker	Message from the President Message from Management
102-15	Key impacts, risks, and opportunities	Risk Management Unicharm Group's Sustainability CSR Key Topic 1: Lengthening Healthy Life Expectancy CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene CSR Key Topic 3: Contributing to the Global Environment CSR Key Topic 4: Contributing to the Community
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Unicharm Group's Sustainability View Concerning Human Resources Human rights Compliance
102-17	Mechanisms for advice and concerns about ethics	Compliance
4. Governance		
102-18	Governance structure	Corporate Governance Corporate Governance Report ESG promotional structure
102-19	Delegating authority	ESG promotional structure Corporate Governance > Management structure
102-20	Executive-level responsibility for economic, environmental, and social topics	ESG promotional structure Corporate Governance > Management structure
102-21	Consulting stakeholders on economic, environmental, and social topics	Unicharm Group's Sustainability Communicating with stakeholders Meetings with stakeholders to exchange views during the formulation process of "Environmental Goals 2030" Initiatives to expand FSC certification (co-sponsoring Forest Week) Engaging with stakeholders on human rights

GRI Items	Contents of GRI Index	Page to Refer
102-22	Composition of the highest governance body and its committees	Corporate Governance Corporate Governance Report ESG promotional structure
102-23	Chair of the highest governance body	Corporate Governance
102-24	Nominating and selecting the highest governance body	Corporate Governance Corporate Governance Report
102-25	Conflicts of interest	Corporate Governance Report
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance ESG promotional structure
102-27	Collective knowledge of highest governance body	Corporate Governance ESG promotional structure
102-28	Evaluating the highest governance body's performance	ESG promotional structure
102-29	Identifying and managing economic, environmental, and social impacts	Unicharm Group's Sustainability
102-30	Effectiveness of risk management processes	ESG promotional structure
102-31	Review of economic, environmental, and social topics	ESG promotional structure
102-32	Highest governance body's role in sustainability reporting	ESG promotional structure
102-33	Communicating critical concerns	ESG promotional structure Response to the occurrence of ESG risks
102-34	Nature and total number of critical concerns	Not applicable
102-35	Remuneration policies	Corporate Governance Report
102-36	Process for determining remuneration	Corporate Governance Report
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
5. Stakeholder engagement		
102-40	List of stakeholder groups	Communicating with stakeholders
102-41	Collective bargaining agreements	Human Resources Data
102-42	Identifying and selecting stakeholders	Communicating with stakeholders
102-43	Approach to stakeholder engagement	Communicating with stakeholders Meetings with stakeholders to exchange views during the formulation process of "Environmental Goals 2030" Engaging with stakeholders on human rights
102-44	Key topics and concerns raised	Unicharm Group's Sustainability Meetings with stakeholders to exchange views during the formulation process of "Environmental Goals 2030" Biodiversity Initiatives
102-45	Entities included in the consolidated financial statements	Contents
102-46	Defining report content and topic Boundaries	Contents
102-47	List of material topics	CSR Key Topics
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Contents
102-51	Date of most recent report	Contents
102-52	Reporting cycle	Contents
102-53	Contact point for questions regarding the report	For more information about our activities report, please contact:
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standard Comparison Table
102-55	GRI content index	GRI Standard Comparison Table
102-56	External assurance	Third Party Assurance Report
GRI103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Unicharm Group's Sustainability CSR Key Topic 1: Lengthening Healthy Life Expectancy CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene CSR Key Topic 3: Contributing to the Global Environment CSR Key Topic 4: Contributing to the Community Environmental Management
103-2	The management approach and its components	Message from Management Unicharm Group's CSR Key Topics and Indicators (KPI) CSR Key Topic 1: Lengthening Healthy Life Expectancy CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene CSR Key Topic 3: Contributing to the Global Environment CSR Key Topic 4: Contributing to the Community Environmental Management
103-3	Evaluation of the management approach	ESG promotional structure Validation of Environmental Protection Activities

GRI Items	Contents of GRI Index	Page to Refer
GRI201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Financial Data Presentation Materials for Investors
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Risk Management
201-3	Defined benefit plan obligations and other retirement plans	Presentation Materials for Investors
201-4	Financial assistance received from government	—
GRI202 : Market Presence 2016		
202-1	Ratio of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	Human Resources Data
GRI203 : Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene CSR Key Topic 4: Contributing to the Community
203-2	Significant indirect economic impacts	Communicating with stakeholders
GRI204 : Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Confidential information not disclosed
GRI205 : Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Core themes and categories of ESG Committee initiatives Risk Management
205-2	Communication and training about anti-corruption policies and procedures	Core themes and categories of ESG Committee initiatives Compliance
205-3	Confirmed incidents of corruption and actions taken	Whistle-Blowing System
GRI206 : Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Whistle-Blowing System
GRI207: Tax 2019		
207-1	Approach to tax	Tax compliance
207-2	Tax governance, control and risk management	Tax compliance
207-3	Stakeholder engagement and management of concerns related to tax	Tax compliance
207-4	Country-by-country reporting	—
GRI301: Materials 2016		
301-1	Materials used by weight or volume	Energy/material flow from the entire lifecycle perspective Activities towards recycling disposable diapers Waste disposal reduction and effective utilization of resources Eco Plan 2020 Sustainable Material Procurement Targets and Results (Excerpt from Eco Plan 2020)
301-2	Recycled input materials used	Prioritizing the use of waste paper in cardboard of R70 or above in carton packaging materials
301-3	Reclaimed products and their packaging materials	Energy/material flow from the entire lifecycle perspective Activities towards recycling disposable diapers Recycling rate [Japan and overseas] Initiatives to reduce waste at production sites (Scope 3 Category 5)
GRI302 : Energy 2016		
302-1	Energy consumption within the organization	Energy/material flow from the entire lifecycle perspective Addressing global warming and energy saving measures [Japan and overseas] CO ₂ emissions from business activities (Scope 1 and 2) [Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12) [Japan and overseas] Initiatives to reduce waste at production sites (Scope 3, Category 5)
302-2	Energy consumption outside of the organization	Energy/material flow from the entire lifecycle perspective [Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2) Addressing global warming and energy saving measures [Japan] Sharing importance of climate change measures with suppliers (Scope 3, Category 1) [Japan] Initiatives to reduce CO ₂ in distribution and retail (Scope 3, Categories 4 and 9)
302-3	Energy intensity	Addressing global warming and energy saving measures
302-4	Reduction of energy consumption	Addressing global warming and energy saving measures
302-5	Reductions in energy requirements of products and services	[Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12)

GRI Items	Contents of GRI Index	Page to Refer
GRI303 : Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Energy/material flow from the entire lifecycle perspective
303-2	Management of water discharge-related impacts	Water discharge and water consumption
303-3	Water withdrawal	Energy/material flow from the entire lifecycle perspective
		Reducing water usage
303-4	Water discharge	Energy/material flow from the entire lifecycle perspective
		Water discharge and water consumption
303-5	Water consumption	—
GRI304 : Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Factories are located in industrial parks, and protected areas and adjacent areas are avoided
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity
304-3	Habitats protected or restored	No applicable activities are conducted
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable for the scope of business activities
GRI305 : Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
		Ozone depleting substances (Japan)
305-2	Energy indirect (Scope 2) GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
305-3	Other indirect (Scope 3) GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12)
		[Japan] Sharing importance of climate change measures with suppliers (Scope 3 Category 1)
		[Japan and overseas] Initiatives to reduce waste at production sites (Scope 3 Category 5)
		Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
305-4	GHG emissions intensity	Reducing CO ₂ emissions
305-5	Reduction of GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Reducing CO ₂ emissions
305-6	Emissions of ozone-depleting substances (ODS)	Ozone depleting substances (Japan)
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Initiatives to reduce the use of hazardous chemical substances
GRI306 : Effluents and Waste 2016		
306-1	Water discharge by quality and destination	Energy/material flow from the entire lifecycle perspective Site Data
306-2	Waste by type and disposal method	Energy/material flow from the entire lifecycle perspective
		[Japan] Reducing water usage
		Waste disposal reduction and effective utilization of resources
		Waste disposal volume
306-3	Significant spills	[Japan] Water quality, soil contamination and offensive odor
306-4	Transport of hazardous waste	[Japan] Initiatives to reduce the use of hazardous chemical substances (business waste) There were no hazardous wastes that was transported domestically
306-5	Water bodies affected by water discharges and/or runoff	Seto Inland Sea, Ina River system
GRI307 : Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Environmental audits for risk management and enhancing performance
GRI308 : Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Evaluating New Suppliers
308-2	Negative environmental impacts in the supply chain and actions taken	Evaluating Existing Suppliers

GRI Items	Contents of GRI Index	Page to Refer
GRI401 : Employment 2016		
401-1	New employee hires and employee turnover	Human Resources Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Data
401-3	Parental leave	Human Resources Data
GRI402 : Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Dialogue between labor and management
GRI403 : Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Health and safety
403-2	Hazard identification, risk assessment and incident investigation	Health and safety
403-3	Occupational health services	Group safety conference
403-4	Worker participation, consultation and communication on health and safety	Group safety conference
403-5	Worker training on occupational health and safety	Group safety conference
		Health & Safety Committee
403-6	Promotion of worker health	Group safety conference
		Health & Safety Committee
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Group safety conference
		Health & Safety Committee
403-8	Workers covered by an occupational health and safety management system	Human Resources Data
403-9	Work-related injuries	Human Resources Data
403-10	Work-related ill health	Human Resources Data
GRI404 : Training and Education 2016		
404-1	Average hours of training per year per employee	Expansion of education and training programs
404-2	Programs for upgrading employee skills and transition assistance programs	Expansion of education and training programs
404-3	Percentage of employees receiving regular performance and career development reviews	Evaluations for career development
GRI405 : Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Human Resources Data
405-2	Ratio of basic salary and total remuneration of women to men	Human Resources Data
GRI406 : Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Compliance
GRI407 : Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain (Society)
		Human rights
GRI408 : Child labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain (Society)
		Human rights
GRI409 : Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain (Society)
		Human rights
GRI410 : Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	—
GRI411 : Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	No incident
GRI412 : Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	Supply Chain (Society) > Management Structure
		Supply Chain (Society) > Initiatives
412-2	Employee training on human rights policies or procedures	Initiatives aimed at education and penetration
		Our distinctive training programs (excerpt)
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Supply Chain (Society) > Management Structure
		Supply Chain (Society) > Initiatives
GRI413 : Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	CSR Key Topic 4: Contributing to the Community
		Communicating with stakeholders
413-2	Operations with significant actual and potential negative impacts on local communities	Overseas Operations
		Offices and Group Companies
GRI414 : Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Supply Chain (Society) > Our basic approach and strategy
414-2	Negative social impacts in the supply chain and actions taken	Implementation of human rights and labor monitoring

GRI Items	Contents of GRI Index	Page to Refer
GRI415 : Public Policy 2016		
415-1	Political contributions	320,000 yen (Japan)
GRI416 : Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Safety Initiatives
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Initiative for appropriate product labeling
GRI417 : Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling Initiative for appropriate product labeling	[Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12)
417-2	Incidents of non-compliance concerning product and service information and labeling	Initiative for appropriate product labeling
417-3	Incidents of non-compliance concerning marketing communications	Initiative for appropriate product labeling
GRI418 : Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Communicating with customers
GRI419 : Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance