



**Unicharm
Group**
Sustainability Report
2022



unicharm
ユニチャーム

Gentle care for life

The Future We Envision

102-16

A society in which everyone can maximize individual potential and live life to its fullest.
A society in which we comfortably coexist,
helping each other while respecting mutual independence.

Unicharm continually considers every moment of life.
From birth to adulthood, and all the years in between.
From this generation to the next, and many years into the future.

We endeavor to realize a diverse,
inclusive, and sustainable world,
protecting and supporting life for people and society through
"kindness" in various forms.

Baby care that supports and comforts both infants and families.
Nursing care that helps people live a full life at any age.
Environments that ensure our partner animals (pets) a warm welcome
by the family and neighborhood.
Feminine care that helps lift spirits during the monthly cycle.
Good hygiene that helps enhance and expand pleasant interactions for everyone.

This is the kindness we at Unicharm have always valued.

As we create and extend such kindness,
we must emphasize not only the well-being of individuals
but also the well-being of society and our planet as a whole.

When we picture the manufacturing that sustains local economies,
we imagine the faces of people at work and their families.

When we consider the dynamic switch to renewable energy,
we visualize a future with reduced global warming.

At Unicharm, we strive for all of our business activities to reflect kindness,
thereby contributing to a diverse, inclusive, and sustainable world for our future.

Unicharm continues to conduct business while championing the freedom of individuals
to pursue their own way of life,
based on our corporate philosophy of "NOLA & DOLA."*

In the decade to come, we at Unicharm will continue to affirm this ideal,
providing kindness and support at every moment, throughout every lifetime.

* "NOLA & DOLA": Necessity of Life with Activities & Dreams of Life with Activities

Our corporate philosophy: Unicharm aims to provide all people, from newborns to the elderly, with products and services that provide mental and physical support through gentle care so that they may be free of their burdens and can fulfill their dreams.



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Explanation of the Cover

Our vision is based on the “NOLA & DOLA” concept, which stands for Necessity of Life with Activities & Dreams of Life with Activities.

Unicharm aims to provide each and every consumer with products and services that offer mental and physical support to bring about a cohesive society in which people of all ages can spend their lives in the way they so wish. As one activity toward fulfilling this objective, we support the efforts of Paralymp Art to facilitate social participation and financial independence of artists with disabilities and we use works drawn by them. We have supported Paralymp Art since 2016 and this marks our seventh year.



Title "Hope"
Artist Shigeo Tanno

Editorial Policy / Contents

102-45,102-46,102-50,102-51,102-52

Editorial Policy

In Preparation for the Sustainability Report 2022

This report has been prepared as Unicharm'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, we will issue a report again on the four areas we identified as our medium- to long-term ESG goals, Kyo-sei Life Vision 2030, and, at the same time, strive to further improve the contents of the report from the viewpoint of ESG information disclosure.

As for our report, we refer to the UN Global Compact, GRI Standards, and other sources throughout based on global societal demands. 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 2022* as well and provide whatever frank opinions and comments you may have.

* "NOLA & DOLA" (Necessity of Life with Activities & Dreams of Life with Activities): Unicharm aims to provide all people, from newborns to the elderly, with products and services that provide mental and physical support through gentle care so that they may be free of their burdens and can fulfill their dreams.

Contents

Areas Covered

In the report, "Unicharm" or "the Company" refers to "the Unicharm Group." Company names are listed individually when there is a need to specify the scope. In addition, all data is shown on a consolidated basis.

Intended Audience

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

Period

January 1, 2021, to December 31, 2021 (the report focuses on results from 2021 and includes some of the latest information from 2022)

Month of Issue

May 2022

Next edition scheduled to be issued in May 2023 (previous edition issued in April 2021)

Available at

"Sustainability" section of Unicharm's corporate website

Reference Guidelines

- GRI Standards
* GRI disclosure numbers have been noted for each corresponding disclosure item.
- Environmental Reporting Guidelines 2018 of the Ministry of the Environment
- Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)
- Annual report (*World Energy Outlook*) by the International Energy Agency (IEA)
- TCFD recommendations
- SASB Standards

Third-Party Assurance

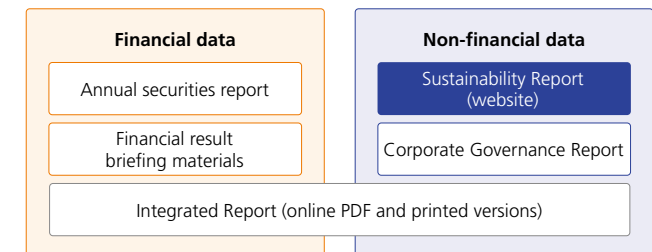
Unicharm has received third-party assurance from PricewaterhouseCoopers Sustainability LLC for the environmental information contained in this report. ✓

P.121 Third-Party Assurance Report

Information Disclosure System

We disclose our financial and non-financial data through the following channels.

► Unicharm Group Information Disclosure System



Overview of the Unicharm Group

Company Profile

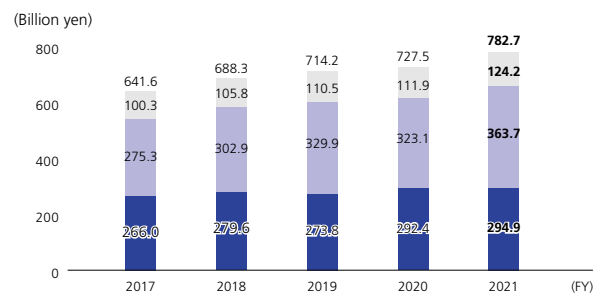
Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Capital	¥15,993 million (as of December 31, 2021)
Number of Shares Issued	620,834,319 (as of December 31, 2021)
Head Office	Sumitomo Fudosan Mita Twin Bldg. West Wing, 3-5-27, Mita, Minato-ku, Tokyo
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo City, Ehime
Number of Employees	16,308 (on a consolidated basis as of December 31, 2021)
Number of Factories	40 (Japan: 18, Asia (excluding Japan): 19, other: 3)
Listed Exchange	Prime Market of the Tokyo Stock Exchange
Major Business Lines	Wellness care products Partner animal (pet) care products Feminine care products Baby care and childcare products
URL	https://www.unicharm.co.jp/en/home.html

Primary Consolidated Subsidiaries and Affiliates

Japan	Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicare Corporation Unicharm Mölnlycke K.K. Peparlet Co., Ltd.
Asia (Excluding Japan)	United Charm Co., Ltd. Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT. UNI-CHARM INDONESIA Tbk Unicharm India Private Limited Diana Unicharm Joint Stock Company DSG International (Thailand) PLC
Other	Uni.Charm Mölnlycke B.V. Unicharm Gulf Hygienic Industries Co. Ltd. Unicharm Australasia Holding Pty Ltd. The Hartz Mountain Corporation
Total	51 subsidiaries and affiliates (as of December 31, 2021)

Primary Management Indicators

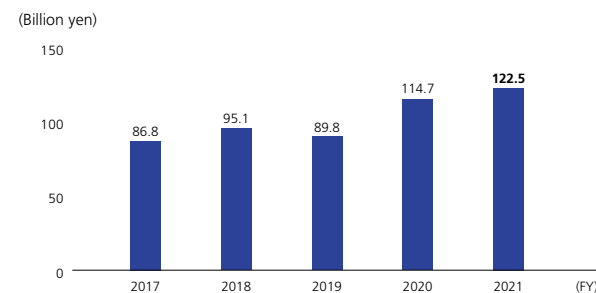
Consolidated Net Sales



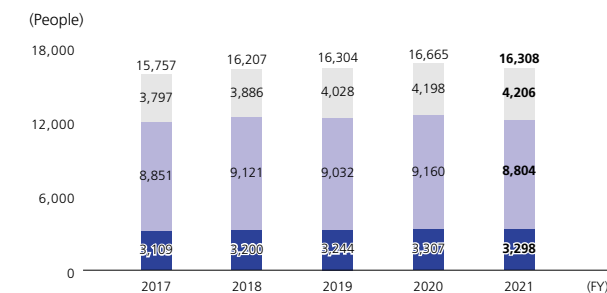
■ Japan ■ Asia (excluding Japan) ■ Other

* We have been using International Financial Reporting Standards (IFRS) since fiscal 2017.

Consolidated Operating Income



Number of Group Employees



■ Japan ■ Asia (excluding Japan) ■ Other

Message from the President & CEO



Takahisa Takahara
President & CEO

We will work collectively as an organization to realize sustainable growth and help build a sustainable society by fulfilling our purpose of contributing to the achievement of the SDGs.

A Year of New Changes

The ongoing spread of COVID-19 has forced people all over the world to lead their lives in this rapidly evolving era called the “new normal.” In 2020, a year in which we witnessed the emergence of COVID-19, masks, wet wipes, and other personal hygiene products were in short supply. However, as supply began to show signs of equaling demand in 2021, we saw a new trend emerge.

With a growing number of people turning to safer and more reliable products, the demand for high-performance, high-quality masks surged across the globe. We have also seen a transformation in people’s perceptions of, and values toward, childcare and nursing care in light of the additional time spent at home with their families. The unprecedented circumstances surrounding COVID-19 may have also given people some time to reflect on their way of life, as more and more people are trending toward the use of products and services that suit their personal needs. With Japan, in particular, there is a tendency, even among people within the same household, to select products specifically for their own use.

Young people living with partner animals (pets) for the first time, mainly cats and small dogs, is a trend that is also on the rise. These first-time owners are keenly attentive to their partner animals (pets) well-being and are constantly seeking out high-value-added products that are ideal for their beloved partner animals (pets). Moreover, the need for deodorizing cat toilets has also increased on a global scale as people explore ways in which they can ensure comfort for both themselves and their partner animals (pets). Over the years, we at Unicharm have worked tirelessly to

provide products and services that help customers lead better lifestyles by anticipating and adapting to changes in the market in a timely manner. Going forward, we must be even more responsive to the needs of consumers if we are to continue to adapt swiftly to changes in our business environment and meet the expectations of our customers.

As a manufacturer of consumer products, Unicharm must also engage in business activities that are dedicated to helping overcome environmental issues, such as climate change and plastic pollution, and social issues, such as human rights violations. With the issue of climate change, in particular, we are fully aware of the importance of proactively taking action, in light of the announcement made at the 26th United Nations Climate Change Conference (COP26) held in November 2021, to maintain the increase in global average temperature to within 1.5°C of preindustrial levels.

P.024 Key Initiatives: Safeguarding the well-being of individuals > Improvement of Public Hygiene

P.022 Key Initiatives: Safeguarding the well-being of individuals > Coexistence with Partner Animals (Pets)

P.040 Climate Change (Disclosure Based on the TCFD Recommendations)

Our Purpose: Contributing to the Achievement of the SDGs

At Unicharm, we have defined our purpose (raison d’être) as contributing to the achievement of the SDGs. In other words, we strive to create new value and realize sustainable growth through business activities that are dedicated to helping overcome the issues of society. In an effort to realize our purpose, all of Unicharm’s employees are doing their utmost to fulfill our mission of “realizing a cohesive society” (cohesive society: a society in

which each person is independent while supporting others in a way that allows everyone to have just the right sense of distance so that, in addition to vulnerable members of society, those who are at a disadvantage either temporarily or for an extended period due to aging, illness, childbirth, menstruation, or other factors can spend their lives in the way they so wish regardless of their situation).

A global company like Unicharm, I believe, has the capacity to overcome national interests and a variety of other obstacles and engage in activities that embrace the spirit of altruism. Our business activities that center on the realization of a cohesive society are designed for exactly that purpose, and we take pride in the fact that Unicharm is uniquely qualified to create this type of value. We have remained true to our commitment of providing products and services that are tailored to all stages of consumers' lives and protecting and supporting the lives of people and society. By extending this commitment to protection and support beyond consumers to include solutions to environmental and social issues, Unicharm will help realize a sustainable global environment and society in the years ahead.

P.002 The Future We Envision
P.009 The Unicharm Way

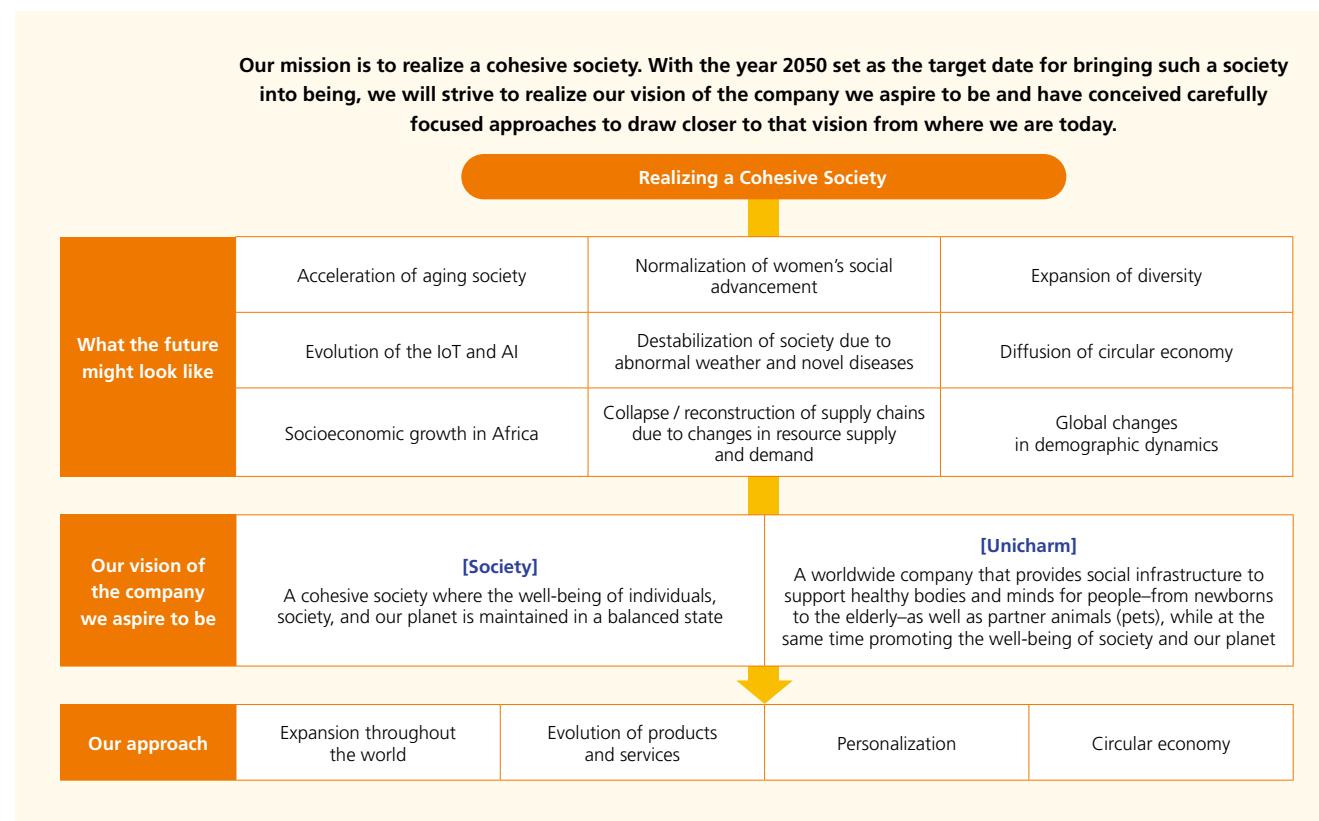
Kyo-sei Life Vision 2030: Pushing Forward in Pursuit of a Cohesive Society

With the assumption that a cohesive society will become a reality by 2050, Unicharm established a vision of the company it aspires to be. Specifically, our goal is to achieve a cohesive society where the well-being of individuals, society, and the global environment is maintained in a balanced manner. Within this cohesive society, we hope to remain a company that ensures a healthy lifestyle, society, and environment for all people, from newborns to the elderly, as well as for partner animals (pets), through our supply of the necessary social infrastructure. In an effort to draw closer to our vision, we identified material issues from an extensive list of 513 relevant social issues and examined them based on four points of view: expansion

throughout the world; evolution of products and services; personalization; and circular economy; which led to the announcement, in October 2020, of our medium- to long-term ESG goals, Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World (hereafter, Kyo-sei Life Vision 2030). Kyo-sei Life Vision 2030 covers four themes: safeguarding the well-being of individuals; safeguarding the well-being of society; safeguarding the well-being of our planet; and the Unicharm Principles. It encompasses a total of 20 key initiatives, indicators, and targets, five of which make up each theme.

Under the theme of safeguarding the well-being of individuals, improvement of childcare, extension of healthy life expectancy, and improvement of QOL were among the key initiatives established. As a part of these initiatives, Unicharm developed a mosquito-repellent disposable diaper that helps minimize the risks associated with dengue fever and released this product in Malaysia and Singapore in 2020. With respect to support for a society where gender and sexual orientation do not restrict people's activities, we developed and rolled out pants-type sanitary pads as well as sanitary pads made of body

► Our Approach to Realizing a Cohesive Society by 2050



temperature-regulating material in China. In addition, Unicharm's refreshingly comfortable cool-type sanitary pads for the constantly hot and humid ASEAN region and bacteria-resistant, odor-eliminating sanitary pads for India have been well received in these respective markets. In these ways, we are dedicated to creating high-value-added products and services that offer extensive support for people's lifestyles by turning unpleasant experiences into comfortable ones. In so doing, we will set our sights on realizing a cohesive society where everyone can live their lives in the way they so wish.

Moving on to the theme of safeguarding the well-being of society, innovations to achieve "NOLA & DOLA" and practicing sustainable lifestyles are among the key initiatives in this category. For such initiatives to take shape, it is important that we continue to uncover unmet needs while developing products that fulfill these needs and releasing them to market as swiftly as possible. For this reason, we actively make use of digital technology. In 2021, our new DX Promotion Division was established alongside the development of our Digital Scrum System.

Unicharm's proprietary Digital Scrum System affords users the ability to read consumers' facial expressions and determine product quality from a remote location with an accuracy of one-tenth of a millimeter. This system has allowed us to conduct in-depth market research and directly communicate with on-site researchers in any country or region even within the current COVID-19 era and thereby develop products that accurately reflect consumer needs. Inspections and verifications of on-site facilities can also be carried out from a remote location, contributing to the prevention of operation delays at production facilities and enabling the establishment and testing of production facilities tailored to new products. Taking advantage of this system, we will remain committed to readily turning unpleasant experiences into comfortable ones for consumers everywhere going forward. As for safeguarding the well-being of our planet, which encompasses the key initiatives of development of eco-friendly products and expanding our line of recycled models, one of our ongoing initiatives is the recycling of used disposable diapers.

For this project, which was launched in 2015, Unicharm developed a horizontal recycling system in which the collected used diapers are washed and separated and the extracted pulp undergoes a unique ozonation process to kill the bacteria contained in the excrement, ensuring that it is as equally safe and hygienic as virgin pulp. Compared with the conventional approach of incinerating used diapers and producing new diapers from virgin pulp, this system realizes significant reductions in greenhouse gas emissions. Moreover, in May 2022 we also released a certain line of *Lifree* disposable diapers, designed for use at nursing care facilities, partially made of safe and hygienic recycled pulp. However, a circular economy is not something that will come to fruition through the efforts of one company alone, as it also entails a change in the mindsets of local governments and consumers. By working in tandem with a wide range of stakeholders and growing hand in hand with society, Unicharm will continue to play a leading role in the pursuit of a circular economy.

P.068 Responsibility to Our Customers (Consumers) > Digital Transformation (DX) Initiatives
P.030 Key Initiatives: Safeguarding the well-being of our planet > Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

Kyo-sei Life Vision 2030: Practicing Management with Resonance and Using the OODA Loop Method

Kyo-sei Life Vision 2030 was established so that all employees can engage in each initiative by thinking and acting independently with a sense of ownership, and the results of this bottom-up approach can be seen through the achievement of Groupwide targets. This approach, which emphasizes the efforts of each employee, is founded on the use of the OODA Loop methodology, which facilitates the practice of management with resonance, Unicharm's unique management method, and flexible responses to environmental changes.

Going forward, we at Unicharm will stand united in our commitment to contributing to the achievement of the SDGs and realizing a cohesive society. Along that path, we will

steadily achieve our medium- to long-term targets, realize sustainable growth, and help build a sustainable society. To that end, I myself will also remain fully committed to anticipating changes in society and practicing management with resonance with the goal of ensuring the continuous growth of the Unicharm Group.

P.010 Sustainability Management > Message from Management
P.013 Kyo-sei Life Vision 2030
P.079 Development of Human Resources and Workplace Environments > Unicharm's Unique Management Method
P.079 Development of Human Resources and Workplace Environments > Toward an Organization That Can Respond to Environmental Changes Quickly and Flexibly Using OODA Loop Methodology

May 2022

Takahisa Takahara
President & CEO

The Unicharm Way

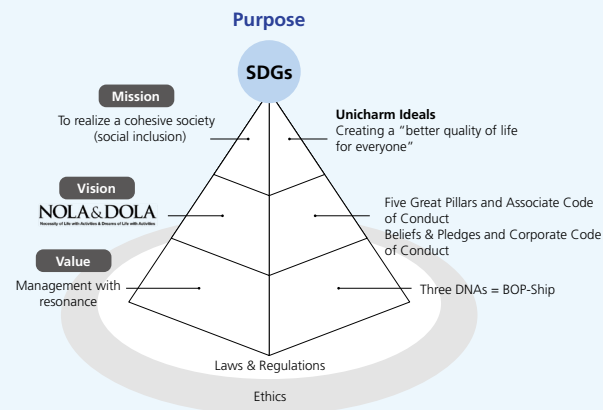
102-16

Our Purpose: Mission, Vision, and Value

At Unicharm, we believe that our fundamental *raison d'être*, that is, our purpose, is to help achieve the United Nations' Sustainable Development Goals (SDGs). To better delineate the substance of this purpose and to further its accomplishment, we have broken it down into three key components: mission, vision, and value.

"Mission" clarifies what we want to accomplish. More specifically, our mission is to realize a cohesive society, a society that must inherently be diverse, inclusive, and sustainable. In this society, personal freedom will harmonize with social altruism, enabling people to be true to themselves and live lives of their own choosing, while at the same time helping others to achieve a better life. Where purpose is the goal, vision is the means. "Vision" elucidates how we can realize a cohesive society. In practical terms, it is the application of our corporate philosophy, which we like to call "NOLA & DOLA" (Necessity of Life with Activities & Dreams of Life with Activities). Through "NOLA," we hope to provide powerful, yet discreet and unobtrusive support for the minds and bodies of our users, relieving them of some of the burdens of their lives and enabling them to better focus their efforts on making their dreams come true. "Value" is the ambition and sense of duty that underlies our mission and vision, bringing it all together to serve the common purpose. All Unicharm employees around the world are now pushing forward our standardized management model: management with resonance.

Formulation of The Unicharm Way



Cohesive society = Social inclusion

A society in which each person is independent while supporting others in a way that allows everyone to have just the right sense of distance so that, in addition to vulnerable members of society, those who are at a disadvantage either temporarily or for an extended period due to aging, illness, childbirth, menstruation, or other factors can spend their lives in the way they so wish regardless of their situation.

Unicharm Ideals (Established: 1974)

- 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 at home in Japan and abroad.
- We strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities.
- We bring forth the fruits of cooperation based on integrity and harmony, by respecting the independence of the individual and striving to promote the Five Great Pillars.*

* The Five Great Pillars

- (1) Founder's spirit, (2) Enterprising spirit, (3) Spirit of simplicity and fortitude, (4) Spirit of collaboration, and (5) Spirit of respecting people

Five Great Pillars and Associate Code of Conduct (Established: 1999)

- ◇ **Creativity & innovation**
We will respect the creation of new social value and maintain a spirit that always seeks out innovation.
- ◇ **Ownership**
We will follow in the footsteps of our founder and strive to identify and solve the issues from a Companywide perspective to achieve our management targets.
- ◇ **Challenge**
We will continue to transform our abilities without fear of failure and maintain a positive attitude based on our belief in the capacity of challenge to tap into unlimited potential.
- ◇ **Leadership**
We will become leaders who are capable of motivating people with our own determination by clearly showing the way for the organization to move forward.
- ◇ **Fair business practice**
We will carry out fair corporate activities that combine the spirit of respecting humanity and dignity with high ethical standards.

Beliefs & Pledges and Corporate Code of Conduct (Established: 1999)

- ◇ **Pledge to our customers**
We pledge to earn the full support of customers by always doing everything we can.
- ◇ **Pledge to our shareholders**
We pledge to distribute industry-leading returns to shareholders.
- ◇ **Pledge to business partners**
We pledge to achieve mutual growth by maintaining a fair and equitable relationship.
- ◇ **Pledge to employees**
We pledge to enable the happiness of employees and their family members by filling each of them with confidence and pride.
- ◇ **Pledge to society**
We pledge to contribute to the economic and emotional fulfillment of all people involved and the entire society through our corporate activities.

Three DNAs = Best Practice-ship, Ownership & Partnership

Being a company with sustainable growth, Unicharm has nurtured a corporate culture and spirit called the Three DNAs that has seamlessly been passed down from its foundation. As our business activities were spread from Japan throughout Asia then to the Middle East, Europe, and the United States, we have revised the Three DNAs as Best Practice-ship, Ownership & Partnership (BOP-Ship) for all employees around the world to better understand. The Three DNAs and BOP-Ship are the corporate values that sustain the foundation of our activities and these values are common to each and every member of the Group from top management to employees.

- ◇ **Best Practice-ship (Changing values)**
This refers to accumulating best practices, abandoning past resolutions, constantly making updates, and incorporating best practices with an emphasis on speed.
- ◇ **Ownership (Finding reason within ourselves)**
This refers to recognizing everything as "our own matter" and thinking and acting on our own initiative to overcome difficulties.
- ◇ **Partnership (Maintaining our No. 1 position through continued and dedicated services)**
Partnership entails always respecting collaboration with the peers with a mind to altruism. Collaboration creates internal and external cross-organizational communication and its further development will lead to innovation.

Message from Management

102-14,103-2



“Contributing to the SDGs through business activities” is the very essence of our approach to sustainability.

Kenji Ueda

Executive Officer and General Manager of ESG Division
Unicharm Corporation

At Unicharm, we view our role in contributing to the achievement of the Sustainable Development Goals (SDGs) as our purpose. Accordingly, “contributing to the SDGs through business activities” is the very essence of our approach to sustainability.

To further clarify this vision, in October 2020 the Unicharm Group released its medium- to long-term environmental, social, and governance (ESG) goals, Kyo-sei Life Vision 2030. In formulating Kyo-sei Life Vision 2030, we held an assessment with a number of stakeholders to identify our material issues. The results of this assessment were examined in detail in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) and other frameworks centered on environmental issues.

Ultimately, a total of 20 key initiatives, indicators, and targets were established, five each in the four areas of safeguarding the well-being of individuals, safeguarding the well-being of society, safeguarding the well-being of our planet, and the Unicharm Principles.

We believe that these 20 themes, which cover environmental issues such as global warming and marine plastic pollution, declining birthrate and aging population in mature economies including Japan, poverty and other social issues in emerging countries, and living with partner animals (pets), will contribute to the achievement of the 17 goals and 169 targets of the SDGs.

By way of this process, we will steadily proceed with Kyo-sei Life Vision 2030 through a collective Groupwide effort that includes discussions on the issues and status of progress by the ESG Committee, which is chaired by the president & CEO. In 2021, our efforts included the formulation of the new SDGs Theme Guideline and the addition of “reducing input 10%, increasing output 10%, and contributing to the achievement of the SDGs” as stage-gate criteria for the development of even more environment- and society-friendly products. We provide even greater added value despite the use of fewer resources through the expansion of our product line that “helps resolve the concerns of as many people as possible and makes their

dreams come true while resolving environmental and social issues.” In addition, we moved ahead with the conversion to renewable electricity use at our manufacturing facilities across the globe.

Going forward, the Unicharm Group will continue to steadily implement Kyo-sei Life Vision 2030 and help resolve social and environmental issues while contributing to local communities through the concerted efforts of all of its employees. Moreover, by enhancing our disclosure of ESG information in accordance with international guidelines such as the GRI and SASB Standards, we will continue to pursue our goal of becoming a company trusted by all stakeholders, including customers, shareholders and investors, business partners, employees and their families, and local communities.

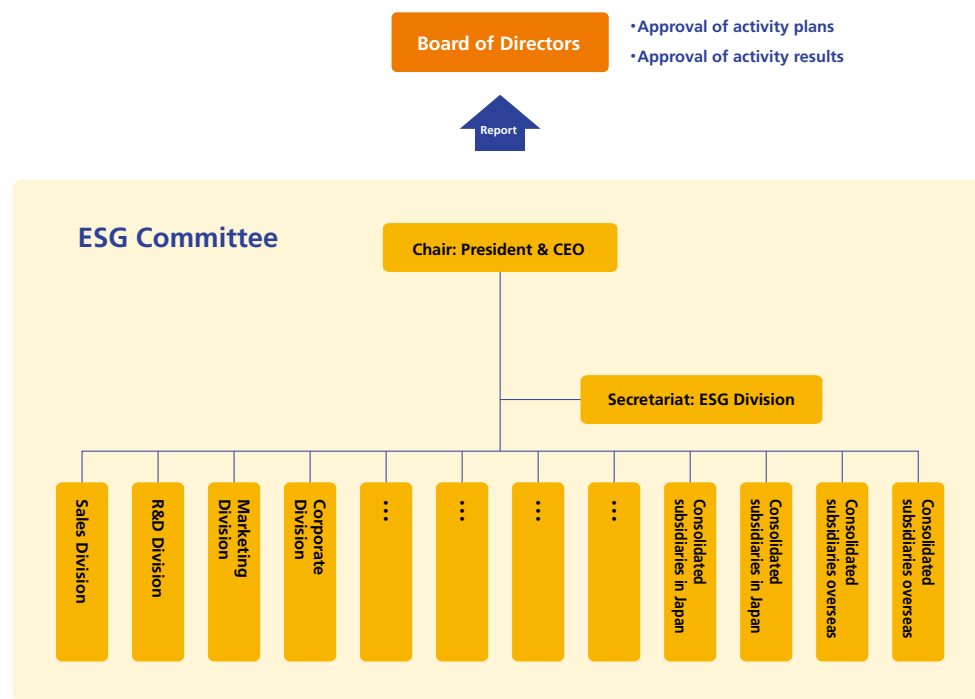
Management Structure

102-29, 102-30, 102-31, 102-32, 102-33, 205-2

ESG Promotional Structure

102-18, 102-19, 102-20, 102-22, 102-26, 102-27, 103-3

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 chaired by the president & CEO for promoting ESG activities. The committee meets four times a year to discuss and share information about ESG activities, which, in turn, is utilized in the Company's management.



Roles of the ESG Committee

- ① Discuss and determine the progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals and ESG-related initiatives set forth in the Medium-Term Management Plan
- ② Discuss and determine the process for identifying, addressing, and disclosing information on the risks, opportunities, and important issues pertaining to the Group's sustainability and ESG activities
- ③ Report on the details of discussions and decisions concerning ESG-related matters to the Board of Directors

Core Themes and Categories of ESG Committee Initiatives

ISO 26000 Core Subjects	Organizational governance, human rights, labor practices, the environment, fair business practices, consumer issues, and community involvement and development
E: Core Themes	
<ul style="list-style-type: none"> Climate change: Greenhouse gases, energy use management, and climate change-related risks Water resources: Water use and its reduction Pollution and resources: Waste disposal, resource usage, and recycling 	<ul style="list-style-type: none"> Supply chain: Supplier policy, environmental issues, and sustainable palm oil procurement Biodiversity Development of environmentally friendly products
S: Core Themes	
<ul style="list-style-type: none"> Labor standards: Forbiddance of child and forced labor, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, and prevention of harassment Health and safety Human rights: Due diligence, children's rights, forbiddance of child labor, community employment, and complaint handling Society: Community investment and social contribution activities 	<ul style="list-style-type: none"> Responsibilities to customers: Responsible advertising and marketing and customer satisfaction Supply chain: Forbiddance of child and forced labor, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, health and safety, due diligence, and capacity building Product quality and safety
G: Core Themes	
<ul style="list-style-type: none"> Corruption prevention: Bribery prevention, insider trading, whistleblower hotline, education, and risk assessment Corporate governance Companywide risk management: environment, society, corporate governance 	<ul style="list-style-type: none"> Compliance Tax transparency

The ESG Committee convened a total of four times in 2021 and held discussions on the following themes.

Main Themes of Discussion (2021)

Progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals, Environmental Targets 2030, and ESG initiatives set forth in the Medium-Term Management Plan

- Use of renewable energy
- Operation of the SDGs Theme Guideline
- Use of the Sedex platform
- Policy and progress on the production of the integrated and sustainability reports

Communicating with Stakeholders

102-21,102-40,102-42,102-43,203-2,413-1

Under its Beliefs & Pledges and Corporate Code of Conduct, Unicharm pledges to undertake honest corporate activities that win the fullest confidence of its customers, shareholders and investors, business partners, employees, and society and encourages two-way communication with its stakeholders by providing a wide range of dialogue opportunities.

► Communication Policy (Beliefs & Pledges)

Primary Communication Methods

Example Discussion Themes Specific to Each Stakeholder

Primary Communication Methods

General shareholders' meetings, results briefings, and overseas IR activities

Example Themes

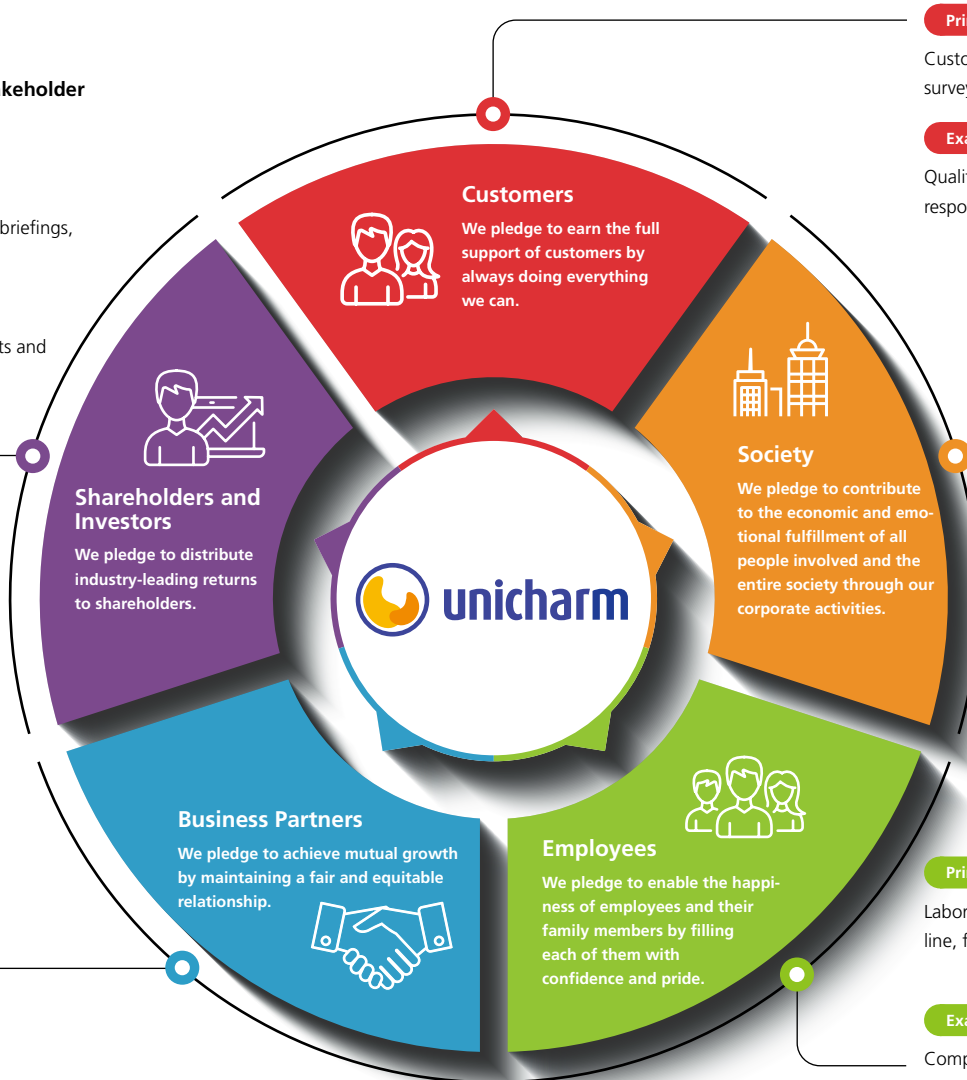
Summary explanations of financial results and sound company management

Primary Communication Methods

Quality Policy Briefing Sessions, new product presentation conferences, exhibitions and events, and audits

Example Themes

Product and service proposals, supply chain management, quality, safety, and the environment



Customers



We pledge to earn the full support of customers by always doing everything we can.

Primary Communication Methods

Customer Communication Center, group interviews, monitoring surveys, and exhibitions and events

Example Themes

Quality, safety, and functions of products and opinions and responses concerning products and services

Primary Communication Methods

Agreements with local governments, cooperation with governments and NGOs/NPOs, and activities held in emerging countries and through trade groups

Example Themes

Disaster assistance, incontinence care, health promotion, health and hygiene, local hiring, and coordination through business activities



Society

We pledge to contribute to the economic and emotional fulfillment of all people involved and the entire society through our corporate activities.

Primary Communication Methods

Labor-management discussions, employee surveys, employee counseling hotline, family day at factories, and in-house intranet and company newsletter

Example Themes

Compensation, health, satisfaction toward work, and introduction of programs and case studies that demonstrate respect for diversity



Employees

We pledge to enable the happiness of employees and their family members by filling each of them with confidence and pride.

Business Partners

We pledge to achieve mutual growth by maintaining a fair and equitable relationship.



Shareholders and Investors

We pledge to distribute industry-leading returns to shareholders.



unicharm

Kyo-sei Life Vision 2030

102-15, 102-16



Kyo-sei Life Vision 2030

For a Diverse, Inclusive, and Sustainable World

At Unicharm, we are committed to helping resolve environmental and social issues as we work together to realize a cohesive society.

With that in mind, the Unicharm Group's medium- to long-term environmental, social, and governance (ESG) goals, Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World—(hereinafter referred to as Kyo-sei Life Vision 2030) was announced in October 2020. In formulating Kyo-sei Life Vision 2030, we first defined our vision of the desirable future in 2030 based on which we set specific key initiatives and targets.

Through the implementation of Kyo-sei Life Vision 2030, we are confident that we can satisfy the needs of consumers and communities, while continuing to grow our business.

Positioning of Kyo-sei Life Vision 2030

At Unicharm, we believe that our fundamental *raison d'être*, that is, our purpose, is to help achieve the United Nations' Sustainable Development Goals (SDGs). To better delineate the substance of this purpose and to further its accomplishment, we have broken it down into three key components: mission, vision, and value.

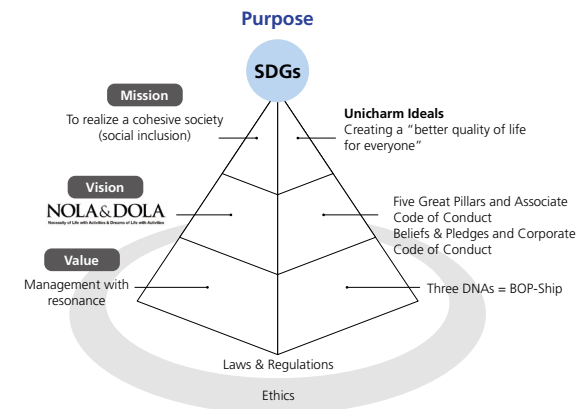
"Mission" clarifies what we want to accomplish. More specifically, our mission is to realize a cohesive society, a society that must inherently be diverse, inclusive, and sustainable. In this society, personal freedom will harmonize with social altruism, enabling people to be true to themselves and live lives of their own choosing, while at the same time helping others to achieve a better life. Where purpose is the goal, vision is the means. "Vision" elucidates how we can realize a cohesive society. In practical terms, it is the application of our corporate philosophy, which we like to call "NOLA & DOLA" (Necessity of Life with Activities & Dreams of Life with Activities). Through "NOLA," we hope to provide powerful, yet discreet and unobtrusive support for the minds and bodies of our users, relieving them of some of the burdens of their lives and enabling them to better focus their efforts on making their dreams come true. "Value" is the ambition and sense of duty that underlies our mission and vision, bringing it all together to serve the common purpose. All Unicharm employees around the

world are now pushing forward our standardized management model: management with resonance.

To understand and promote our purpose, which constitutes our mission, vision, and value, and to clarify how they work together to push forward that purpose, this document explains in detail the world we have envisioned in 2030 and describes how we hope to get there, highlighting the key initiatives and targets that we believe will make Kyo-sei Life Vision 2030 a reality.

We are committed to helping resolve environmental and social issues, while providing new value to consumers and communities and assuring steady business growth.

Formulation of The Unicharm Way



Cohesive society = Social inclusion

A society in which each person is independent while supporting others in a way that allows everyone to have just the right sense of distance so that, in addition to vulnerable members of society, those who are at a disadvantage either temporarily or for an extended period due to aging, illness, childbirth, menstruation, or other factors can spend their lives in the way they so wish regardless of their situation.

The Formulation of Kyo-sei Life Vision 2030

102-21,102-43,103-3

Phase

1

Defining our material issues

To define our material issues, we implemented the following steps. These steps helped us extract material issues and draw a matrix diagram.

1 Extraction of relevant issues

We extracted 513 relevant social issues from many literature sources. We categorized them into 44 groups (ISO 26000, GRI, SDGs, FTSE, MSCI, DJSI, etc.) based on four points of view.

4 Workshop with executive officers

A meeting of executive officers was held to study the SDGs, followed by a workshop where executives offered their opinions about what society might look like in 2050 as well as possible directions the Company should take.

2 Internal assessment

We surveyed about 900 people associated with Unicharm, including members of the Board of Directors, executive officers, headquarters directors, subsidiary presidents, and managers.

5 Defining our material issues

We listed the main themes underlying where we wanted the Company to be in 2050 and the various approaches that we would have to take in order to achieve those goals; then we specified material issues. The results of these deliberations were subsequently approved by the ESG Committee.

3 External assessment

We asked 56 organizations to participate in surveys to assess the degree of importance assigned to various issues from an external viewpoint (stakeholders' viewpoint) and received responses from 32 organizations.

Phase

2

Formulation of indicators linked to the material issues and target values

We examined various indicators and targets pertaining to the material issues as outlined below.

1 Implementation of research into ESG assessment institutions and competitors' benchmarks

2 Comparison between branding strategies of our products

3 Exchange of opinions with general managers and senior managers

4 Creation of indicators and initial proposals for targets

5 Discussions with the Marketing Division and the R&D Division

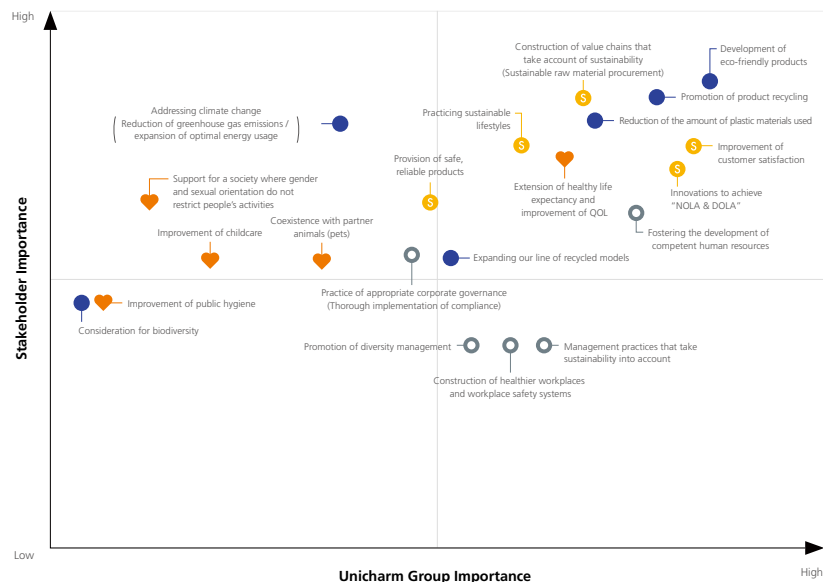
6 Finalization of indicators and target values

We formulated indicators linked to the material issues and target values. These were subsequently approved by the ESG Committee.

ESG Promotion Structure

Kyo-sei Life Vision 2030 will be carried out with the following promotion structure, which is a cross-enterprise organizational system.

P.011 Sustainability Management > ESG Promotional Structure



Material Issue Matrix Diagram

- ♥ Safeguarding the well-being of individuals
- Ⓢ Safeguarding the well-being of society
- Safeguarding the well-being of our planet
- Unicharm Principles

Kyo-sei Life Vision 2030

For a Diverse, Inclusive, and Sustainable World

102-44,102-47,103-1

In order to realize the world we envision, Unicharm upholds the following three commitments based on our corporate principles of fair and transparent management.

Safeguarding the well-being of individuals

Our goal

Our aim is to provide products and services that contribute to the realization of a society where all people can have a sense of individuality and enjoy their daily lives.

Key initiatives

- Extension of healthy life expectancy and improvement of QOL
- Support for a society where gender and sexual orientation do not restrict people's activities
- Coexistence with partner animals (pets)
- Improvement of childcare
- Improvement of public hygiene

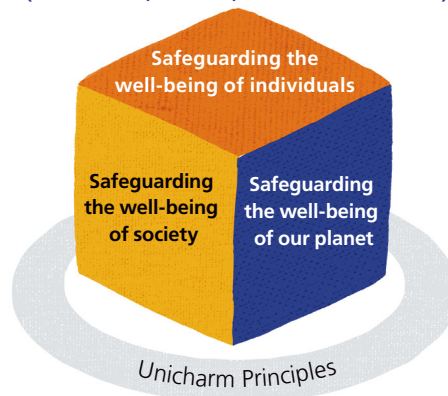
Our goal

Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to solving social issues and promoting sustainability.

Key initiatives

- Innovations to achieve "NOLA & DOLA"
- Practicing sustainable lifestyles
- Construction of value chains that take account of sustainability
- Improvement of customer satisfaction
- Provision of safe, reliable products

Realizing a Cohesive Society (For a Diverse, Inclusive, and Sustainable World)



Our goal

Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.

Key initiatives

- Development of eco-friendly products
- Addressing climate change
- Expanding our line of recycled models
- Promotion of product recycling
- Reduction of the amount of plastic materials used

Our goal

Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.

Key initiatives

- Management practices that take sustainability into account
- Practice of appropriate corporate governance
- Promotion of diversity management
- Fostering the development of competent human resources
- Construction of healthier workplaces and workplace safety systems

Unicharm Principles

Safeguarding the well-being of society

Safeguarding the well-being of our planet

Unicharm Group Medium- to Long-Term ESG Goals

103-1,103-2

▶ Key Initiatives, Indicators, Target Values, and Results

Key initiatives	Indicators	Results	Medium- to long-term goals	
		2021	Target value	Target year
Safeguarding the well-being of individuals Our aim is to provide products and services that contribute to the realization of a society where all people can have a sense of individuality and enjoy their daily lives.				
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realization of a society where everyone can have a sense of individuality.	100%	100%	2030
Support for a society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions).	100%	100%	2030
Coexistence with partner animals (pets)	Percentage of products and services that contribute to the realization of a society where partner animals (pets) are welcomed by family members and community residents.	100%	100%	2030
Improvement of childcare	Percentage of products and services that contribute to the realization of a society where infants and their families can live healthily and happily.	100%	100%	2030
Improvement of public hygiene	Percentage of products and services that contribute to activities that can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission).	100%	100%	2030
Safeguarding the well-being of society Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to solving social issues and promoting sustainability.				
Innovations to achieve "NOLA & DOLA"	Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life.	100%	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability.	9 cases	50%	2030
Construction of value chains that take account of sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights.	Development ongoing	Double (Compared with 2020)	2030
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share).	23.4%	50%	2030
Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted.	100%	100%	2030
Safeguarding the well-being of our planet Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.				
Development of eco-friendly products	Number of products and services that implement "3Rs + 2Rs" based on Unicharm's unique approach.	Development ongoing	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total.	7.3%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced.	Development ongoing	10 or more	2030
Promotion of product recycling	Material recycling of non-woven products using recycling resources.	Development ongoing	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics.	Development ongoing	Reduced by half (Compared with 2020)	2030
Unicharm Principles Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.				
Management practices that take sustainability into account	Maintain and improve ratings by external evaluation agencies.	—	Highest level	Every year starting from 2026
	Number of serious human rights violations in the value chain.	Zero	Zero	Every year
Practice of appropriate corporate governance	Number of serious compliance violations.	Zero	Zero	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women.	Japan: 14.4% Overseas: 27.8%	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the "Growth through Work" employee awareness survey.	81.4%	80% or more	2030
Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health.	6 employees	Reduced by half (Compared with 2020)	2030

Unicharm Group Medium- to Long-Term ESG Goals Contributing to the SDGs

102-12

Key initiatives	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Safeguarding the well-being of individuals																	
Extension of healthy life expectancy and improvement of QOL			●	●				●			●	●	●		●		
Support for a society where gender and sexual orientation do not restrict people's activities	●		●	●	●			●		●		●	●	●			
Coexistence with partner animals (pets)			●	●				●			●	●	●	●			●
Improvement of childcare			●	●	●			●			●	●	●		●		
Improvement of public hygiene			●	●		●		●			●	●	●		●		
Safeguarding the well-being of society																	
Innovations to achieve "NOLA & DOLA"	●		●						●				●	●	●		
Practicing sustainable lifestyles				●		●	●	●				●	●	●	●		
Construction of value chains that take account of sustainability	●			●		●	●	●	●	●		●	●	●			
Improvement of customer satisfaction			●	●								●					
Provision of safe, reliable products			●						●			●					
Safeguarding the well-being of our planet																	
Development of eco-friendly products						●	●		●			●	●	●	●		
Addressing climate change						●	●		●			●	●	●	●		
Expanding our line of recycled models						●	●		●			●	●	●			●
Promotion of product recycling						●	●		●			●	●	●	●		
Reduction of the amount of plastic materials used							●		●			●	●	●	●		
Unicharm Principles																	
Management practices that take sustainability into account	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Practice of appropriate corporate governance								●				●				●	
Promotion of diversity management	●			●	●			●		●							
Fostering the development of competent human resources	●		●	●	●			●		●							
Construction of healthier workplaces and workplace safety systems			●	●	●			●		●							



Key Initiatives

Safeguarding the well-being of individuals

102-15,103-1,103-2,203-1

Our aim is to provide products and services that contribute to the realization of a society where all people can have a sense of individuality and enjoy their daily lives.

Our Basic Approach and Strategy

“NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities), our corporate philosophy, is filled with our hope that “Unicharm aims to provide all people, from newborns to the elderly, with products and services that provide mental and physical support through gentle care so that they may be free of their burdens and can fulfill their dreams.” We aim to develop products

and services that contribute to the realization of a society in which each and every person throughout the world can have a sense of individuality at various stages of their lives and enjoy their day-to-day living.

2021 Results

Our aim to develop products and services that contribute to the realization of a society where each individual can have a sense of individuality and enjoy their daily lives represents an internal standard to which everyone at Unicharm must strictly conform.

At the product development phase, we establish a range of stage gates at which rigorous tests are performed to confirm whether the products can be forwarded to the next stage of development. Our current policy is that only those products that fulfill these stage-gate criteria are put on the market. By continuing to take advantage of this system, we must remain fully committed to providing sustainable products and services that contribute to safeguarding the well-being of individuals in the years ahead.

As an example of this commitment, in 2021 we released *Lifree Feel-at-Ease Pad for Use with Daily Underwear* to provide consumers with an alternative to wearing pants-type disposable diapers and as a means to extend healthy life expectancy and improve quality of life (QOL). This pad can be used with ordinary underwear as it effectively absorbs any urinary leakage caused by frailty. Through the development of this product, we believe we have contributed to the realization of a society where each individual can have a sense of individuality.

Key initiatives	Indicators	Results	Medium- to long-term goals	
		2021	Target value	Target year
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realization of a society where everyone can have a sense of individuality.	100%	100%	2030
Support for a society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions).	100%	100%	2030
Coexistence with partner animals (pets)	Percentage of products and services that contribute to the realization of a society where partner animals (pets) are welcomed by family members and community residents.	100%	100%	2030
Improvement of childcare	Percentage of products and services that contribute to the realization of a society where infants and their families can live healthily and happily.	100%	100%	2030
Improvement of public hygiene	Percentage of products and services that contribute to activities that can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission).	100%	100%	2030

Extension of Healthy Life Expectancy and Improvement of QOL

Contributing to the SDGs



Background of Initiatives

With the population of people aged 65 and over projected to exceed 30% by 2025, Japan stands at the forefront of the world's super-aging societies. Improvements in medicine have led to an increased average life expectancy and a growing focus on "healthy life expectancy."* Everyone wants to be able to maintain their own preferred lifestyle and a rich social life even as they get older. Unicharm's mission is to contribute to an extension of healthy life expectancy by providing care products and services that address various issues associated with aging and letting people far and wide know that they can live as actively as before through appropriate use of these products.

* The length of time for which people are able to spend their lives on their own without any restrictions due to health issues

Key Initiatives / Case Studies

Lifree Feel-at-Ease Pad for Use with Daily Underwear (Japan)

In November 2021, Unicharm released *Lifree Feel-at-Ease Pad for Use with Daily Underwear* (100cc / 200cc) as an alternative to pants-type disposable diapers. Despite its pad configuration, this *Lifree*-brand pad, which can be worn with daily underwear and helps those living with frailty*¹ manage urinary incontinence, is roughly twice as effective*² at absorption as disposable diapers, allowing users to feel at ease in the same manner as when wearing pants-type disposable diapers.

Average life expectancy has continued to increase in recent years and we are now in an era where people are expected to live for 100 years. However, healthy life expectancy is approximately nine and 12 years shorter for men and women, respectively, than their average life expectancies, according to the Ministry of Health, Labour and Welfare in Japan. In other words, the number of years during which people require some form of support and/or long-term care is nine to 12 years on average.

For mild urinary incontinence, which is commonly experienced by people during this stage of their lives, research*³ has found that a person who uses care pads with their regular underwear leads a better quality of life (QOL) than the same person who uses disposable diapers.

Being able to manage incontinence by wearing ordinary underwear allows people to live their daily lives as vibrantly as usual and this, we believe, helps resolve some of the issues associated with frailty. By offering *Lifree Feel-at-Ease*



Pad for Use with Daily Underwear as an alternative to pants-type disposable diapers, Unicharm will help extend the healthy life expectancy of its customers.

*1 A medical condition that people may experience prior to falling into a state requiring long-term care

*2 Amount of absorption based on per unit area comparison with Unicharm's leading pants-type disposable diaper

*3 Conducted by Unicharm

P.096 Local Community > Extending Healthy Life Expectancy through Seminars on Managing Urinary Incontinence and Continence (Japan)

Adult Diaper Counseling Service (Japan)

In December 2021, Unicharm launched the Adult Diaper Counseling Service as a part of its efforts to promote the use of health technology. Incorporating *Bodygram* AI technology, which enables measurements to be made through the use of a smartphone camera, and LINE's chat-based diagnostic feature, this service addresses the abundant needs of consumers and retailers for selecting the right product with the best-suited size when it comes to incontinent adult diapers.

The dignity of those requiring long-term care is something that must be taken into serious consideration when providing continence care. Our aim is to provide these people with a comfortable environment in which they can select the most optimal adult diaper in a similar manner to selecting their usual attire. With this in mind, in addition to providing a more comfortable setting, this service facilitates communication between caregivers and those requiring long-term care, allowing stores to provide seamless customer service. Moving ahead, we will continue to offer products and services that incorporate such high-value-added features and, in turn, become an integral part of the lives of older people and help extend their healthy life expectancies.



Unicharm's Adult Diaper Counseling Service enables customers to select the right product with the best-suited size

Support for a Society Where Gender and Sexual Orientation Do Not Restrict People's Activities

Contributing to the SDGs



Background of Initiatives

Overcoming the challenges faced by various countries and regions and having women play an active role in society will not only lead to the achievement of gender equality but also eliminate poverty and stimulate regional economic development. We promote awareness-raising activities while providing products and services tailored to the local peculiarities of each country and region by utilizing the know-how of our business activities that we have accumulated in the past so that we can help create a society where women throughout the world can shine.

Key Initiatives / Case Studies

Education on Menarche and Menstruation (India)

We at Unicharm strive to ensure that as many people as possible have an adequate knowledge of menstruation, which can often become an obstacle for women in realizing their dreams. To that end, we teamed up with the Japan International Cooperation Agency (JICA) and local NGOs to launch an educational project called "Managing Menstruation: My Pride" in 2013 in order to educate students in India on the mechanism of and the proper care to managing menstruation. The aim of this project is to help young women in puberty gain a proper understanding of menstruation and the way in which their bodies function while ensuring that they have a healthy menstrual cycle and are able to lead healthy lives in the way they so wish. In 2021, menstruation-related sessions (including online) were held at over 500 schools and universities located in Uttar Pradesh, West Bengal, and other states in India in which roughly 35,000 students participated. Meanwhile, in 2019 we held sessions for mothers and daughters to jointly participate to learn and discuss together on the topic of menstruation. These sessions were held a total of 163 times in 2021 in Mumbai, Ahmedabad, and other cities in which around 5,300 mother-daughter pairs took part.



Managing Menstruation: My Pride in session

P.096 Local Community > Menarche Education Initiatives

Supporting the Financial Independence of Women (India)

In 2021, Unicharm collaborated with local NGO PURE India Trust to launch Project Jagriti (meaning "to awaken") in support of women residing in the rural regions of the country. Along with increasing awareness on the use of sanitary pads, the project aims to provide women in India's rural areas with opportunities to obtain jobs and earn income, thereby promoting their financial independence. This project began by conducting local research in 17 villages spanning 30 districts and two states in India to gain a better understanding of the situation surrounding these women. A base-line study was also conducted with over 1,500 women and 10 female entrepreneurs were selected based on the results of these surveys. In June 2021, 10 shops were opened in the rural areas of the city of Sikar in the state of Rajasthan. One of these entrepreneurs, Sonu Kanwar, expressed her delight in the fact that this project has helped her realize her potential like never before and enabled her to earn income toward her family's future and lead a dignified life without the need for financial support, which had never even crossed her mind.



Opening of shops operated by female entrepreneurs

The project expanded thereafter with the additional selection of 20 female entrepreneurs to each operate 20 shops in 30 villages in Sikar, Rajasthan, and in 20 villages located in the Bulandshahr district of Uttar Pradesh. An additional 50 women were selected in 2021 in the states of Rajasthan and Uttar Pradesh.

Moreover, as a part of this project, we hold activities to promote awareness of menstruation for the women in these rural areas, led by those selected as female entrepreneurs. Over 60 sessions were held in nearly 50 villages during 2021, through which around 5,000 women and young women going through puberty were able to learn about the mechanisms of menstruation and the proper usage of sanitary pads.

Going forward, Unicharm will continue to help women in the rural regions of India lead dignified lives while enabling them to take pride in the fact that they are the primary breadwinner of the family. To that end, we will continue to provide them with opportunities to earn income and become financially independent through the selection and development of female entrepreneurs in Project Jagriti.



Activity to raise awareness of menstruation

Tailoring Menstruation Care to Different Physiques and Lifestyles (Japan)

At Unicharm, we are keen on helping ease the burden experienced by women during their menstrual period (seven days) and enabling them to spend the time as comfortably as possible by offering choices for menstruation care that are tailored to the needs of different physiques and lifestyles. With this in mind, in July 2021 we updated the brand slogan for our *Sofy* sanitary pad brand to “We can change those 7 days!”

Along with the addition of sanitary pads, tampons, and *Sofy Synchro Fit* form-fitting sanitary pads to our lineup, we released *Sofy Soft Cup* in April 2021. These menstrual cups are designed to fit the diverse physiques and lifestyles of everyone, helping them manage any blood leakage or moisture issues and make their days more comfortable. Moreover, the social advancement of women has led to changes in their lifestyle habits and increased stress, resulting in menstruation-related issues. To help them deal with such conditions, in March 2021 Unicharm unveiled *Sofy Menstruation Period & Condition Management* app, which diagnoses physical tendencies according to 24 types and helps address the concerns associated with premenstrual syndrome (PMS)*1 and other issues while managing menstruation. Under the supervision of doctors and specialists, we continue to provide support and information on menstruation.

*1 Emotional and physical symptoms such as irritation, stomach pains, and headaches that are experienced before a period



Sofy #NoBagForMe Project (Japan)

The #NoBagForMe Project was established to enable as many women as possible to understand and make the right choices when it comes to menstruation care and to help realize a society in which they can live the way they so wish. Viewing it as an opportunity for more women to gain a better understanding of menstruation and menstruation care, we held an online discussion forum titled “Women in Leadership” through the support of the UN Women Liaison Office in Japan to coincide with the celebration of International Women’s Day in March 2021. In addition, we also hold company-oriented training programs called “Education on menstruation for everyone” to enhance menstruation-related awareness and promote mutual understanding. In 2021, a video featuring clips of Miho Takao*2 sharing her knowledge of women’s health and a *Sofy* brand representative talking about the choices available for menstruation care was created and shared with 108 companies and local governments.

These and other Unicharm initiatives have been deemed to be highly compatible with the goals of the Unstereotype Alliance,*3 an initiative convened by UN Women, as a result of which Unicharm became a member of the Japan branch of the Unstereotype Alliance in October 2021.

*2 A medical doctor specializing in obstetrics and gynecology, assistant director of Ihc Omotesando and a sports doctor certified by the Japan Sport Association. She completed her studies at the graduate school of Jikei University School of Medicine. Her life’s work is to help women lead happy and healthy lives and make positive choices.

*3 A UN Women-sponsored global initiative established at the Cannes Lions International Festival of Creativity in 2017 to promote gender equality and eliminate harmful gender stereotypes through media and advertising. The Japan branch of the Unstereotype Alliance was established in May 2020.

#NoBagForMe



In April 2021, the #NoBagForMe Project was recognized in the Social Impact category of the inaugural Internet Media Awards hosted by the Japan Internet Media Association (JIMA) for its contribution to resolving social issues.



Coexistence with Partner Animals (Pets)

Contributing to the SDGs



Background of Initiatives

At Unicharm, one of our desires is to help make it possible for people and their partner animals (pets) to live happily together. With cats and dogs, the more time they spend together with people, the deeper their relationships become and, for many owners, these partner animals (pets) have come to resemble their family members. Moreover, in recent years, lack of exercise, muscle weakness, and other health-related issues have become more common for many dogs and cats and this trend is expected to grow in the COVID-19 era. Through our provision of food, hygiene products, and services for dogs and cats, we will remain deeply involved in helping address the health and incontinence issues of partner animals (pets) and realizing a society in which they are welcomed by not only their families but by the people living in the community.

Key Initiatives / Case Studies

Foods That Help Maintain the Health of Dogs and Cats (Japan)

Developing and maintaining the health of muscles are essential to the creation of a healthy body for dogs and cats. For that reason, protein is invaluable as it is an essential nutrient for building muscle. To help build healthy bodies that remain active for a lifetime so that dogs and cats can continue to go for walks and play happily, no matter how old, we unveiled a new brand called *Physicalife* at pet shops throughout Japan in July 2021.



In addition, for partner animal (pet) owners who value the communication they are able to have with their dogs while providing snacks that are low in calories, we released *Gran-Deli Treat of the Day - Delicious, Calorie-Regulated* and *Gran-Deli Tori-Purun - Delicious and Calorie-Regulated* dog treats in March 2021.

Meanwhile, in September 2021 we also launched a new brand called *Gran-Deli Precious*, which contains freeze-dried chicken breast strips and vegetables. This new brand of dog food fulfills the abundant needs of partner animal (pet) owners who want their dogs to eat a lot, stay healthy, and maintain a good nutritional balance, underscoring the importance of deliciousness, quality, and health.



Cat Toilet (Worldwide)

With the increasing number of people working at home around the world due to the impact of the COVID-19, the need for cat toilet deodorants continues to grow. Unicharm's *Deo-Toilet* for cats consists of two layers: the top layer for deodorant and antibacterial sand and the bottom layer for deodorant and antibacterial sheets. When a cat urinates, the urine filters through the sand in the top layer down to the sheet in the bottom layer, which absorbs the urine. Due to this double deodorizing, antibacterial structure, you will not notice your cat's urine odor for about a week.* *Deo-Toilet* is also designed not to leave any clumps after urination, allowing cats to maintain cleanliness, something that these felines truly value. Through *Deo-Toilet*, Unicharm is helping to create an environment where both cats and their owners can truly live comfortably.

* Impact for a pet cat weighing up to 8 kg, which may vary slightly depending on the types of sand and sheets used. Please replace the sand/sheets right away in the case of feces.

P.069 Responsibility to Our Customers (Consumers) > DOQAT Partner Animal (Pet)-Related Q&A Service

P.069 Responsibility to Our Customers (Consumers) > Helping Ensure the Well-Being of Cats through the Latest Technology



The mechanism behind *Deo-Toilet*

Improvement of Childcare

Contributing to the SDGs



Background of Initiatives

The climate, culture, and customs of the approximately 80 countries and regions worldwide in which Unicharm operates its business vary. Thorough research is carried out on the actual living styles and consumption patterns of each country and region, allowing us to supply products that are tailored to their cultures and living environments. We constantly strive to ensure that our customers' needs are carefully met and to seek solutions to the respective social issues of each country and region through our products and services. In so doing, we contribute to the realization of a society in which babies and their families are able to lead healthy and happy lives.

Key Initiatives / Case Studies

Disposable Baby Diapers Tailored to Specific Countries and Regions MamyPoko Pants Premium Extra Dry (Thailand)

In Thailand, a country that is constantly hot and humid due to its tropical monsoon climate, dampness is a major issue. For that reason, it is customary in this country to minimize the use of disposable diapers and allow babies' skin to dry off. In view of this, in August 2021 we launched *MamyPoko Pants Premium Extra Dry*, a new type of diaper that draws out sweat from its sweat-absorbing sheet along the waist, which lowers the internal temperature of the diaper by up to 2°C,^{*1} and keeps babies' skin dry.

*1 Cooling effect may vary according to the environment in which they are used.



BabyJoy Olive (Saudi Arabia)

In Arab states, many believe that olive oil can be gentle on the skin. Based on this belief, we developed *BabyJoy Olive*, the first-ever^{*2} disposable diaper with olive oil on the surface of the top sheet, and released it to the Saudi Arabian market in February 2021.

*2 According to research conducted in February 2021 by Unicharm on major baby diaper products sold in Saudi Arabia



MamyPoko Extra Dry Protect (Malaysia / Singapore)

In Malaysia and Singapore, the risks associated with dengue fever (transmitted by mosquitoes during high levels of precipitation) continue to rise. In light of this, we developed a disposable diaper called *MamyPoko Extra Dry Protect*, which features mosquito-repelling "Antimos" capsules, and released it to these markets in September 2020. Antimos capsules are microcapsules filled with lemongrass extract, which repels mosquitoes. The Antimos capsules are applied to the tape section of disposable diapers and when the tape is put on and taken off, the capsules are crushed and lemongrass extract protects the baby's skin from mosquitoes. Natural ingredients are used for the lemongrass extract making it safe even when it comes into contact with the baby's skin.



Oyasumi-Man (Japan)

With the growing number of working mothers and dual-income households, more and more people are being inconvenienced in their busy mornings by the hassle of washing wet pajamas and bed linen due to urine leakage. While most babies urinate before they go to bed so that they do not do so while sleeping, some parents are dealing with the issue of their babies refusing to go to the toilet at night. Such issues prompted us to conduct research on the impact of communication on psychological and behavioral shifts in parents and children before bedtime, as well as joint research with Masako Ohira, a professor in the Faculty of Education at Shiga University, on how melatonin^{*3} metabolite changes overnight. Based on the results of these studies, we developed *Oyasumi-Man*, a diaper with a sticker attached that reminds parents of pre-bedtime routines,^{*4} and released it to the Japanese market in October 2021.

*3 A hormone released from the pineal gland section of the brain. Often referred to as the "sleep hormone," melatonin functions according to your body's internal clock, allowing the body to awaken and go to sleep, and enables you to sleep naturally.

*4 Daily activities that are performed before going to bed, such as going to the toilet, turning off electrical equipment, and adjusting room lighting



Improvement of Public Hygiene

Contributing to the SDGs



Background of Initiatives

To safeguard daily health and support safe and comfortable lifestyles while adapting to the diversifying usage of masks and changes in needs, we at Unicharm offer masks for use by everyone from children to adults that can be used comfortably throughout the year. In the area of wet wipes, we are developing products that adapt to changes in living environments and lifestyles and, in turn, contribute to the creation of effective and comfortable daily lives. In Asian countries, in particular, the demand for wet wipes has increased in line with the rise in income levels and, in response to this increased demand, we are speeding up the development of such products in an effort to help realize a more sanitary environment.

Key Initiatives / Case Studies

Addressing the Diversifying Needs for Masks (Worldwide)

As a company devoted to producing masks, Unicharm is fully committed in its efforts to address the varying needs for masks, which have continued to grow in light of COVID-19.

January 2021	Releases N95 mask* ¹ (made in Japan) for use by healthcare professionals
March 2021	Releases lightweight-design <i>Ultra-Comfort Mask SMART COLOR</i> for the <i>Ultra-Comfort Mask</i> series
April 2021	Begins taking orders for <i>Unicharm Face-Viewable Mask</i> , which facilitates the reading of lips and facial expressions
July 2021	Releases <i>Ultra-Comfort Mask Coolness -2°C</i> ,* ² which lowers the surface temperature of the mask when the xylitol contained in the non-woven fabrics reacts to the moisture in our breath
July 2021	Releases <i>Ultra-Comfort Mask for Sensitive Skin</i> ,* ³ which minimizes skin irritation through its silky ultra-fine fiber
August 2021	Releases <i>Ultra-Comfort Mask Pleats-Type</i> (bulk option: 7 masks per pack x 40 packs), which can be stored for up to five years* ⁴ in view of disaster preparedness due to its sealed packaging

(Example initiatives in Japan)

In June 2021, the Japanese Industrial Standards (JIS)*⁵ were established for masks in Japan with an aim of ensuring safety and peace of mind for both consumers and healthcare professionals through the manufacture and sale of masks that meet certain performance standards. As for Unicharm's

products, the *Ultra-Comfort Mask* series was deemed compliant with the JIS T9001 standard upon undergoing a compliance audit. Products that receive a compliance number are given a JIS-compliant label and a mark certifying membership in the Japan Hygiene Products Industry Association on their packaging. Moving ahead, we will continue to provide high-quality masks in a consistent manner and, in so doing, help create a more comfortable mask-wearing experience. At the same time, we will play a key role in preventing the spread of COVID-19 and contribute to the realization of a society in which everyone can live safely and with peace of mind.

Moreover, people outside of Japan are becoming increasingly aware of the risks associated with COVID-19 and the need for masks has become more and more apparent. To ensure that it adapts swiftly to such shifts in lifestyle needs and helps realize healthy lifestyles for everyone, Unicharm will continue to work to strengthen its rollout of high-value-added masks across the globe.



Ultra-Comfort Mask Pleats-Type regular 7-pack (JIS-compliant product)

*1 Certified by the National Institute for Occupational Safety & Health (NIOSH) in the U.S.

*2 Impact when compared with other Unicharm products

*3 On facial areas that come into contact with masks

*4 Five years from the date of production

*5 JIS T9001 for general purpose and medical use and JIS T9002 for healthcare professionals engaged in COVID-19 infection measures

P.026 Key Initiatives: Safeguarding the well-being of society > Unicharm Face-Viewable Mask (Japan)

Assessing the Impact of Wet Wipes on Controlling the Spread of COVID-19 (Japan)

Unicharm conducted research together with Kitasato University School of Allied Health Sciences to verify the effectiveness of wet wipes on controlling the spread of COVID-19 by squeezing out and using the liquid from *Silcot Alcohol Type 99.99% Bacteria-Removal Wet Wipes* and *Silcot Alcohol Type Noroclear Bacteria-Removal Wet Wipes*. Two types of assessments (the TCID50*⁶ and plaque*⁷ methods) were carried out, which involved mixing the wet wipe liquid for 20 seconds. The results showed that the controllability rate of these wet wipes is over 99.99%, as a result of which, it was determined that they are effective at controlling the spread of COVID-19. In addition to this research, we conducted a survey on customers' perspectives of wet wipes, due to the growing need for infection prevention measures and changes in at-home lifestyles in light of COVID-19. Based on the results, we were able to conclude that there was a difference between 2019 and 2020 in customers' viewpoints of wet wipes. In light of these findings, from March 2021 we nearly doubled the production volume of our increasingly popular *Silcot Wet Wipes* relative to their output in 2019. We will continue to ensure the stable supply of *Silcot Wet Wipes* in an effort to help provide safety and reassurance to everyone going forward.



Wet wipes for articles

*6 TCID50 (50% Tissue Culture Infectious Dose) method: An experiment that measures the concentration of half of the cells that are cultured on 96 well plates that are inoculated with multiple diluted concentrations of virus-containing liquid

*7 Plaque method: An experiment that involves inoculating virus-containing liquid into cultured cells that are cultivated in sheet form, which then is covered and cultured with agar medium. Only the virus-infected cells grow, allowing for the infected plaque to be measured with the human eye after a certain length of time.



Key Initiatives

Safeguarding the well-being of society

102-15,103-1,103-2

Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to solving social issues and promoting sustainability.

Our Basic Approach and Strategy

Unicharm is constantly striving to improve customer safety, security, and satisfaction through the products and services it provides. To that end, it is essential to share our philosophy with regard to safety and the environment with our suppliers and build a cooperative relationship with them

through close-knit collaboration via two-way communication. Throughout the value chain, we aim to solve social issues and, at the same time, contribute to sustainability.

2021 Results

The pursuit of “innovations to achieve ‘NOLA & DOLA’” is about creating products and services that free people from various burdens and enable finding enjoyment in life. Doing so also enables us to provide value to society and help address its various issues.

An example of such a product is *Unicharm Face-Viewable Mask*, which was developed and released in 2021 for those with communication-related concerns stemming from the inability to see others’ mouth movements and facial expressions.

From the perspective of “practicing sustainable lifestyles,” Unicharm has put in place an internal guideline called the SDGs Theme Guideline and is constantly working to create products that are friendly to both society and the environment.

As for the “construction of value chains that take account of sustainability,” our efforts center on the sustainable procurement of forest resources and the continuous use of the Sedex platform.

Key initiatives	Indicators	Results	Medium- to long-term goals	
		2021	Target value	Target year
Innovations to achieve “NOLA & DOLA”	Percentage of products and services that contribute to freedom from various burdens and enable finding enjoyment in life.	100%	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability.	9 cases	50%	2030
Construction of value chains that take account of sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights.	Development ongoing	Double (Compared with 2020)	2030
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share).	23.4%	50%	2030
Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted.	100%	100%	2030

Innovations to Achieve “NOLA & DOLA”

Contributing to the SDGs



Background of Initiatives

In today's world where it is common to wear a mask to prevent the spread of viruses, it has become increasingly difficult to engage in face-to-face communication. There have been issues in terms of the challenges posed by masks when it comes to communicating with others, particularly involving people who are hard of hearing, many of whom communicate by reading the mouth movements of others. We have come to realize that many people have gone out of their way to deal with these challenges such as by making their own masks that are designed to be able to see the user's mouth clearly and requesting others to wear these masks or a face shield. As a company devoted to producing masks, Unicharm will continue to fulfill its responsibilities to society through the supply of masks that facilitate the reading of mouth movements and facial expressions while firmly protecting users from coming into contact with droplets, a function we have come to expect from all masks. And by extension, we will pursue the realization of a cohesive society in which all people can live in their own way by being independent and helping each other.

Key Initiatives / Case Studies

Unicharm Face-Viewable Mask (Japan)

With the goal of creating a mask that fits perfectly, protects the user from droplets, and provides clear visibility of the user's face, we developed *Unicharm Face-Viewable Mask* and released this new product to the Japanese market in April 2021. These masks are made of anti-fog transparent film, allowing for 70%* of the user's face to be seen, and are designed to fit perfectly, minimizing any gaps between the mask and the face and protecting the user from coming into direct contact with droplets. They also feature wide ear loops that reduce strain on the ears, are made of antibacterial material, and are washable and reusable, ensuring high levels of comfort and hygiene for all users.

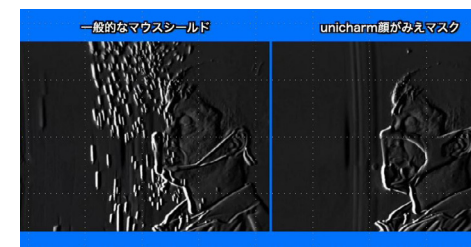
With the support of the Ministry of Education, Culture, Sports, Science and Technology-Japan (MEXT), in July 2021 Unicharm verified the effectiveness of *Unicharm Face-Viewable Mask* through the participation of instructors at special needs education schools and kindergartens for the deaf that emphasize the



importance of being able to read the teacher's mouth movements and facial expressions. For these efforts, Unicharm received a letter of thanks from then-Minister of Education, Culture, Sports, Science and Technology, Koichi Hagiuda. Also, to promote better communication between nursery school teachers and children, we commenced the sale of *Unicharm Face-Viewable Mask* on a trial basis at certain childcare facilities from August 2021. Through this product, Unicharm will facilitate the needs not only of those who are hard of hearing but also for language education and expressing one's emotions. In so doing, we will help achieve social inclusion by fulfilling our responsibilities to society as a company devoted to producing masks.

* Degree of visibility of the facial area below the eyes

P.095 Local Community > Flat-Rate Disposable Diaper Service (Japan)



Comparison of droplet dispersions from sneezing

Practicing Sustainable Lifestyles

302-5

Contributing to the SDGs



Background of Initiatives

By way of its activities along the series of value chains that include development, procurement, production, distribution, and sales, Unicharm is firmly determined to realize its purpose of “contributing to the achievement of the SDGs.” Every Unicharm employee must be committed to the standards that are deemed essential to realizing this purpose and, with this in mind, in January 2021 we established the SDGs Theme Guideline, an internal guideline for contributing to sustainability. Our top priority is to create a theme for developing new products that deeply connects to the backbone of our products and services. Based on this mindset and by means of the SDGs Theme Guideline, Unicharm will stay true to its commitment of practicing sustainable lifestyles.

Key Initiatives / Case Studies

The SDGs Theme Guideline, an Internal Guideline for Contributing to Sustainability (Worldwide)

The SDGs Theme Guideline consists of two indicators: “friendly to the environment” and “friendly to society.” Aiming to constantly improve the quality of its products and services that pay due consideration to both the environment and society, Unicharm will strive to provide added value that helps resolve the concerns and realizes the dreams of as many people as possible and address the issues of society, all the while using as few resources as possible.

- (1) Friendly to the environment: Help minimize environmental impact
 - Generate higher added value through the use of even fewer resources
- (2) Friendly to society: Help address the issues of society
 - Generate added value that helps resolve the concerns and realizes the dreams of as many people as possible and address the issues of society

We have set forth the goal of “reducing input 10% and increasing output 10%” for the above indicators while continuously striving for innovation and, to that end, have established seven proprietary themes aimed at contributing to the achievement of the SDGs.

Examples of the Seven Themes for Contributing to the Achievement of the SDGs

Promotion of the use of locally produced and consumed materials, renewable raw materials, and materials reproduced through the recycling of used products; pursuit of a plastic-free society; and establishment of numerical targets and themes for the proposal of new recycling and reusing practices and other measures.

In January 2021, we launched the operation of the SDGs Theme Guideline and developed and released nine new products and services during the course of that year. Examples of such products include *Lifree Feel-at-Ease Pad for Use with Daily Underwear* (100cc / 200cc), which is roughly twice* as effective at absorption as pants-type disposable diapers while ensuring that users are equally reassured despite its pad configuration and *Gran-Deli Precious*, a new partner animal (pet) food brand containing freeze-dried chicken breast strips and vegetables that underscores the importance of deliciousness, quality, and health.

With a number of new projects in the works, we will develop products and services that are conducive to practicing sustainable lifestyles in the years ahead.

* Based on per unit area comparison with Unicharm's leading pants-type disposable diapers

P.019 Key Initiatives: Safeguarding well-being of individuals > Extension of Healthy Life Expectancy and Improvement of QOL

P.022 Key Initiatives: Safeguarding well-being of individuals > Coexistence with Partner Animals (Pets)

Construction of Value Chains That Take Account of Sustainability

Contributing to the SDGs



Background of Initiatives

In October 2017, we established the Basic Policy of Procurement and the Unicharm Group Sustainable Procurement Guidelines to prevent human rights, labor, and environmental problems throughout the supply chain. This action was also taken to express our intentions toward the prevention of child and forced labor, prohibition of discrimination, right to the freedom of association, right to collective bargaining, reductions in excessive working hours, minimum wages, health and safety standards, and the prevention of corruption. This policy and these guidelines were created for the purpose of fair and impartial business activities with all business partners that conduct business with the Unicharm Group around the world, as well as the fulfillment of our social responsibility.

P.089 Supply Chain Management > Basic Policy of Procurement

Key Initiatives / Case Studies

Forest Certification-Related Initiatives (Worldwide)

At Unicharm, we strive for sustainable procurement and production when utilizing forest resources. For materials made from wood such as pulp and absorbent paper, we procure resources from well-managed forests, such as forest-certified materials, while also investigating the place of origin of our materials. Following the acquisition of CoC certification (chain of custody: management certification for fabricating and distribution processes) from the international forest certification system PEFC*1 in Thailand, Indonesia, and Japan in 2020, our factories in the U.S. and South Korea were also certified in 2021.

In addition, *MamyPoko Premium Baby Wipes*, the Company's first-ever baby wipes made of FSC*2-certified material, were released to the Taiwan–Greater China market in August 2021. Made of organic cotton compound sheets that have been given OEKO-TEX® STANDARD 100 certification,*3 which testifies to the highest levels of safety in the world, *MamyPoko Premium Baby Wipes* have been proven safe from chemical substances and are environmentally friendly with respect to the use of forest resources. Also, since 2019 we have been switching to the use of FSC®-certified materials for the packages and cardboard boxes used for our products sold in Japan.



- *1 Programme for the Endorsement of Forest Certification: The world's largest forest certification scheme, headquartered in Geneva, Switzerland, and an independent non-profit NGO that aims to promote sustainable forest management through the implementation of strict third-party certification
- *2 Forest Stewardship Council®: An independent non-profit organization that operates an international forest certification system with the goal of expanding responsible forest management around the world
- *3 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 that belong to the international consortium called OEKO-TEX®. To use the STANDARD 100 label, a product must clear the testing criteria for all materials and chemical substances used in the manufacturing process and, for such reasons, products with the STANDARD 100 label are recognized as meeting the world's highest safety standards.

Utilizing the Sedex*4 Platform to Promote Respect for Human Rights and Establish Better Working Environments (Worldwide) 412-1

In an effort to build a sustainable supply chain, Unicharm joined Sedex as a B member (Supplier) for its factories in Japan, China, Taiwan–Greater China, Thailand, Indonesia, India, and Saudi Arabia in 2019 and as an AB member (Buyer/Supplier) for the Group's entire operations in July 2020.

As an AB member, Unicharm is utilizing the Sedex platform in two core areas: (1) Unicharm Group companies and (2) material suppliers and contract manufacturers, with emphasis on the former.



(1) Unicharm Group companies

From July to December 2020, a total of 40 Unicharm-operated factories, consisting of 18 locations in Japan and 22 locations overseas, completed the Sedex Self-Assessment Questionnaire (SAQ), for which all factories updated their responses in 2021. In regard to some unclear responses given, the Group's executives such as the president and the factory manager of each facility were urged to seek measures toward improvement.

As for SMETA audits,*5 which we had planned to implement at Group companies from fiscal 2021, they were postponed due to the effects of COVID-19. However, our measures going forward include the possible implementation of remote audits with the intention of detecting urgent matters right away and improving on these matters by means of carrying out fair and objective audits.

(2) Material suppliers and contract manufacturers

Unicharm has requested all material suppliers and contract manufacturers to become a member of Sedex and cooperate in the use of its platform, enabling mutual access to information disclosed on the platform. As of December 31, 2021, we have been able to cooperate with roughly 50% of all material suppliers and contract manufacturers.

*4 Sedex is a global membership organization, leading in responsible sourcing practices. Sedex provides companies with technology and insights to build a responsible business and supply chain, including the world's largest platform for sharing supply chain data on labor standards, health and safety, the environment, and business ethics. Over 65,000 business members in 170 countries use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

*5 SMETA (Sedex Members Ethical Trade Audit) is a social auditing methodology developed by Sedex. It enables businesses to assess their sites and suppliers to understand working conditions in their supply chain across the areas of labor standards, health and safety, the environment, and business ethics.

P.092 Supply Chain Management > Effective Use of Global Platform



Key Initiatives

Safeguarding the well-being of our planet

102-15,103-1,103-2,302-5

Our aim is to provide products and services that are sanitary and convenient, as well as to contribute to activities that improve our planet's environment.

Our Basic Approach and Strategy

Addressing global environmental issues is becoming extremely pressing and companies are playing an increasingly important role in reducing the burden on the environment and making a sustainable society a reality. Unicharm recognizes that protecting and supporting the global environment is one of its most important issues. We are committed to promoting Kyo-sei Life Vision 2030, a series of

medium- to long-term ESG goals, and Environmental Targets 2030 Companywide as the key environmental targets for the medium to long term, aiming to both provide hygienic and convenient products and services and to contribute to activities that improve the global environment.

P037 Environmental Management > Environmental Targets 2030

2021 Results

As an initiative related to the “development of eco-friendly products” and “expanding our line of recycled models,” we are conducting demonstration trials in collaboration with Shibushi City and Osaki Town in Kagoshima Prefecture regarding the recycling of used disposable diapers. We are also working on developing disposable diapers using the recycled pulp produced by this project. Promoting the recycling of used disposable diapers is an activity that will help reduce greenhouse gas emissions.

achieve zero CO₂ emissions at our factories and business locations by switching to renewable energy sources.

As for “addressing climate change,” we have made efforts to reduce CO₂ emissions throughout the entire value chain, from the procurement of raw materials to manufacturing and scrapping. Since the majority of CO₂ emissions produced by Unicharm fall under Scope 2 classification, we aim to

Under the category of “reduction of the amount of plastic materials used,” we are engaged in a number of activities such as launching products that use plant-derived materials, reducing the amount of plastic use by designing slimmed-down products, and reducing the total amount of products by raising awareness of consumers on how to use disposable diapers alongside the absorbent pads. In addition to these product-related activities, we are working to adopt thinner and eco-friendly packaging materials while also eliminating the amount of plastic materials used in promotional goods for retail stores.

Key initiatives	Indicators	Results	Medium- to long-term goals	
		2021	Target value	Target year
Development of eco-friendly products	Number of products and services that implement the “3Rs + 2Rs” based on Unicharm’s unique approach.	Development ongoing	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total.	7.3%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced.	Development ongoing	10 or more	2030
Promotion of product recycling	Material recycling of non-woven products using recycling resources.	Development ongoing	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics.	Development ongoing	Reduced by half (Compared with 2020)	2030

Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

301-2,301-3,306-2

Contributing to the SDGs



Background of Initiatives

With the advent of a super-aged society, production of disposable adult incontinence diapers continues to increase, accounting for around one-eighth of total household waste by volume. In addition, disposable diapers contain paper pulp, which uses wood as its raw material, and rising pulp usage increases consumption of forest resources. In March 2020, the Ministry of the Environment formulated the Guidelines for the Recycling of Used Disposable Diapers bringing attention to the matter of diaper recycling. We view efforts to reduce waste incineration costs and CO₂ emissions and make effective use of resources as the “responsibility of disposable diaper manufacturers”; therefore, we began to recycle used disposable diapers in 2015 and are working on technology development and demonstration trials.

Key Initiatives / Case Studies

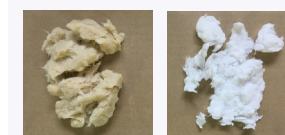
Creating Our Own Unique Recycling System for Used Disposable Diapers (Japan)

For Unicharm’s used disposable diaper recycling project, which began in 2015, we created a recycling system wherein the used disposable diapers collected are washed and separated, after which the pulp taken out undergoes a unique ozone treatment process to kill the bacteria contained in the excrement, making it as hygienic and safe as virgin pulp. Furthermore, this method has been found to significantly reduce greenhouse gas emissions compared with conventional methods that involve incinerating diapers and making new ones from virgin pulp. In an effort to resolve social and environmental issues, we developed a product combining this hygienic and safe recycled pulp with the materials used in certain *Lifree*-brand disposable diapers for nursing homes and released it in May 2022.

Collaboration with Local Government (Japan)

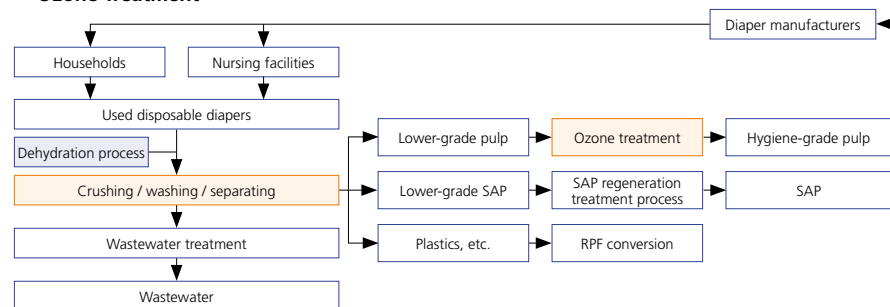
Since May 2016, we have taken part in the Used Disposable Diaper Recycling Promotion Council, which functions primarily in Shibushi City, Kagoshima Prefecture. On November 1 of the same year, Shibushi City, along with the So Recycling Center, and Unicharm signed an agreement on the collection and recycling of used disposable diapers and on April 2, 2018, we signed a four-party agreement that also included Osaki Town. In order to make our used disposable diaper recycling business a reality, we are conducting demonstration trials and promoting collaboration with Shibushi City and Osaki Town. In 2020, we introduced large-scale mass production equipment at the So Recycling

Center and are currently strengthening our efforts to establish a recycling system that can be widely used both in Japan and overseas. In addition, in October 2020 we concluded the Regional Revitalization Comprehensive Partnership Agreement with Higashi-Yamato City, Tokyo, to support in seven areas such as disaster countermeasures, health promotion, and child-rearing, among others. As part of the demonstration project for promoting the recycling of used disposable diapers put forward by the Tokyo Metropolitan Government, verification trials were conducted to separate and collect used disposable diapers at elderly care facilities, nursery schools, and other locations. These trials confirmed that the collected diapers could be recycled. In October 2021, the Tokyo Metropolitan Government put forward demonstration trials to find effective methods for recovering, collecting, transporting, recycling, and other processes targeting used disposable diapers produced by households. Unicharm, in collaboration with Odakyu Electric Railway Co., Ltd., will serve as the business operator for the project that will conduct trials covering approximately 2,500 households in Machida City in the Tokyo Metropolitan Area. As part of these efforts, we are working to streamline waste collection operations while reducing waste and expanding recycling outward.



Comparison of pulp before (left) with pulp after ozone treatment of used disposable diapers (right)

► Flow of Pulp Recovery Process for Horizontal Recycling through Water Solubilization / Separation / Ozone Treatment



SAP: Super absorbent polymer
RPF: Refuse-derived paper and plastics-densified fuel. High-grade solid fuel made from used paper and waste plastics, materials that are particularly difficult to recycle among industrial wastes

In June 2021, Unicharm released “Disposable Diapers Aren’t Garbage Anymore! An Illustrated Guide to Recycling Unicharm Disposable Diapers.” These materials are designed for elementary and secondary school students—the future generation who will proactively lead the way in protecting our planet in the years ahead—and can be used as open research tools during a student’s summer holiday.



web An Illustrated Guide to Recycling Unicharm Disposable Diapers
<https://www.unicharm.co.jp/en/csr-eco/education.html>

Addressing Climate Change

Contributing to the SDGs



Background of Initiatives

With the effects of climate change increasing year after year, Unicharm recognizes that reducing CO₂ emissions is a priority. Therefore, to contribute to achieving the 2°C scenario outlined in the Paris Agreement, we received certification in June 2018 for our CO₂ reduction plans up to 2045 under the Science Based Targets initiative (SBTi). Additionally, in Kyo-sei Life Vision 2030, a series of medium- to long-term ESG goals revealed in October 2020, we set the goal of using 100% renewable electricity for all of our business operations by 2030.

Key Initiatives / Case Studies

Shifting to Renewable Electricity*1

Commencement of Operations	Factory Name	Percentage of Renewable Electricity Used	Amount of Electricity for 2021 (million kwh / year)
January 2017	Brazil (Jaguariúna Factory)	100%	12.37
September 2020	Japan (Kyushu Factory)	100%	11.06
November 2020	Thailand (Wellgrow Factory)	Approx. 10%	8.78
December 2020	Vietnam (Bắc Ninh Factory)	Approx. 11%	5.16
February 2021	Japan (Itami Factory)	Approx. 3%	0.29
April 2021	Japan (Toyohama Works, Shikoku Factory)	100%	3.46
July 2021	Thailand (DSG Factory #2)	Approx. 20%	1.18
December 2021	United States (Hartz Pleasant Plain Factory)	100%	0.54

The reduction of CO₂ emissions for the entire Unicharm Group through the use of renewable electricity at factories is expected to be 13,835 tons per year (as of December 31, 2021).

Itami Factory (Japan)

Unicharm entered into a lease agreement with Osaka Gas Finance Co., Ltd., for a solar power facility installed in its Itami Factory. This facility commenced operations in February 2021. With this new facility in place, Unicharm aims at switching 290,000 kwh, or approximately 3% of the factory's annual power consumption, to renewable electricity and reducing CO₂ emissions from the factory by approximately 170 tons per year.



Toyohama Works, Shikoku Factory (Japan)

Electricity procured for the Toyohama Works of the Shikoku Factory is certified by Shikoku Electric Power Co., Inc., with a Certificate of Specified Non-Fossil Renewable Energy,*2 and since April 2021 all electricity used at the Toyohama Works has come from renewable sources. Through this initiative, Unicharm aims to reduce CO₂ emissions from the Toyohama Works by 2,000 tons per year.

DSG Factory #2 (Thailand)

Unicharm entered into a Power Purchase Agreement with WHA Solar Company Limited applicable to DSG Factory #2, a factory of local subsidiary DSG International (Thailand). In July 2021, the factory began using electricity produced from a solar power facility installed on the premises. With this new facility in place, Unicharm aims to switch 2.88 million kwh, or approximately 20% of the factory's annual power consumption, to renewable electricity and reduce CO₂ emissions from the factory by approximately 1,440 tons per year.



Hartz Pleasant Plain Factory (United States)

Electricity procured for the Hartz Pleasant Plain Factory of United States subsidiary Hartz Mountain Corporation is certified by Shipley Energy, Inc. Since December 2021, all electricity used at the manufacturing facility has come from renewable sources. Through this initiative, Unicharm aims to reduce CO₂ emissions from the Hartz Pleasant Plain Factory by 3,000 tons per year.

*1 Renewable electricity refers to electricity generated from natural energy sources such as wind power, solar power, biomass, and small-scale hydropower.

*2 Among all non-fossil certificates documented after separating the non-fossil value of electricity generated by a non-fossil power source, it is specifically derived from "renewable energies" such as solar, wind, hydraulic, geothermal, biomass power, etc.

Reduction of the Amount of Plastic Materials Used

301-2,301-3

Contributing to the SDGs



Background of Initiatives

The quantity of plastic waste in the oceans has steadily increased and, because this type of waste takes a long time to decompose, forecasts show that, by 2050, the combined weight of the plastic waste will exceed the combined weight of 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. Aiming to address the global problem of plastic waste in the oceans, Unicharm supports the Plastics Smart campaign organized by the Ministry of the Environment, which is being implemented in collaboration with organizations in many different sectors. Therefore, Unicharm is working to reduce plastic usage at every stage of product development from R&D onwards.

P.037 Environmental Management > Environmental Targets 2030

P.053 Pollution Prevention and Resource Utilization > Participating in the Ministry of the Environment's Plastics Smart Campaign (Japan)

Key Initiatives / Case Studies

Development of Products Using Plant-Derived Materials (Japan)

To promote a hygienic way of life and to begin solving environmental problems, Unicharm is working to reduce the amount of oil-derived plastics it uses. In September 2021, we conducted an early release of *Deo-Toilet*—a plastic molded toilet set for adult cats weighing up to 5 kg—on LOHACO, an online shopping site for household items. Ten percent of the plastics used in the manufacture of these toilet bodies is derived from plants. The design of these toilets*¹ also reduces the amount of waste generated when replacing the disposable materials by 51% compared with existing toilets that use clumping *Paper-sand*®. In March 2021, *Silcot Non-Alcohol Bacteria-Removal Wet Wipes*,*² compatible with the bottom container of these newer toilets (which are composed of approximately 38% plant-derived plastics), were released in western Japan in limited quantities.



© Moomin Characters™

*1 These toilets feature a two-layer design using non-clumping sand that passes through to the bottom layer, where urine is absorbed with a wet wipe.

*2 Wet wipes do not completely eliminate bacteria.

Paper Packaging Made from 100% Renewable, Eco-Friendly Materials (Indonesia)

Our local subsidiary in Indonesia has launched the lifestyle concept “Ethical Living for SDGs.” Under this concept, it aims to be a forward-looking and ethical company dedicated to creating an environment in which people can live comfortably. To this end, it has embarked on activities that specifically aim to achieve the SDGs.

The first of these activities, meant to reach all Indonesian consumers, was limited releases of *Charm* sanitary pads and *Protect Pollution* face masks with eco-friendly paper packaging made of 100% renewable materials. These products were released on June 5, 2021, to coincide with World Environment Day.

The switch to paper packaging reduces the amount of plastic used in *Charm* and *Protect Pollution* products by roughly 70% and 80%, respectively.

We are calling on Indonesian consumers to help reduce the amount of plastic waste as we reduce the environmental impact of using plastic-based packaging.

By advocating for Ethical Living for SDGs, we aim to create an environment that is comfortable for everyone and achieve the SDGs by staying true to one of its elements, the reusability of resources.



P.053 Pollution Prevention and Resource Utilization > Reducing the Environmental Impact of Packaging (Indonesia and Japan)





Key Initiatives

Unicharm Principles

Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.

102-15,103-1,103-2

Our Basic Approach and Strategy

Unicharm will strive for appropriate collaboration with its stakeholders and aim to be a fair and highly transparent company that is well regarded and trusted by society. We believe that doing so in an effort to achieve sustainable growth and the creation of corporate value over the medium to long term will enable us to “pursue proper corporate management principles that combine corporate

growth, employee well-being, and the fulfillment of our social responsibilities” as stated in our corporate ideals. In addition, we aim to create an environment in which the happiness of each employee can be made a reality through the promotion of diversity management and human resource development.

2021 Results

In 2021, the Company reviewed the Unicharm Group Action Guidelines, which formed part of The Unicharm Way, and renamed them the Unicharm Group Charter of Actions. We have also translated and made The Unicharm Way available on a smartphone app in various languages to instill an awareness of our corporate ideals to ensure that they are well known and applied throughout the Group. Through such efforts, we aim to be a highly transparent company for all of our stakeholders. With regard to the “promotion of diversity management,” the Company has been working to promote the active participation of women in our business around the world, such as through the

establishment of a women-only factory in Saudi Arabia. We also launched our Room L+ mentorship system as a way to help female employees build networks as well as creating other venues for mentorship and discussion where they can share their career-related and personal concerns. As for “fostering the development of competent human resources,” we established KYOSHIN, a human resource development platform for the Company intranet, which has allowed us to provide a range of learning opportunities using our collection of internal educational materials and externally offered e-learning sessions.

Key initiatives	Indicators	Results	Medium- to long-term goals	
		2021	Target value	Target year
Management practices that take sustainability into account	Maintain and improve ratings by external evaluation agencies.	—	Highest level	Every year starting from 2026
	Number of serious human rights violations in the value chain.	Zero	Zero	Every year
Practice of appropriate corporate governance	Number of serious compliance violations.	Zero	Zero	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women.	Japan: 14.4% Overseas: 27.8%	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the “Growth through Work” employee awareness survey.	81.4%	80% or more	2030
Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health.	6 employees	Reduced by half (Compared with 2020)	2030

Promotion of Diversity Management

Contributing to the SDGs



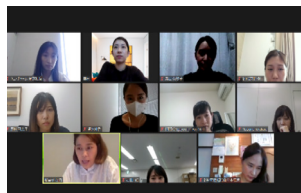
Background of Initiatives

Overcoming the issues in each country and region so that women can participate more actively in society is important from the perspectives not only of achieving a gender-equal society but also of eliminating poverty and supporting regional economic development. Utilizing the know-how we have accumulated through our business activities in the past, we aim to help women all over the world to enjoy more fulfilling lives. By applying this expertise, we provide products and services that are tailored to the characteristics of each country and region and create work opportunities. Through such means, we continue to strengthen our efforts to promote the active participation of women throughout the Group.

Key Initiatives / Case Studies

Further Enhancing Efforts to Promote the Active Participation of Women (Japan and Saudi Arabia)

In 1963, the third year after our founding, we began manufacturing and selling sanitary pads out of a strong desire to “eliminate the anxiety and dissatisfaction that women feel in their lives.” Since then, as a company that comprehensively supports people’s lifestyles by utilizing the technology we cultivated in the sanitary pad business, we have expanded our business to turn discomfort into comfort at all life stages, from infancy to old age and even for partner animals (pets). We established childcare leave and reduced work-hour systems for our employees in Japan before such systems were stipulated by law and we have implemented a flextime system in which employees can choose their work hours regardless of core working hours as well as a remote-work system. These systems help expand opportunities for female employees’ active participation in the workplace.



Moreover, in 2021 we launched our Room L+ mentorship system as a way to help female employees build networks as well as create other venues for mentorship and discussion where they can share their career-related and personal concerns.

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 those in their workplace. In light of this situation, Unicharm established a women-only factory in Saudi Arabia in 2012 to provide women with employment opportunities while still respecting local cultural traditions. In recent years, women have made rapid progress in their social advancement, as they are now not only working at factories but also working as product development staff, promoters, and field marketers who engage in product demonstrations at retailers.



Fostering the Development of Competent Human Resources

404-2

Contributing to the SDGs



Background of Initiatives

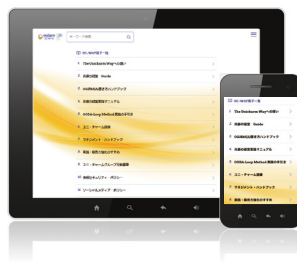
For Unicharm, a company that strives to accomplish its purpose of helping to achieve the Sustainable Development Goals (SDGs), it is important to provide employees with opportunities for growth through their daily business activities. We work to create an environment and system in which we respect the humanity of each employee, awaken their hidden potential, and develop them into “resonant personnel” who can contribute to the realization of a cohesive society through their daily activities. The Company’s employees are active in more than 80 countries and regions. The importance of sharing our unique “perspectives, ways of thinking, and ways of acting” while respecting local cultures and customs has increased.

In February 2021, we celebrated the 60th anniversary of our founding. The number of people who experienced what it was like at the start-up of our businesses in each country and region, let alone the founding period of the Company, is decreasing year by year. We believe it is necessary to evolve our approach to human resource (HR) development in a way that will appeal to members of the millennial and Z generations who will be the torchbearers in the future while maintaining the spirit of “simplicity and fortitude” and freedom and generosity that we have had since our founding.

Key Initiatives / Case Studies

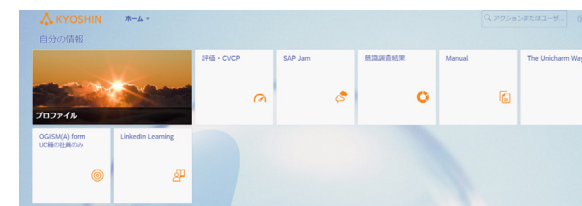
The Unicharm Way Smartphone App (Worldwide)

The spirit set forth in The Unicharm Way, which summarizes our unique “perspectives, ways of thinking, and ways of acting” is communicated to all of our employees worldwide. By embracing The Unicharm Way in our day-to-day business activities, we ensure that management with resonance is practiced throughout the Group. While this statement of corporate ideals was previously distributed to all employees in the form of a booklet, it is now available on a corporate smartphone app. Shifting to the use of this app has made it possible for all of our employees to immerse themselves in The Unicharm Way at any place and any time. The corporate app is available in nine different languages, including Japanese and English, allowing us to share information with all of our employees across the globe.



KYOSHIN Human Resource Development Platform (Worldwide)

At Unicharm, we constantly strive to afford our younger employees the opportunity to pursue ambitious goals. We therefore believe that it is essential for supervisors to allow employees to participate in setting these goals, and for employees to set their personal goals according to the organization’s own goals and strategies. In light of this, we use the KYOSHIN human resource development platform to set goals and hold interviews at the start of each year, monitor the details of employees’ progress, and provide feedback at meetings every quarter. KYOSHIN has played an integral role in enhancing the frequency and quality of communication between supervisors and employees as a result of which employees have become more motivated to pursue ambitious goals and supervisors have become more adept at developing younger talent.



Environmental Management

Our Basic Approach and Strategy

The products and services that Unicharm provides are consumables essential to a clean and healthy lifestyle. At the same time, they are closely connected to the global environment in terms of use of resources and emissions of waste. In order to provide better products to consumers around the world, we are expanding our operations globally while retaining a focus on Asia. As we do this, our role in and responsibility for reducing environmental impacts have also increased with each passing year. All of our employees are committed to environmental activities following the Unicharm Group Basic Environmental Policy and Environmental Action Guidelines, which were developed based on The Unicharm Way, consisting of the Unicharm Ideals, and Beliefs & Pledges and Corporate Code of Conduct. We carefully monitor the impact our business activities have on the environment and are promoting initiatives to realize our two environmental goals of “reducing environmental impacts” and “improving 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 business activities, we strive to create environmentally friendly products so that we may in the future pass on a beautiful Earth to our future generations.

We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and 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!

Engagement with Stakeholders

102-13

Environmental issues such as climate change cannot be solved by Unicharm alone. We are therefore proceeding with efforts and participating in the planning of measures in partnership with various stakeholders including trade associations and governments.

Response to National Measures

In accordance with the Japanese government’s declaration to achieve carbon neutrality by 2050, Unicharm will also promote activities geared to realizing a zero-carbon society in line with its 2050 vision.

As an initial step toward this goal, we teamed up with the Japan Climate Leaders’ Partnership (JCLP), which we joined as a supporting member in October 2020, to actively proceed with the procurement of renewable electricity, in pursuit of 100% use of renewable electricity by 2030.

Response to Japan Business Federation Measures

We are a member of the Japan Business Federation (hereafter Keidanren) and are proactively working toward the measures it promotes, including:

- Keidanren’s Commitment to a Low Carbon Society,
- Keidanren Carbon Neutrality Action Plan,
- Voluntary Action Plan for the Formation of a Recycling-Oriented Society, and
- Keidanren Declaration of Biodiversity and Action Policy.

Validation of Environmental Protection Activities

103-3

In 2019, we identified our material issues through open discussions with NGOs and formulated our medium- to long-term ESG goals, Kyo-sei Life Vision 2030, as well as Environmental Targets 2030, the environmental goals we strive to achieve by 2030.

Environmental Targets 2030

102-21,102-43,102-44

In order to formulate Environmental Targets 2030, we held open discussions with stakeholders, identified material issues, and established fixed targets. We continue to promote internal discussions aimed at achieving our targets.

Holding Open Discussions on Environmental Activities

With the aim of correctly identifying key environmental issues and using this knowledge effectively in our business activities, we held an open discussion with international conservation organization, World Wide Fund for Nature (WWF) Japan, in April 2019. Managers from Unicharm's Marketing and ESG Divisions were joined by three WWF Japan officials, including the conservation director.

Suggestions from the open discussion:

(1) Company vision

- When setting and sharing environmental targets for 2030, first set out the Company's vision for where it wants to be in 2050.
- Once this 2050 vision has been established, consider what must be achieved by 2030 as part of the process of realizing this overarching vision.

(2) Raising issues

- In consideration of our areas of activity, three issues that Unicharm should actively work on are: (a) plastics pollution, (b) responding to climate change, and (c) sustainable procurement of forest resources.

1. Approach to plastics pollution

- Follow the 3Rs (reduce, reuse, recycle) in the correct order to promote reduction in the quantity of materials consumed and effective use of recycled materials.
- Consider adoption of the 5Rs (the 3Rs with the addition of refuse and replace) and begin with actions that can be taken now to make steady progress in this area.
- Take proactive steps in sharing information that makes it possible to monitor Unicharm's engagement in this area.

2. Approach to responding to climate change

- Take proactive steps to accelerate the creation of a renewable energy society by announcing initiatives aimed at achieving a net zero CO₂ emissions society by 2050 and through activities such as lobbying the government and electric power providers.

3. Approach to sustainable procurement of forest resources

- Conduct thorough surveys of production areas and share relevant information publicly as there may be problems in certain areas even if the forest resources are certified.
- Expand our use of certified materials, using our guidelines not only for the raw materials used in our products but also for the forest-derived resources used in the making of office furniture, promotional materials, and similar products.

We took these ideas as our themes for discussion in the ESG Committee and used them to formulate and plan Groupwide promotion of Environmental Targets 2030 in May 2020.

► Environmental Materiality Identified by Unicharm for the Period Leading up to 2030

High Stakeholder Interest	<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 a 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
Impact on Unicharm			High

► Environmental Targets 2030

	Implementation Items		Base Year	2021 Targets	2021 Results	2022 Targets	2030 Targets	2050 Vision
Responding to the problem of plastic waste	Reducing usage of packaging materials	Per unit of sales	2019*1	-3%	-0.2%	-6%	-30%	Realizing a new society with zero plastic waste
	Selling products that contain no petroleum-derived plastic	—	—	—	Development ongoing	Development ongoing	10 or more stock-keeping units (SKU) sold	
	Raising awareness about proper disposal of used products	—	—	30%	38% (6 countries)	45%	Rolled out at all Group companies	
Responding to climate change	Eliminating the use of plastic in sales promotional items	Per unit of sales	—	-10%	-8.9% (Japan)	-20%	In principle, reduced to zero at all Group companies	Realizing a society with net zero CO ₂ emissions
	Reducing CO ₂ emissions associated with raw materials procurement	Per unit of sales	2016	-1.7%	9.7% (Japan)	-3.4%	-17%	
	Reducing CO ₂ emissions in manufacturing	Per unit of sales	2016	-3.4%	-26.9%	-28.0%	-34%	
Not contributing to deforestation (response to procurement-related issues)	Reducing CO ₂ emissions associated with disposal of used products	Per unit of sales	2016	-2.6%	23.7% (Japan)	-5.2%	-26%	Realizing a society with zero deforestation related to the purchasing of timber
	Ensuring traceability to pulp and palm oil production locations (country/region)	—	—	Forest-derived raw materials: 98%*2 Palm oil: 80%	Forest-derived raw materials: 97%*2 Palm oil: 77%	Forest-derived raw materials: 98%*2 Palm oil: 80%	Completed	
	Expanding the use of certified pulp (PEFC*3- and CoC-certified)	—	—	Percentage of certified factories: 50%*4 Percentage of certified materials procured: 60%*5	Percentage of certified factories: 52%*4 Percentage of certified materials procured: 70%*5	Percentage of certified factories: 60%*4 Percentage of certified materials procured: 75%*5	100%	
	Expanding the use of certified palm oil (RSPO*6-certified)	—	—	80%	77%	80%	100%	
	Promoting the recycling of used disposable diapers	—	—	—	Development ongoing	Development ongoing	Rolled out in at least 10 municipalities	

*1 We have updated our base year from 2016 to 2019 following a review in 2020.

*2 Percentage of raw materials derived from forest resources for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials. Forest-derived raw materials include pulp, tissue, separators, and airlaid pulp.

*3 Programme for the Endorsement of Forest Certification

*4 Percentage of Unicharm factories that have acquired CoC (chain of custody) certification

*5 Percentage of forest-derived raw materials including pulp, tissue, separators, and airlaid pulp that have acquired third-party certification

*6 Roundtable on Sustainable Palm Oil

Management Structure

102-20

Our environmental activities are collectively managed and overseen by the ESG Committee, which is chaired by the president & CEO and operated under the Board of Directors.

The integrated implementation of ISO 14001 and ISO 9001, both closely related to our day-to-day operations, is pursued independently by each of our business locations and involves a Plan–Do–Check–Act (PDCA) cycle and gate control based on pre-set control points and key performance indicators (KPIs). The ESG Division is responsible for tasks such as understanding the environmental situation and it reports to the ESG Committee, which meets four times a year. Information and discussion points arising in the ESG Committee are also reported to the Board of Directors.

Unicharm's Environmental Targets 2030 and medium- to long-term ESG goals, Kyo-sei Life Vision 2030, which include key initiatives aimed at safeguarding the well-being of our planet, were formulated in 2020. They determine our key environmental targets, are translated into targets for each individual division, and involve more finely-tuned activities such as individual targets and weekly action plans linked to each division.

The key initiatives in Kyo-sei Life Vision 2030 center on the achievement of certain targets by 2030 while Environmental Targets 2030 focuses on ensuring results year after year. In addition, ESG assessment was added to the Groupwide core strategy, which has been one of the metrics used to evaluate executive remuneration since 2020, and we are striving to accomplish the ESG strategies and targets under the leadership of directors and executive officers.

Environmental Management Based on ISO Standards

In order to improve our environmental performance, Unicharm has introduced ISO 14001 and has been promoting continuous improvement in accordance with its environmental management system (EMS).

All of our business sites in Japan and overseas have acquired ISO 9001 and ISO 14001 certifications and our quality management system (QMS) and EMS are applied on the basis of these certifications.

P.071 Quality > Unicharm Group Companies with ISO 9001, ISO 14001, and ISO 13485 Certifications

Environmental Audits for Preventing Environmental Risk and Enhancing Performance

307-1

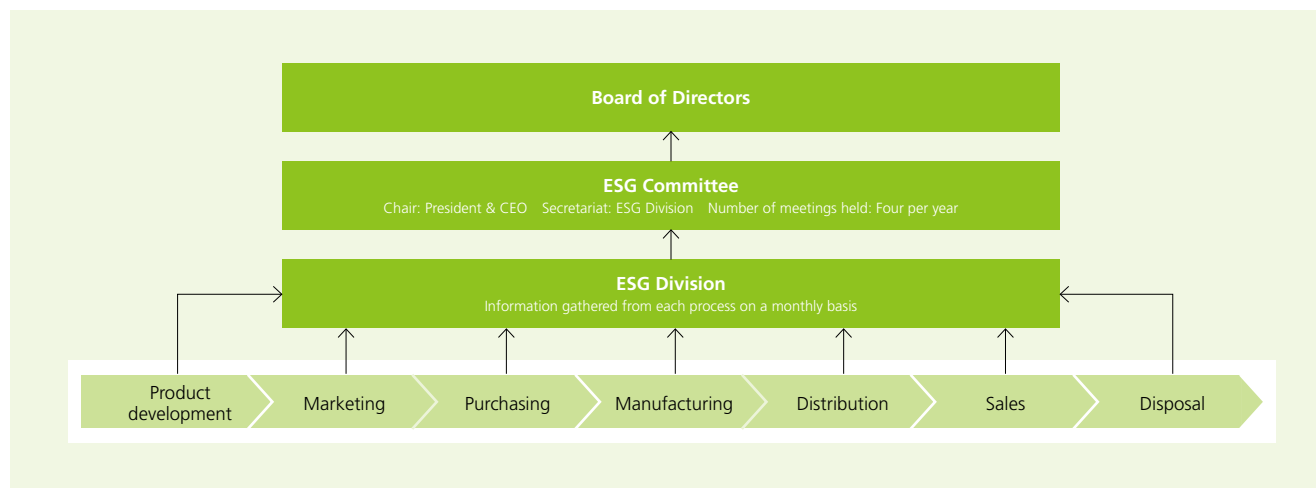
Unicharm conducts three types of environmental audits in order to eliminate environmental risks and enhance environmental performance, including target-focused audits such as:

- (1) regular audits in conformance with ISO 14001-compliant environmental management systems,
- (2) on-site confirmations at industrial waste processing partners, and
- (3) verification of compliance with laws and regulations.

Results of Environmental Regulatory Audits

It has been confirmed that, in 2021, surveys, data, and documentation for submission to governments as required by environmental laws and regulations were submitted correctly. No fines have been incurred for violations of environmental laws or regulations. Furthermore, there are no environmental matters pending.

► Environmental Management Structure



P.011 Sustainability Management > ESG Promotional Structure

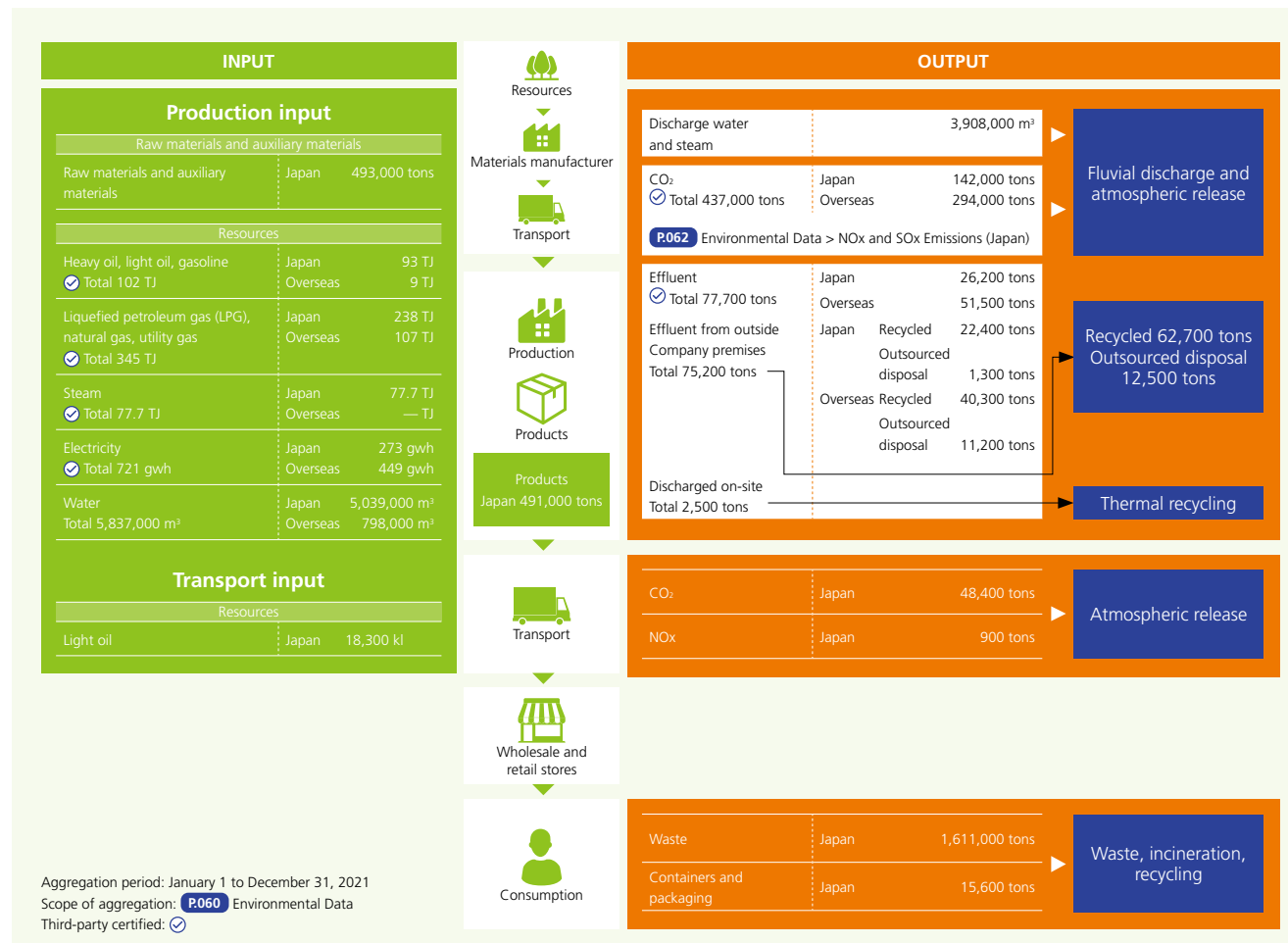
Initiatives and Results

Energy/Material Flow from a Life Cycle Perspective

301-1,301-3,302-1,302-2,303-1,303-3,303-4,
305-1,305-2,305-3,306-1,306-4,306-5

As a manufacturer of consumer products, we use resources in various aspects of our 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 in all our business activities, from the procurement of materials to the manufacturing, transport, and disposal of products after use.

► Energy/Material Flow from a Life Cycle Perspective



Climate Change (Disclosure Based on the TCFD Recommendations) 102-11,201-2

Our Basic Approach and Strategy

102-12

The impact of climate change is increasing every year and gaining in severity. Under the Paris Agreement reached at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in December 2015, signatories agreed to keep the increase in global average temperature to under 2°C above preindustrial levels.

Meanwhile, at COP26 held in November 2021, an agreement was reached to further limit the global average temperature rise to below 1.5°C above preindustrial levels and this change was reflected in official documentation.

The Task Force on Climate-related Financial Disclosures (TCFD) published its final report in June 2017, the recommendations of which encourage the disclosure of climate-related financial information by corporations to allow investors to make appropriate investment decisions. The report is globally recognized as an important framework for the disclosure of information on climate change. In Japan, companies listed on the Tokyo Stock Exchange's Prime Market, which came into effect in April 2022, are required to disclose such information in accordance with the TCFD recommendations. Under the TCFD framework, 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 the findings of analysis including climate scenarios that keep the increase in temperature below 2°C.

Unicharm recognizes that climate change is an issue of priority. Therefore, in order to contribute to achieving the 2°C scenario in the Paris Agreement, we received certification in June 2018 under the Science Based Targets initiative (SBTi) for our CO₂ reduction plans up to 2045. We also endorsed the TCFD in May 2019 and continue to report in accordance with its framework. Furthermore, we are looking to adopt the 1.5°C target announced at COP26 in place of the current 2°C target. To achieve the net zero CO₂ emissions society by 2050 target set forth in Environmental Targets 2030, the president & CEO will take the lead on setting targets and monitoring progress while, through the efforts of the entire Group, aiming to achieve a switch to renewable electricity for 100% of the electricity used for business development as set out in our medium- to long-term ESG goals, Kyo-sei Life Vision 2030. To this end, we joined the Japan Climate Leaders' Partnership (JCLP) in 2020. We will continue to strive to reduce CO₂ emissions associated with the various business activities within the Group while also continuing, to actively encourage all parties involved in our supply chains to reduce their emissions throughout the product life cycle. We are also striving to pursue such activities in partnership with all of our stakeholders.



P.049 Climate Change (Disclosure Based on the TCFD Recommendations) > Membership of the Japan Climate Leaders' Partnership (JCLP) (Japan)

Governance

The president & CEO is responsible for evaluating risks and opportunities related to climate change and for setting and enforcing CO₂ reduction targets. The ESG Committee, chaired by the president & CEO and staffed by directors and all executive officers, meets quarterly to report and deliberate on overall environmental activities including those related to climate change, updates on the progress of Environmental Targets 2030 and Kyo-sei Life Vision 2030, our response to social issues, and important issues for governance. For these committee meetings, the ESG Division—which is responsible for responding to Groupwide environmental issues—collects and checks environmental data and information on our activities every month for each site. This information is discussed with the executive officer in charge of ESG and forms the agenda for the ESG Committee. The activities of the ESG Committee are then supervised by the Board of Directors, which receives reports on committee activities from the executive officer in charge of ESG at least once a year. The ESG Committee and the Board of Directors perform checks and provide guidance and instructions on these activities in accordance with the progression of Environmental Targets 2030 and Kyo-sei Life Vision 2030. To allow Unicharm to achieve its goals, we also set the term (years) for return on investment, deliberate on investment decisions on a case-by-case basis, implement the necessary measures, and aim to meet our targets. Following the recommendations of the TCFD, we publicly share information about specific plans based on Environmental Targets 2030 and Kyo-sei Life Vision 2030.

In 2020, ESG evaluation was added to the metrics used to determine executive remuneration, thereby synchronizing our commitment to achieving sustainable growth and medium- to long-term increases in corporate value with our dedication to helping overcome environmental and social issues.

P.038 Environmental Management > Management Structure

Strategy

A joint team of researchers from Stanford University and the University of California in the United States commented in a report of their findings published in *MIT Technology Review* in 2017 that Asia will be the hardest hit region if measures to mitigate and adapt to climate change are not taken. Unicharm's business activities are concentrated in Asia and we see the risks and opportunities associated with climate change as an important factor in our business strategy.

As a result, Unicharm, in 2018 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 RCP 2.6 Scenario of the Intergovernmental Panel on Climate Change (IPCC). In 2021, Unicharm analyzed three more scenarios disclosed in *World Energy Outlook 2021*.

• Net Zero Emissions by 2050 Scenario (NZE)

A scenario whereby net zero emissions will be realized across the world by 2050

1.5°C scenario

Increase the proportion of electricity in final energy consumption from the current 20% to around 50% by 2050. Accordingly, solar power, wind power, and battery industries are projected to expand substantially, eventually becoming US\$27 trillion markets on a global basis by 2050. Achieving net zero emissions by 2050, however, will require significant cost reductions to clean energy technology through innovation as well as additional investment in hydrogen electrolyzers; carbon capture, utilization, and storage (CCUS); batteries; and other areas.

By 2030, 26 million jobs will be created through clean energy and its related sectors.

• Announced Pledges Scenario

A scenario that reflects all climate-related pledges announced by governments worldwide to be met by 2050

2.1°C scenario

Total consumption of fossil fuels will reach its peak in 2025, after which it will fall 40% by 2050. This reduced consumption will be evident in all sectors with a staggering decline expected for the electricity sector in particular. By 2030, 13 million jobs will be created through clean energy and related sectors.

• Stated Policies Scenario

A scenario that reflects the current energy policies that have been implemented by governments worldwide

2.6°C scenario

Total consumption levels of petroleum and other fossil fuels will reach their peaks by the mid-2030s and the end of the 2030s, respectively. Coal consumption will increase over the short term until 2025 and decline thereafter. Meanwhile, on the whole, demand for natural gas will increase due to growing demand in developing nations, despite the lower demand expected in developed countries from the mid-2020s.

Unicharm considers risks and opportunities with reference to our situation year by year (the short term), in alignment with our management plan (the medium term; three to five years) and international prospects (the long term; 10 to 20 years, encompassing factors such as the SDGs and the Paris Agreement). We also use an enterprise risk management (ERM) approach to identify risks to the Group as a whole and engage with climate change risks as one of these.

In order to respond to the risks and opportunities identified, we are implementing the following course of action in conjunction with our financial plan.

Conforming to Regulations and Standards

With the announcement of the 1.5°C target at COP26, Unicharm is looking to adopt this target in place of the 2°C target previously approved by the SBTi.

In Japan, we are prioritizing capital expenditure that allows us to aim for the target of an annual 1% increase in energy efficiency as stipulated in the country's Act on Rationalizing Energy Use.

Financial Optimization Calculations

For investment in energy conservation, we are expanding our criteria for assessing expected depreciation periods, with the intention of facilitating assessment of return on investment and increasing investment opportunities.

Budget Dedicated to Research and Development of Low Carbon Products

We are investing in establishing a system that we can implement with our suppliers to use to exchange data relating to CO₂ emissions by weight of material, linked to the codes we use to categorize raw materials. We are implementing database management to establish a budget that will allow developers to make better selections of low carbon materials.

Scenarios and Planning

Unicharm uses RCP scenarios* as a basis from which to calculate estimated physical impacts. These include risks related to factories in coastal zones with rising sea levels, operating risks linked to supply chain disruption caused by cyclones and other disasters, the risk of falling GDP in equatorial regions due to heat waves, and the impact of increased raw material costs stemming from delays in harvests of agricultural and other products and

the development of forest resources as a result of changes in terrestrial ecosystems.

Global warming will have a significant impact not only on the global environment but also on our business development. In order to observe the Paris Agreement, we will continue to proceed with a range of initiatives in cooperation with various stakeholders. Moreover, we believe that this situation, in which global warming is becoming an increasingly urgent problem, is

also an opportunity for Unicharm to showcase its used disposable diaper recycling technology. By means of this technology, we will contribute to efforts such as forest conservation and decarbonization.

* RCP (Representative Concentration Pathway) scenarios are a series of scenarios setting out several "representative concentration pathways" and predicting the future climate for each pathway as well as allowing the formulation of various socioeconomic scenarios that would lead to each of these concentration pathways.

► Unicharm's Envisaged Scenarios

		Climate-Related Risks	2°C (1.5°C) Scenario	4°C Scenario
Transition risks	Policies, laws, and regulations	Progress of GHG emissions pricing	The implementation of more stringent emissions trading schemes, higher carbon taxes, and other decarbonization measures and regulations worldwide in pursuit of carbon neutrality is likely to increase capital investment aimed at promoting the use of renewable energy and reducing GHG emissions. In addition, the growing population, mainly in Asia, is expected to drive purchasing volumes upward and increase the use of and demand for energy and other resources in manufacturing and distribution. This will lead to concerns over the impact on costs, such as higher crude oil prices and the resulting increase in retail prices of raw materials and electricity, as well as higher demand for certified raw materials. Moreover, increasing consumer awareness of the importance of decarbonization and the growing demand for certified raw materials stemming from emphasis on safety and reliability will likely fuel a greater need for ethical consumption. As a company that uses pulp in approximately 70% of our products, we believe that we run the risk of developing a reputation as participants in deforestation.	While the commitment to realizing carbon neutrality remains unchanged, continuation of the existing climate-related policies will probably not lead to a strengthening of regulations. That said, in Asia where Unicharm continues to expand its business, demand for electricity and the importance of ensuring the availability of electrical energy continue to increase, leading us to assume that the need for fossil fuel-derived electricity will continue to grow in the near term due to factors such as cost and reliability. Much like the 2°C scenario, we believe the need for ethical consumption will increase to a certain degree, owing to increasing consumer awareness of the importance of decarbonization and emphasis on safety and reliability, among other factors, while demand for raw materials, primarily energy and certified forest materials, will continue to climb on the back of the stable electricity demand and growing population in Asia. Meanwhile, approximately 80% of our products are disposable products providing hygienic and convenient ways to create a more sanitary environment. We believe that the transition of consumers toward environmentally friendly products designed to mitigate climate change (such as the discontinued use of plastic products in order to reduce marine pollution) could potentially lead to market contraction.
		Strengthening of GHG emissions reporting requirements		
		Imposing of requirements and setting of regulations on existing products and services		
		Increased litigation		
	Technology	Transition to low carbon alternatives for existing products and services		
		Unprofitable investments in new technology		
		Up-front costs associated with the transition to low carbon technology		
	Market	Changes in consumer behavior		
		Unsteadiness of market signals		
		Soaring raw material prices		
Reputation	Changes in consumer preferences			
	Criticism toward other sectors			
	Increasing concerns of and unfavorable responses from stakeholders			
Physical risks	Acute	Intensification of abnormal weather such as cyclones and floods	Large-scale disasters caused by major typhoons, cyclones, and other abnormal weather attributable to climate change are occurring in approximately 80% of the countries and regions where we operate, primarily in Asia. The potential for torrential rain becoming more frequent around the world, the increasing number of hurricanes in North America, and the high cost of damage incurred as a result will, in all likelihood, inflict the biggest damage to the regions that produce the wood used in pulp, the main raw material in Unicharm products. Considering this situation from the standpoint of Brazil, another region that produces wood pulp, 2 mha to 5 mha of forest are lost each year, magnifying both the importance of procuring sustainable forest resources and the risk of the additional impact, and the effect that the rapid rate of deforestation will have on the already challenging environment for pulp procurement.	Unicharm procures materials on a global scale, principally using materials derived from conifers and petroleum. We believe that unexpected, large-scale cyclones and floods caused by climate change that exceeds the 2°C scenario could result in insufficient supply as a consequence of damage to forest resources and lead to the risk of reduced operating efficiency, suspended operations at manufacturing factories, and supply chain disruptions. We project increased costs for energy for the air-conditioning that will be necessary to maintain working conditions and product quality due to rising temperatures, increased damage insurance costs accompanying increased damage caused by heavy rain, and depreciation of real estate values. As a result, our core operating income rate will prove difficult to maintain at above 15%.
		Changes in precipitation patterns and extreme climate variability		
	Chronic	Rise in average temperatures		
		Rise in sea levels		

		Climate-Related Opportunities	2°C (1.5°C) Scenario	4°C Scenario
Opportunities	Resource efficiency	Make efficient use of transportation	<p>If international agreements progress and reduction targets to keep warming to an increase of less than 2°C are met, purchases of Unicharm's products will increase as a result of population and economic growth, mainly in Asia, and sales will see an increase in compound annual growth rate from 7% to 9%, allowing the increase in related energy costs to be absorbed.</p> <p>In an effort to utilize resources effectively, we are implementing a range of measures that include conserving energy and using energy more efficiently both at our production sites and in our logistics processes, recycling waste emitted from our factories, and switching to the use of renewable electricity. In so doing, we are able to reduce CO₂ emissions while reducing costs. Also, the expected growth in demand for products and services that pose minimal impact on the environment presents opportunities to lower our costs and increase profits through the introduction of new products and technologies. The growing demand for certified raw materials spurred by higher consumer awareness of decarbonization and emphasis on safety and reliability will likely enhance the need for ethical consumption. In over 90% of the countries and regions in which we operate, used disposable diapers are either incinerated or disposed of in open dumps or landfill sites. Unicharm is therefore advancing an initiative to recycle used disposable diapers. If and when such recycling could be implemented, our trial calculations suggest that it could reduce production of GHGs, including the CO₂ from incineration and methane from open-dump and landfill disposal. We therefore see possibilities for recognition of our commitment to used disposable diaper recycling and increasing support for our products utilizing recycled pulp. Moreover, we will continue to introduce new environmentally friendly products made of certified materials, meeting the ethical consumption needs of consumers. By extension, we expect to continue to achieve sustainable growth from 2050 onward.</p>	<p>The private green economy would continue to actively develop and transition risks would be limited to a reasonable economic level. Although physical risks would increase, economic development would accelerate and we believe that the consequent financial surplus available would bring an increase in opportunities to absorb the costs of the used disposable diaper recycling technology. Further, we believe that a worldwide balancing of environment and economy would prompt consumers to favorably reevaluate products with a low environmental impact and lead to increased sales opportunities. The introduction of more stringent regulations for the development of sustainable raw materials and the use of plastic will spur a growth in demand for products made from bio-based materials. In addition, new revenue opportunities will emerge, which, alongside the use of renewable energy and the diversification of energy sources, will lead to a reduction in carbon costs. Through our used diaper recycling system and other initiatives aimed at addressing climate change and preserving forest resources as well as our environmentally friendly products using certified materials, we believe we are well positioned to meet the ethical consumption needs of consumers. The global impact of climate change could expand the scope of the countries and regions associated with the risk of contracting dengue fever, malaria, and other diseases, which may expand the market for hygiene products that cater to the safety and reliability needs of consumers. Also, we expect our core operating income rate to exceed 15%, as there will likely be enough time and financial resources (in response to storm surges and rising temperatures and the relevant insurance) to preserve our corporate assets.</p>
		Use more efficient production and distribution processes		
		Make use of recycling methods		
		Transition to the use of highly efficient buildings		
	Energy sources	Reduce water use and consumption		
		Utilize low carbon emission energy sources		
		Take advantage of political incentives		
		Utilize new technology		
		Tap into carbon markets		
	Products and services	Shift to distributed energy production		
		Develop and expand lineup of low carbon products and services		
		Mitigate risks through climate-related measures and insurance coverage		
		Develop new products and services through R&D and innovation		
		Leverage ability to diversify business activities		
	Markets	Adapt to changes in consumer preferences		
		Tap into new markets		
Make use of incentives in the public sector				
Resilience	Gain access to assets and regions in further need of insurance coverage			
	Participate in renewable energy programs and adopt energy-saving measures			
	Seek alternatives to and diversify lineup of resources			

We believe that the most significant climate change-related impact on our business strategy will be our participation in the scientific approach to the COP21 Paris Agreement's reduction targets aimed at keeping warming below an increase of 2°C. With our 2030 targets endorsed by the SBTi, environmental consciousness has been promoted as part of the Company's product development strategy within our operations and

development divisions, while plans incorporating both short- and long-term perspectives, including energy conservation activities and adoption of renewable energy, are being instituted as part of our strategy within our Manufacturing Division. In addition, we are looking to adopt the 1.5°C target announced at COP26 in place of the current 2°C target.

Risk Management

We use an enterprise risk management (ERM) approach to identify risks to the Group as a whole and engage with climate change risks as one of them.

Groupwide climate-related risk assessment is conducted by the ESG Division. First, we run simulations of climate change impact that cover severity, scope, and transition risks (carbon pricing, energy prices, etc.) based on the recommendations of the TCFD and create multiple qualitative scenarios (2°C (1.5°C) target

scenario and 4°C scenario) for the period up to 2050, using information from sources such as the IPCC *Climate Change Report* and the IEA's *World Energy Outlook 2021*.

These scenarios are then used, together with the estimated value of damage (calculated as part of site-level risk assessment), to estimate the total damage costs of Group companies. The results of this evaluation are reported to the ESG Committee and the Board of Directors and are then used in the formulation of our business strategy and business plan. In the event that the ESG Committee, in which the Board of Directors and all

executive officers participate, judges that the aforementioned scenarios would be impacted, a responsible task team will be established for developing a plan, with the ESG Division acting as a secretariat. This plan will then be approved at the next ESG Committee meeting, upon which the responsible team will implement it and report on progress at ESG Committee meetings.

P.111 Risk Management > Business Risks

Risk Assessment Based on TCFD

		Climate-Related Risks	Details of Climate-Related Risks
Transition risks	Policies, laws, and regulations	Progress of GHG emissions pricing	<ul style="list-style-type: none"> · Increase of carbon taxes to US\$100 per ton by 2030 · Expansion of emissions trading · Upward trend of electricity prices in Japan due to carbon taxes and the cost structure for purchasing renewable energy
		Strengthening of GHG emissions reporting requirements	<ul style="list-style-type: none"> · Extension of the scope of carbon pricing to cover Scope 3
		Imposing of requirements and setting of regulations on existing products and services	<ul style="list-style-type: none"> · All Unicharm factories will be subject to GHG emissions regulations once they are applied not only in developed countries but also in developing nations
		Increased litigation	<ul style="list-style-type: none"> · Risk of litigation throughout the supply chain as a result of NPO or NGO investigations and whistleblowing
	Technology	Transition to low carbon alternatives for existing products and services	<ul style="list-style-type: none"> · Increased costs associated with development of new energy-saving measures
		Unprofitable investments in new technology	<ul style="list-style-type: none"> · Lack of return on investment and declining market share
		Up-front costs associated with the transition to low carbon technology	<ul style="list-style-type: none"> · Increase in capital investment costs and risk of price-fixing over the long term
	Market	Changes in consumer behavior	<ul style="list-style-type: none"> · Prevalence of ethical consumption · Changes in consumer purchasing behavior in Asia · Risk of competitors changing product configurations, developing technologies that enhance the efficiency of material quantity and manufacturing processes, and releasing products that address climate change and generate low CO₂ emissions ahead of Unicharm
		Unsteadiness of market signals	<ul style="list-style-type: none"> · Decline in market share resulting from price hikes of products reflecting additional costs related to environmental measures
		Soaring raw material prices	<ul style="list-style-type: none"> · Rising cost of raw materials · Increasing difficulty in procuring pulp due to the rapid rate of deforestation and greater emphasis on procuring sustainable forest resources
	Reputation	Changes in consumer preferences	<ul style="list-style-type: none"> · Decline in market share resulting from incorrect use of products and unfavorable reputation
		Criticism toward relevant sectors	<ul style="list-style-type: none"> · Risk of establishing a reputation as a participant in deforestation through our use of pulp
Increasing concerns of and unfavorable responses from stakeholders		<ul style="list-style-type: none"> · Impact of untimely responses to climate change on stock prices and corporate value 	

		Climate-Related Risks and Opportunities	Details of Climate-Related Risks and Opportunities
Physical risks	Acute	Intensification of abnormal weather such as cyclones and floods	<ul style="list-style-type: none"> Unstable supplies and supply chain disruptions caused by cyclones and the increase in operational costs as a result The increasing number of hurricanes in North America and the resulting high cost of damage, leading to concerns over physical risks that pose the threat of acute damage to the regions that produce the wood we use for pulp, the main raw material for our products
	Chronic	Changes in precipitation patterns and extreme climate variability	<ul style="list-style-type: none"> Increase in damage insurance costs and depreciation of real estate value stemming from the increasing frequency of heavy rainfall
		Rise in average temperatures	<ul style="list-style-type: none"> Decline in GDP and increase in raw material costs in regions along the equator caused by rising global temperatures
		Rise in sea levels	<ul style="list-style-type: none"> Disruptions to businesses along coastal regions resulting from rising sea levels and the potential flooding of manufacturing bases
Opportunities	Resource efficiency	Make efficient use of transportation	<ul style="list-style-type: none"> Reduction of CO₂ emissions through collaborations with other companies and the use of trains and ships for transport
		Make use of more efficient production and distribution processes	<ul style="list-style-type: none"> Reduction of CO₂ emissions through changes in and more efficient use of energy
		Make use of recycling methods	<ul style="list-style-type: none"> Enhanced use of used disposable diaper recycling technology Reduction of GHG emissions, including CO₂ from incineration and methane from open-dump and landfill disposal, through used diaper recycling initiatives
		Transition to the use of highly efficient buildings	<ul style="list-style-type: none"> Reduction of CO₂ emissions at office buildings
		Reduce water use and consumption	<ul style="list-style-type: none"> Design of environmentally friendly products and improvements to operational efficiency at factories
	Energy sources	Utilize low carbon emission energy sources	<ul style="list-style-type: none"> Realization of carbon neutrality by 2050 and cutting of energy costs
		Take advantage of political incentives	<ul style="list-style-type: none"> Curtailling of capital investment costs and aggressive stance toward investment
		Utilize new technology	<ul style="list-style-type: none"> Containing of energy procurement costs through use of new technology
		Tap into carbon markets	<ul style="list-style-type: none"> Generation of revenue through carbon trading
		Shift to distributed energy production	<ul style="list-style-type: none"> Lowering of production costs through the use of low carbon energy sources
	Products and services	Develop and expand lineup of low carbon products and services	<ul style="list-style-type: none"> Enhanced use of used disposable diaper recycling technology Expanding opportunities to absorb costs associated with used disposable diaper recycling technology Development of practical applications for our sophisticated used disposable diaper recycling technology Growing demand for products with minimal impact on the environment
		Mitigate risks through climate-related measures and insurance coverage	<ul style="list-style-type: none"> Increased corporate value through measures to overcome climate change at each stage of a product's life cycle
		Develop new products and services through R&D and innovation	<ul style="list-style-type: none"> Expansion of market share through adoption of more environmentally friendly products
		Leverage ability to diversify business activities	<ul style="list-style-type: none"> Rollout of products that embrace our "NOLA & DOLA" corporate philosophy
	Markets	Adapt to changes in consumer preferences	<ul style="list-style-type: none"> Favorable reassessment by consumers of the value of products with minimal impact on the environment Gaining of excellent position to secure a competitive edge for our products through reputation for meeting customer expectations in a timely manner
		Tap into new markets	<ul style="list-style-type: none"> Realization of sustainable economic growth Continuous development of green economy through private sector contributions Acceleration of economic growth
		Make use of incentives in the public sector	<ul style="list-style-type: none"> Pursuit of economic growth centered on the achievement of the SDGs
	Resilience	Gain access to assets and regions in further need of insurance coverage	<ul style="list-style-type: none"> Higher prospects of being recognized by institutional investors and attracting stable, long-term stakeholders through the pursuit of sustainable initiatives
		Participate in renewable energy programs and adopt energy-saving measures	<ul style="list-style-type: none"> Ensuring of sufficient time and financial resources (to respond to storm surges, rising temperatures, and the relevant insurance) to preserve our corporate assets
			Seek alternatives to and diversify lineup of resources

Benchmarks and Targets

In terms of Unicharm's CO₂ emissions reduction targets, our plan for reductions by 2045 was certified by the Science Based Targets initiative (SBTi) in June 2018. Working toward these targets, we have set specific long-term CO₂ reduction targets for both Scope 1 (direct emissions: from our own factories, offices, vehicles, etc.) and Scope 2 (indirect energy-related emissions: energy consumed by Unicharm, such as electricity).

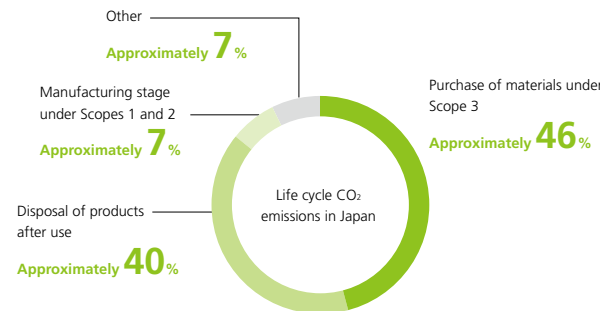
SBTi CO₂ Emissions Reduction Targets

By 2030, Unicharm aims to achieve reductions of 90% for Scope 1 and 30% for Scope 2, both compared with 2016 levels. These targets function as our management indicators.

By achieving these goals, we will also be preparing for the following risks. If regulations are strengthened in order to achieve the goals of the Paris Agreement, we believe that there is a risk that the development of energy-saving measures and the purchase of emissions credits will become necessary and that costs will rise for electric power companies, manufacturing sites, and suppliers. Electricity prices in Japan have risen by approximately 10% on average due to carbon taxes and the cost structure for purchasing renewable energies. If carbon taxes are introduced in all of the overseas countries and regions where Unicharm carries out manufacturing or the cost structure for purchasing renewable energies is not improved, we believe that operating costs could rise by 10%.

Contributions to life cycle CO₂ emissions in Japan are, from highest to lowest, approximately 46% for materials purchased within Scope 3, approximately 40% for the disposal of products after use, and approximately 7% for the manufacturing stage under Scopes 1 and 2, with other transport and business activities accounting for the remaining approximately 7%.

For Scopes 1 and 2, we run energy conservation activities for the workplace with EMS activity promoters at each site four times a year, and implement and monitor the progress of annual plans. For CO₂ emissions from raw materials that form the bulk of our Scope 3 emissions, we perform LCAs (life cycle assessments) to calculate CO₂ emissions for each product from the design phase onward, and product developers and the ESG Division discuss these emissions and consider countermeasures from the perspectives of product function and CO₂ emissions.



Utilization of SBTi Activities as a Specific Climate Change Mitigation Plan

102-12

In order to draft the specific climate change mitigation plans, Unicharm endorsed the SBTi, an international initiative, in May 2017 and has performed simulations covering the period up to 2045 to draft the Group's emissions reduction plans. In June 2018, in consultation with the SBTi, we received Japan's 17th certification for a plan that is aligned with the 2°C target. Unicharm is looking to adopt the 1.5°C target announced at COP26 in place of the current 2°C target.



Targets and Results of Climate Change Measures under Environmental Targets 2030

Environmental Issues	Implementation Items		Base Year	2021 Targets	2021 Results	2022 Targets	2030 Targets	2050 Vision
Responding to climate change	Reducing CO ₂ emissions associated with raw materials procurement	Per unit of sales	2016	-1.7%	9.7% (Japan)	-3.4%	-17%	Realizing a society with net zero CO ₂ emissions
	Reducing CO ₂ emissions in manufacturing	Per unit of sales	2016	-3.4%	-26.9%	-28.0%	-34%	
	Reducing CO ₂ emissions associated with disposal of used products	Per unit of sales	2016	-2.6%	23.7% (Japan)	-5.2%	-26%	

Initiatives and Results

302-1,302-2,302-4,302-5

CO₂ Emissions throughout the Supply Chain:

Overall Picture of Scopes 1 to 3

305-1,305-2,305-3,305-5

Unicharm estimates its CO₂ emissions according to the Greenhouse Gas Protocol,* the standard for calculating greenhouse gas (GHG) emissions most widely used in the world today. The results of calculations made using this standard indicate that approximately 46% of Unicharm's emissions are from the materials it purchases and approximately 40% from the disposal of products after use. We will continue our efforts to help reduce CO₂ emissions with the aim of realizing a low carbon society.

* In 1998, the Greenhouse Gas Protocol was established to develop standards for calculating and reporting GHG emissions, led primarily by the World Resources Institute (WRI), an environmental NGO based in the United States, and the World Business Council for Sustainable Development (WBCSD), which comprises nearly 200 multinational corporations. In 2001, the first edition of the GHG Protocol Corporate Standard was established and since then this approach to calculating GHG emissions has become a global standard.

P.039 Environmental Management > Energy/Material Flow from a Life Cycle Perspective

CO₂ Emissions by Scope (Japan)

Scope	Category	Unit	2019	2020	2021
Scope 1			24	25	25
Scope 2			141	140	118
Scope 3	1 Purchased goods and services	Thousand tons	771	1,065*	959*
	2 Capital goods		84	41	68
	3 Fuel- and energy-related activities		2.7	3	22
	4 Upstream transportation and distribution		48	48	48
	5 Waste generated in operations		1.1	1.1	1.2
	6 Business travel		0.4	0.1	0.1
	7 Employee commuting		1.8	1.7	1.9
	8 Upstream leased assets		1.1	0.7	0.8
	12 End-of-life treatment of products		531	817*	841*
Scope 3 total			1,440	1,978	1,942
Total of Scopes 1, 2, and 3			1,606	2,143	2,085

* We have added the following elements to Scope 3, Categories 1 and 12, based on our 2020 results:
 (1) Emissions arising from the purchase of externally manufactured goods
 (2) Emissions linked to sales made to non-Group companies by Unicharm Group materials subsidiaries
 Scope 3 Categories 9, 10, 11, 13, 14, and 15 have been excluded due to the difficulty in accurately calculating CO₂ emissions and/or the inexistence of related activities.

CO₂ Emissions from Business Activities (Scopes 1 and 2)

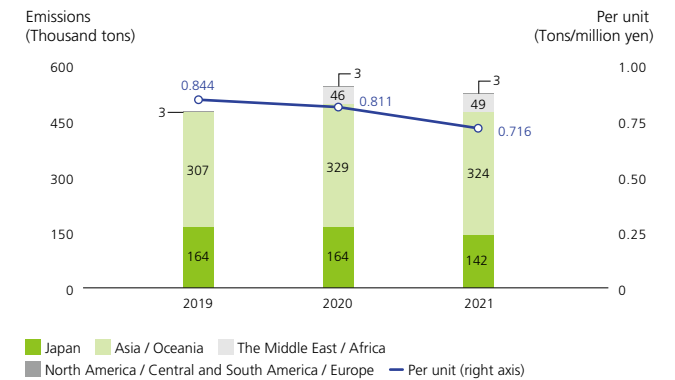
305-1,305-2,305-5

In 2021, CO₂ emissions were 25,000 tons for Scope 1 and 118,000 tons for Scope 2. Going forward, we will promote activities to lower our CO₂ emissions in each country and region and work to lower our base unit per net sales.

Reducing CO₂ Emissions

Since 2020, Unicharm has been promoting CO₂-reduction initiatives based on data for the entire Group.

Progress on CO₂ Emissions (Scope 1 and Scope 2)



P.062 Environmental Data > CO₂ Emissions (Scope 1 and Scope 2)

Japan and Overseas: Pursuing Renewable Energy Initiatives (Scope 2)

P.031 Key Initiatives: Safeguarding the well-being of our planet > Addressing Climate Change

Japan: Sharing the Importance of Climate Change Countermeasures with Suppliers (Scope 3, Category 1) 305-3

At our Quality Policy Briefing Session held for suppliers in 2017, we presented our approach to procuring sustainable materials. With approximately 86% of our CO₂ emissions coming from purchased materials and the disposal of products after use, we were able to reinforce awareness of the importance of taking countermeasures together with our suppliers. While we planned to hold another Quality Policy Briefing Session in 2021, this had to be postponed due to the COVID-19 pandemic, leading us instead to make individual requests to our suppliers for cooperation on the introduction of environmentally friendly materials.

Thailand: Reducing Waste at Production Sites (Scope 3, Category 5)

At our overseas subsidiary in Thailand, we installed facilities to crush out-of-specification products from the production process, with approximately 97% of the waste generated at the site being recycled. In conjunction with the recycling activities in Japan, we have achieved zero landfill waste.

P052 Pollution Prevention and Resource Utilization > Reducing Waste at Production Sites (Japan)
P053 Pollution Prevention and Resource Utilization > Minimizing Waste Emissions from Our Factories

Japan: Reducing CO₂ Emissions in Distribution and Retail (Scope 3, Categories 4 and 9)

Unicharm Products has been working with business partners to improve transportation efficiency, promote modal shift, and enhance cargo loading efficiency by making corrugated cardboard sizes smaller and streamlining pallet modules. These are some of the measures actively being pursued toward the development of a sustainable logistics structure. The aforementioned initiatives not only enhance efficiency throughout the entire supply chain but also have led to reductions in CO₂ emissions of approximately 1% (392 tons of CO₂) in 2021 compared with those in 2020. Going forward, we will continue promoting further initiatives aimed at building a sustainable distribution system and reducing environmental impact.

Acquiring Eco Rail Mark Certification

Unicharm is promoting a modal shift as an initiative to reduce CO₂ emissions and became an Eco Rail Mark-certified company in 2019. We are expanding the use of environmentally friendly rail transportation, primarily for long-distance transport between Fukushima and Shikoku.



Granted Supply Chain Innovation Award

Unicharm is working with business partners in an effort to continue to make our supply chains more efficient. A three-way initiative toward an industry-first Standardized Unit Load System Utilizing Dollies created in collaboration with PALTAC CORPORATION and YAKUODO Co., Ltd., was recognized on July 3, 2020, receiving the FY2020 Supply Chain Innovation Award from the Distribution System Research Institute, an organization administered by the Ministry of Economy, Trade and Industry (METI). This award recognizes the achievements of businesses that aim to optimize their supply chains as a whole, by engaging in excellent initiatives with collaboration across the areas of manufacturing, distribution, and sales, and by acting as driving forces within the industry. Through this initiative, we have achieved reductions in the frequency of operations such as transshipment, which had been occurring at each point in the distribution process, as well as reducing the strain on warehouse workers and drivers and reducing long working hours (a reduction of approximately 60% as compared with previous work time).

Received the Logistics Digital Transformation and Standardization Award as Part of the Green Logistics Partnership Conference's Excellent Green Logistics Commendation Program

In an initiative aimed at building sustainable distribution systems, we are also promoting collaboration with different industries. Through a collaboration with logistics partners Hitachi Transport System, Ltd., VANTEC Corporation, and Imoto Lines, and materials supplier, Sumitomo Seika Chemicals Company, Limited, a project was carried out at Unicharm Products' Kyushu Factory for the export of products using the same container as those used for the domestic transport of materials and for the automation of the product loading process using vanning machines. In December 2021, this project was recognized with the Logistics Digital Transformation and Standardization Award at the FY2021 Green Logistics Partnership Conference's Excellent Green Logistics Commendation Program held jointly by METI, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Japan Association for Logistics and Transport (JALoT), and the Japan Institute of Logistics Systems (JILS). With this award, our projects have been recognized for three consecutive years, alongside the METI Minister's Award in 2019 for a joint project to share delivery of storefront sales promotional goods with Shiseido Company, Limited and Lion Corporation and the Minister of Land, Infrastructure, Transport and Tourism Award in 2020 for a project with Nitori Co., Ltd., in which swap body containers were utilized in the joint transportation of goods. Through this initiative, we have achieved a 50% reduction in the number of vehicles in operation (by approximately 160 vehicles per year), a drop in CO₂ emissions (of 270 tons per year), a roughly 60% decrease in driving time (by approximately 2,000 hours per year), and less manual labor for loading and unloading (approximately 900 fewer hours per year).

Commencing Joint Transportation via Rail Freight Container

In February 2021, Unicharm Products and Suntory Logistics, Ltd., a logistics subsidiary of Suntory MONOZUKURI Expert Ltd., began joint transportation via rail freight container over the Shizuoka Prefecture–Fukuoka Prefecture section.

By combining Suntory beverages, which are heavy goods, and our products, which are light goods, we maximize container loading efficiency. With this joint transportation system in place once a week, we have reduced CO₂ emissions by a joint total of approximately 2 tons a year.

Participation in Japan Climate Initiative (JCI) Since Its Establishment (Japan)

102-12

Unicharm has participated in the Japan Climate Initiative (JCI) since its launch in Tokyo on July 6, 2018, and endorsed its declaration, joining the front line of the global push for decarbonization from Japan. 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.

Membership of the Japan Climate Leaders' Partnership (JCLP) (Japan)

102-13

In our medium- to long-term ESG goals, Kyo-sei Life Vision 2030, we aim to combine provision of useful, hygienic products and services with contribution to activities that will improve the global environment. We have established a target of switching to renewable electricity for 100% of the electricity used in our business development by 2030. With Unicharm expanding operations in over 80 countries and regions, we believe that various issues will have to be resolved as we work toward our goal to switch to 100% renewable electricity by 2030. With this in mind, we joined the Japan Climate Leaders' Partnership (JCLP), a corporate group aiming to achieve a sustainable carbon-free society, in October 2020. As a supporting member, we participate in a variety of training courses, workshops, and events and are gaining knowledge that will help us achieve our goals while holding open discussions and other meetings with member companies. Through the JCLP membership, we are striving to reduce CO₂ emissions associated with our various business activities while also proactively encouraging the reduction of emissions throughout the product life cycle and contributing to the realization of a carbon-free society and sustainable economic development.

Commendation of Initiatives Aimed at Establishing a Low Carbon Society (Japan)

The Carbon-Free Challenge Cup is a program for commending the daily work of various organizations (including schools, corporations, local governments, and NPOs) toward preventing global warming and building 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 2022 marks its 12th year. Unicharm endorses the initiatives of the Carbon-Free Challenge Cup and, in our role as a cosponsor, we have

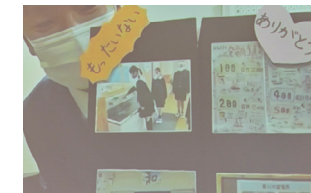
established the Gentle Care for Life Award of Excellence for companies or organizations.

Due to the COVID-19 pandemic, the Carbon-Free Challenge Cup 2022 had to be held remotely. After judging presentations from the 28 finalists, Mitoyo City (Kagawa Prefecture) Shimo-Takase Elementary School's project Preventing Global Warming through Our Dedication to Eliminating Waste and the Appreciation We Receive for Our Efforts entered in the Junior and Kids category was selected for the Gentle Care for Life Award of Excellence.

At Shimo-Takase Elementary School, a constitution for eliminating waste is in place, whereby students and teachers try to reduce their impact on the environment by unplugging electrical cables when not in use, dimming lights whenever possible, reducing waste, and conducting other energy-saving measures. And the appreciation such efforts receive inspires others to engage in additional ways of contributing to a better environment.

We believe the efforts of everyone at Shimo-Takase Elementary School will serve as a role model for future initiatives aimed at helping realize a sustainable, low carbon society.

The fact that this initiative not only helps reduce waste and conserve energy but is also appreciated for its outstanding commitment to the environment demonstrates its sustainability credentials commitment and it is therefore a worthy recipient of the Gentle Care for Life Award of Excellence.



Reporting of Shimo-Takase Elementary School's initiative



Shimo-Takase Elementary School receiving the Gentle Care for Life Award of Excellence

CDP Climate Change Rating

As a company engaging in excellent climate change initiatives and disclosure of information, Unicharm received a rating of A- from CDP* in 2021.

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 disclosure to shareholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of climate change.



	2019	2020	2021
Climate Change	B	A-	A-

In 2021, we were selected as a Supplier Engagement Leader in recognition of our efforts to engage suppliers in the calculation of CO₂ emissions that are generated at the raw materials procurement stage of the product life cycle.



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

P.057 Biodiversity > CDP Forests Program Rating

P.059 Water Resources > CDP Water Program Rating

Pollution Prevention and Resource Utilization

102-11

Our Basic Approach and Strategy

Many Unicharm products and services 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 generation of waste. Based on the above, we believe our role and responsibility in reducing our environmental impact are significant and continue to expand with each passing year in proportion to the growth of our business.

We are therefore working in line with our Basic Environmental Policy, Environmental Targets 2030, and medium- to long-term ESG goals, Kyo-sei Life Vision 2030. We strive to prevent pollution and work toward the effective use of resources by reducing the impact of our business on the environment at each stage of the life cycle, from the procurement of raw materials through to manufacturing, distribution, and the use and disposal of products.

- At the raw material procurement stage, cooperate with suppliers on the use of biomaterials
- At the product development stage, combine and reduce the weight and thickness of raw materials
- At the manufacturing stage, reduce and streamline production loss
- At the distribution stage, maximize cargo load and the use of trains and ships for deliveries
- At the product use and disposal stage, promote awareness of disposal methods and recycling of used disposable diapers

At ESG Committee meetings, we also work through the PDCA cycle with the aim of achieving goals including the monitoring of progress on environmental activities.

Management Structure

At the quarterly ESG Committee meeting chaired by the president & CEO, plans and progress on environmental activities, quality issues, social issues, and other important governance matters are shared. Specific plans are reported in accordance with Environmental Targets 2030 and the medium- to long-term ESG goals, Kyo-sei Life Vision 2030, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Pollution prevention activities and controls are carried

out in accordance with environmental laws and regulations and ISO 14001. Three types of environmental audits are implemented in order to maintain and improve the level and performance of activities and controls:

- (1) Regular audits in conformance with ISO 14001-compliant environmental management systems,
- (2) on-site audits at industrial waste processing partners in order to confirm appropriate practices, and
- (3) audits for specific purposes such as confirmation of legal compliance.

▶ Targets and Results of Plastic Waste Reduction Measures under Environmental Targets 2030 (Excerpt from Environmental Targets 2030)

Environmental Issues	Implementation Items		Base Year	2021 Targets	2021 Results	2022 Targets	2030 Targets	2050 Vision
Responding to the problem of plastic waste	Reducing usage of packaging materials	Per unit of sales	2019*	-3%	-0.2%	-6%	-30%	Realizing a new society with zero plastic waste
	Selling products that contain no petroleum-derived plastic	—	—	—	Development ongoing	Development ongoing	10 or more stock-keeping units (SKU) sold	
	Raising awareness about proper disposal of used products	—	—	30%	38% (6 countries)	45%	Rolled out at all Group companies	
	Eliminating the use of plastic in sales promotional items	Per unit of sales	—	-10%	-8.9% (Japan)	-20%	In principle, reduced to zero at all Group companies	

* We have updated our base year from 2016 to 2019 following a review in 2020.

▶ Targets and Results of Plastic and Other Waste Reduction Measures (Excerpt from Kyo-sei Life Vision 2030)

Key Initiatives	Indicators	2021 Result	2030 Target
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics.	Development ongoing	Reduced by half (Compared with 2020)
Development of eco-friendly products	Number of products and services that implement "3Rs + 2Rs"* based on Unicharm's unique approach.	Development ongoing	10 or more
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced.	Development ongoing	10 or more

*2R: Refuse and replace

Initiatives and Results

301-2,301-3,306-1,306-4

Recycling Used Disposable Diapers (Japan)

P.030 Key Initiatives: Safeguarding the well-being of our planet > Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

Reducing Waste at Production Sites (Japan)

305-3

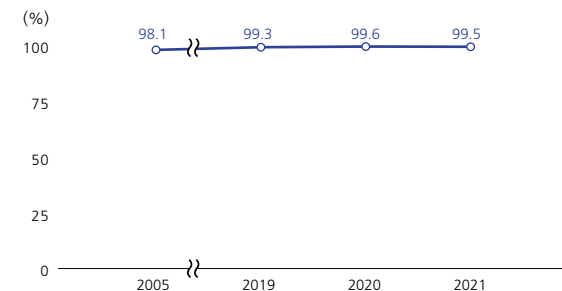
Waste generated from the production of disposable diapers in Japan and overseas is used as raw material for cat continence care products (*Paper-sand®*). In 2021, approximately 13,500 tons of waste were used as raw material.

Continuing to Achieve Zero Emissions at Our Four Main Production Sites (Japan)

In 2021, we maintained a high recycling rate of over 99% at our four main production sites in Japan. In addition to these sites, we have seen an increase in the number of zero-emission factories with recycling rates of over 99%. Moreover, at our factories in Japan, paper tubes (the paper cores from rolled materials) that would previously have been thermally recycled are now returned to the suppliers for reuse.

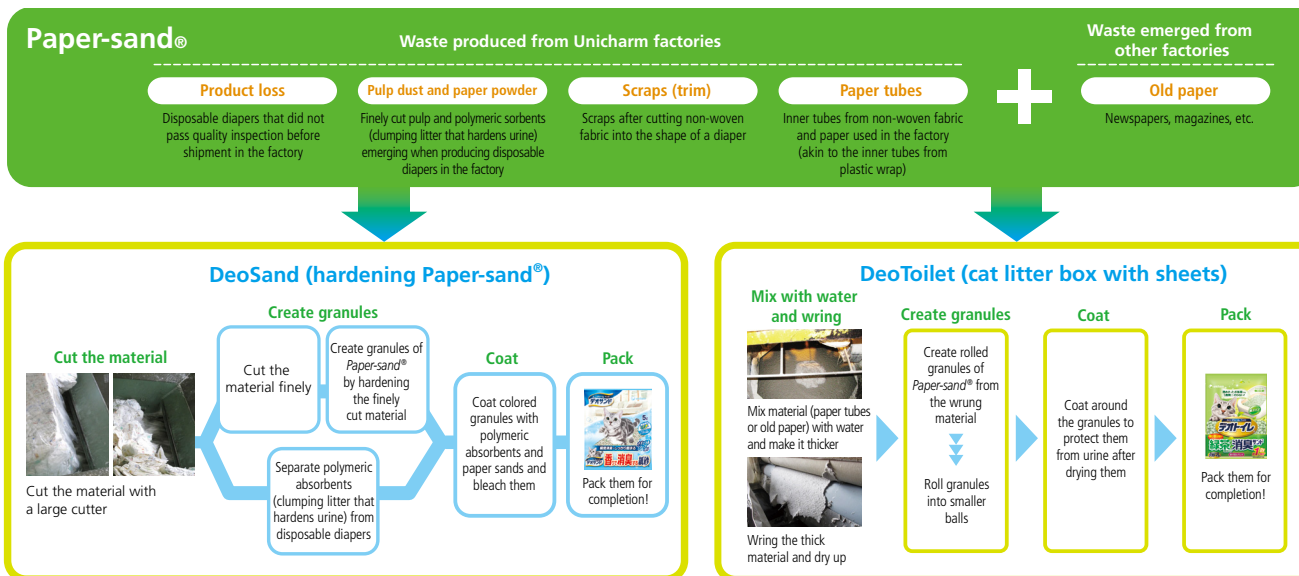
Meanwhile, at our Unicharm Products Shikoku Chuo Factory, approximately 100 tons of paper tubes were reused in 2021. We will contribute to reductions in CO₂ emissions by reducing land-filling of industrial waste and shifting from thermal recycling to material recycling.

▶ Recycling Rate (Japan)



Note: Figures represent the recycling rate for material recycling and thermal recycling of Unicharm's four main production sites in Japan.

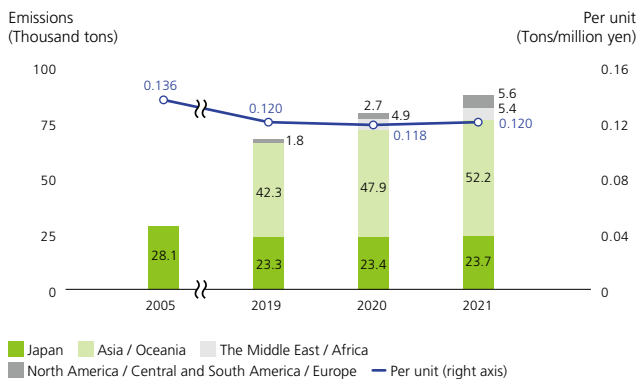
P.062 Environmental Data > Recycling Rate



Minimizing Waste Emissions from Our Factories

While we are working to minimize waste emissions from our factories through improvements in product quality, certain waste products cannot be disposed of within our factories. In these cases, we look for waste processors that can minimize environmental impact from the perspective of the 3Rs (reduce, reuse, recycle) and consign the waste to them for recycling.

Waste Disposal Volume



P.062 Environmental Data > Waste Disposal Volume

Using Biomass Plastics in Our Products (South Korea)

Our local subsidiary in South Korea, LG Unicharm, began an initiative in 2019 to replace petrochemical plastics with biomass plastics for some sanitary pad products with the aim of addressing plastic problems and reducing CO₂ emissions at disposal.

La Verte Plante is a sanitary pad made of biomass plastic (a backsheet film containing bio-resin derived from sugar cane). With organic cotton used in its topsheet, this product is made primarily of plant-derived materials.



La Verte Plante

Reducing the Environmental Impact of Packaging (Indonesia and Japan)

To coincide with the celebration of World Environment Day on June 5, 2021, our local subsidiary in Indonesia released limited-edition *Charm* sanitary pads and *Protect Pollution* masks using environmentally friendly paper packaging made of 100% renewable materials. Moving forward, we will look to continue to expand the use of recycled paper packaging as well as of packaging materials and packaging made of biomaterials in Indonesia. In Japan as well, we use environmentally friendly packaging for our *Natural Moony* (tape-type) *Newborn* (trial pack), which is widely available in baby stores. This packaging is made using paper materials and plant-derived bioplastics and has been designed so that it can be disposed of as waste paper.

Percentage volume of Unicharm's trial products using environmentally friendly packaging (Japan): 49%

P.032 Key Initiatives: Safeguarding the well-being of our planet > Reduction of the Amount of Plastic Materials Used



Natural Moony (tape type) *Newborn* (trial pack)

Participating in the Ministry of the Environment's Plastics Smart Campaign (Japan)

102-12

Unicharm endorsed and participated in activities for the Plastics Smart campaign. The Ministry of the Environment (MOE) 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.



web Plastics Smart campaign
<http://plastics-smart.env.go.jp/> (in Japanese only)

Building a Recycling-Based Society as a Re-Style Partner Company in Cooperation with the MOE (Japan)

We have participated in the MOE-sponsored Re-Style FES! and endeavor to promote 3Rs (reduce, reuse, recycle) activities among consumers in order to build a recycling-based society. In 2021, we also took part in the 3Rs Campaign held at various stores. Through these activities, we have been selected and signed an agreement to be a Re-Style Partner Company and are continuing to work with the MOE to broaden the public's understanding of and empathy toward 3Rs activities. Going forward, we will continue to work together with the MOE to promote initiatives for building a recycling-based society.

Recycling Plastic Waste from Our Factories (Japan)

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



In addition, we are working to reuse the remaining scraps from cutting fabric into the shape of a diaper as a raw material for packaging and are currently in the quality inspection stage. In so doing, we aim to contribute to the reduction of virgin petroleum-derived plastics.

Reducing Plastic Use in Sales Promotional Items

Unicharm is striving to reduce the amount of plastic used in sales promotional items for retail product displays. By switching to the use of paper materials for hanging displays, hooks, and racks that are made of plastic, we are making headway toward “eliminating plastic use in sales promotional items,” an Environmental Targets 2030 goal, at all Group companies by 2030.



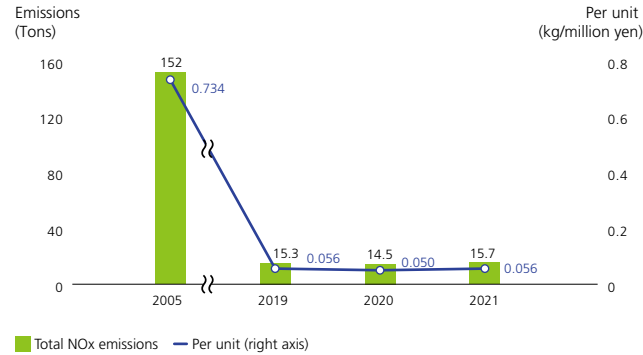
Paper-made sales promotional items

Measures against Airborne Pollutants

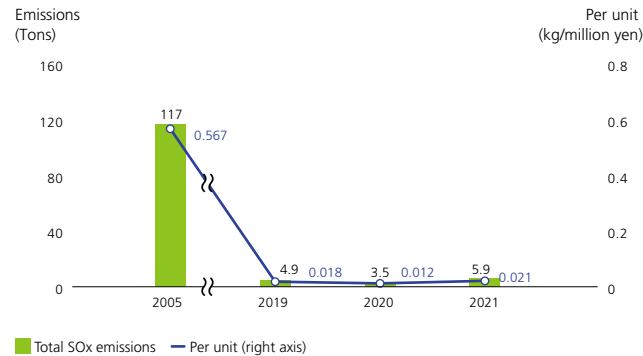
305-7

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)



P.062 Environmental Data > NOx and 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.

P.063 Environmental Data > Ozone Depleting Substances (Japan)

Reducing the Use of Hazardous Chemical Substances (Japan)

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

Previously, Unicharm owned three units of low-concentration PCB-contaminated equipment and three units of low-concentration PCB-contaminated condensers. However, they have been completely disposed of as of December 2020.

Pollutant Release and Transfer Register (PRTR) Substance Management

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

P.063 Environmental Data > Pollutant Release and Transfer Register (PRTR) Substances

Preventing Water Pollution, Soil Contamination, and Offensive Odors (Japan)

We strive to prevent pollution by following laws and regulations and in-house standards. For water quality, we comply with the Water Pollution Control Law and the Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea. To prevent soil contamination and offensive odors, we conduct regular measurements according to in-house standards.

P.059 Water Resources > Water Quality, Soil Contamination, and Offensive Odors

P.064 Environmental Data > Water Quality, Soil Contamination, and Offensive Odors (Japan)

Biodiversity

304-2

Our Basic Approach and Strategy

A number of Unicharm products and services are essential to a clean and healthy lifestyle. At the same time, we recognize that they are intimately linked to the global environment and biodiversity through the use of resources and generation of waste that their provision entails. 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.

Risks and Opportunities Related to Biodiversity

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

On the other hand, in terms of opportunities, we expect that (1) the proactive utilization of certified sustainable materials will lead to a stable supply of materials and the reduction of costs and (2) sales will expand through the provision of products that focus on the importance of biodiversity in collaboration with retailers.

Management Structure

At the quarterly ESG Committee meetings chaired by the president & CEO, plans and progress on environmental activities, quality issues, social issues, and other important governance matters are shared. Specific plans are reported in accordance with Environmental Targets 2030 and the medium- to long-term ESG goals, Kyo-sei Life Vision 2030, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced in June 2017. We identify and review biodiversity problems and material issues through open discussion with outside experts to formulate issues and set indicators for our activities. For our forest-derived raw materials, the ESG Division and Procurement Department are working together to promote a switch to third-party certified raw materials and report on their progress to the ESG Committee. 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 biodiversity in the areas surrounding our manufacturing facilities.

► Targets and Results of Forest Preservation Measures (Response to Procurement-Related Issues) under Environmental Targets 2030 (Excerpt from Environmental Targets 2030)

Environmental Issues	Implementation Items	Base Year	2021 Targets	2021 Results	2022 Targets	2030 Targets	2050 Vision
Not contributing to deforestation (response to procurement-related issues)	Ensuring traceability to pulp and palm oil production locations (country/region)	—	Forest-derived raw materials: 98%*1 Palm oil: 80%	Forest-derived raw materials: 97%*1 Palm oil: 77%	Forest-derived raw materials: 98%*1 Palm oil: 80%	Completed	Realizing a society with zero deforestation related to the purchasing of timber
	Expanding the use of certified pulp (PEFC- and CoC-certified)	—	Percentage of certified factories: 50%*2 Percentage of certified materials procured: 60%*3	Percentage of certified factories: 52%*2 Percentage of certified materials procured: 70%*3	Percentage of certified factories: 60%*2 Percentage of certified materials procured: 75%*3	100%	
	Expanding the use of certified palm oil (RSPO-certified)	—	80%	77%	80%	100%	
	Promoting the recycling of used disposable diapers	—	—	Development ongoing	Development ongoing	Rolled out in at least 10 municipalities	

*1 Percentage of raw materials derived from forest resources for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials. Forest-derived raw materials include pulp, tissue, separators, and airlaid pulp.

*2 Percentage of Unicharm factories that have acquired CoC (chain of custody) certification

*3 Percentage of forest-derived raw materials including pulp, tissue, separators, and airlaid pulp that have acquired third-party certification

Initiatives and Results

102-13,102-21

Open Discussion with Other Experts

In April 2019, we held a meeting with the World Wide Fund for Nature (WWF) Japan in regard to the major social issues we must overcome over the medium to long term. We received a range of views on climate change (including energy conservation, renewable energy, and carbon pricing), plastic pollution (current state and developments going forward), and deforestation (circumstances and developments going forward surrounding paper, pulp, and palm oil), which led to the formulation of Environmental Targets 2030. A diverse range of views were shared on the topic of deforestation in particular, such as the importance of researching the place of origin of certified forest materials and disclosing these results and expanding the scope of our policies and guidelines to help ensure the sustainability of forests. In 2018, Unicharm also held open discussions with Forest Stewardship Council® (FSC®) Japan, an NGO, the Global Environmental Forum (GEF), and Amundi Japan Ltd. and Nomura Asset Management Co., Ltd., as part of the Ministry of the Environment'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.

P.037 Environmental Management > Environmental Targets 2030

Acquiring CoC Certification from the PEFC, an International Forest Certification Scheme

In 2020, our factories in Indonesia, Thailand, and Japan acquired CoC certification (chain of custody; certifying management of the processing and distribution processes) from international forest certification scheme, the PEFC (Programme for the Endorsement of Forest Certification Schemes). This was followed by our 2021 acquisitions of CoC certification in South Korea, Malaysia, the United States, and Taiwan–Greater China, as a result of which, 13 of our 25 CoC-eligible factories have been certified. In addition, we have gradually begun releasing products showcasing the PEFC logo and have stated on social media and our corporate website that all pulp used in our products are PEFC-certified material procured through a CoC-certified supply chain. Through these and other means, we are working to enhance consumer awareness of our commitment to the CoC certification



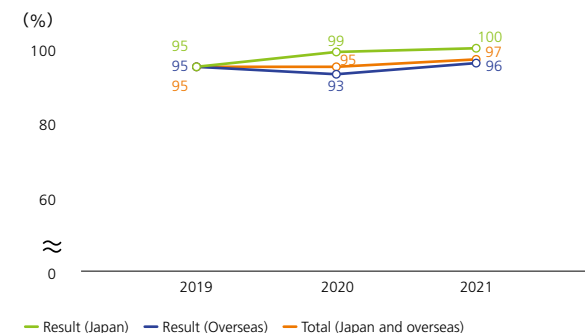
▶ List of CoC-Certified Factories

Country / Region	Factory	Year of Certification
Indonesia	Karawang Factory No. 1 and No. 2, East Java Factory	2020
Thailand	Bangkok Factory	2020
Japan	Fukushima Factory, Shizuoka Factory, Shikoku Chuo Factory, Shikoku Onohara Works, Kyushu Factory	2020
South Korea	Gumi Factory	2021
Malaysia	DSG Malaysia Factory	2021
United States	Hartz Pleasant Plain Factory	2021
Taiwan–Greater China	Junan Factory	2021

Promoting the Procurement of Sustainable Forest Resources from the PEFC and Others

The percentage of total paper and pulp used in Unicharm products that are certified sustainable by third parties such as the PEFC and are traceable to their place of origin is as follows.

▶ Percentage of Paper and Pulp Traceable to Place of Origin



P.063 Environmental Data > Paper and Pulp

Percentage of Office Paper Made from Certified Materials

We make environmental consciousness a policy for our office paper, too. In 2021, office paper made from certified sustainable materials accounted for 98.5%, while 100% recycled paper made up 1.0%, bringing the use of environmentally friendly office paper to a total of 99.5%. We are planning measures to address the remaining 0.5% and aim to achieve 100%.

FSC®-Certified Paper Initiative

We use internationally recognized FSC®-certified paper in the paper packaging and cardboard for our products, including face masks, tampons, and cat food.



Packaging that uses FSC®-certified paper

Initiatives to Raise Awareness of FSC® Certification

Unicharm works with FSC® Japan, an NPO raising public awareness about the FSC®, and sponsored the FSC Education Program “Safeguarding the Forest with FSC Label—Let’s try to learn, understand and put into action—” and the 3rd FSC Award held between December 2021 and March 2022. Recently, with the SDGs being increasingly incorporated into school curricula, junior high and high school students are becoming growingly interested in environmental and social issues. By enabling students to gain an even more accurate and deeper understanding of forest conservation and FSC® certification, while encouraging them to share ideas on ways to promote awareness of the FSC® label, the program aims to have everyone work together toward the realization of a sustainable society.



Usage of Third-Party Certified Sustainable Palm Oil

In 2021, Unicharm increased its usage of RSPO-certified palm oil based on the mass balance system.* Of the 152 tons of palm oil we procured, 77% was RSPO-certified, amounting to 117 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.

* 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.

P063 Environmental Data > Palm Oil

Providing and Adding to Organic Products (Japan)

One element of Unicharm’s production of environmentally friendly products is our manufacture of products containing organic cotton. Organic cotton is manufactured in a way that minimizes its impact on the environment, including soils and water quality, and meets social criteria, including on-farm worker safety standards and the elimination of child labor. We currently use organic cotton in *Natural Moony*, *Natural Moonyman*, and *Sofy Organic Cotton* series, among other lines, and will continue to add to the number of products using organic cotton going forward.

▶ Number of Products Using Organic Cotton

	Number of Products
2019	18
2020	22
2021	23

Providing and Adding to Products Using Plant-Derived Components

P032 Key Initiatives: Safeguarding the well-being of our planet > Reduction of the Amount of Plastic Materials Used

Waste Management

P052 Pollution Prevention and Resource Utilization > Initiatives and Results

Water System Emission Monitoring Results

There were no violations of laws or regulations or in-house standards.

P059 Water Resources > Water Quality, Soil Contamination, and Offensive Odors

Atmospheric Emission Monitoring Results

P054 Pollution Prevention and Resource Utilization > Measures against Airborne Pollutants

CDP Forests Program Rating

In 2021, Unicharm received a rating of B (management level) from CDP,* for its efforts in the Forests Program. With this rating clarifying the issues we face, we will continue to carry out activities that are even more mindful of biodiversity.



	2019	2020	2021
Forests Program	B	B-	B

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

P050 Climate Change (Disclosure Based on the TCFD Recommendations) > CDP Climate Change Rating

P059 Water Resources > CDP Water Program Rating

Water Resources

303-5

Our Basic Approach and Strategy

Many of Unicharm's products and services 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 generation of waste. Based on the above, we believe our role and responsibility in reducing our environmental impact are significant and continue to expand with each passing year in proportion to the growth of our business.

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 making efforts to reduce water usage by 1% on a yearly basis.

Risks and Opportunities Related to Water Resources

At Unicharm, risks that pose a significant impact from a business, financial, and strategic front are those that are considered to be a major risk to the entire Company that is estimated to amount to ¥100 million or more in damage to assets and take at least 100 days to restore operations (and take at least one week to restore product supply in the event of a halt to raw material supplies stemming from supply chain disruptions, a suspension in product deliveries, or discontinued operations resulting from facility damage). After assessing the possibility of such risks in our water resources, no such risks were identified.

We perceive a risk of decline in operating uptime due to a destabilization of supply of forest-derived raw materials (paper, pulp, etc.) resulting from the depletion of water resources. We conducted a medium- to long-term water risk assessment using the Aqueduct Water Risk Atlas (Aqueduct), a World Resources Institute (WRI) tool. We requested that our suppliers operating

in particularly high-risk river basins carefully manage water resources and work to alleviate risk.

On the other hand, we view it as an opportunity for the Company 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

At the quarterly ESG Committee meetings chaired by the president & CEO, plans and progress on environmental activities, quality issues, social issues, and other important governance matters are shared.

Identifying and Responding to Water Risks Using Aqueduct

Unicharm's in-house water usage consists of (1) approximately 60% in manufacturing processes for absorbent paper used in absorbent material (90% water recycling achieved in these processes) and (2) approximately 25% in manufacturing processes for partner animal (pet) food, with the remainder used for cooling water at other sites (all in Japan).

A decline in operating uptime due to a shortage of water has not occurred at the manufacturing sites mentioned in (1) and (2) above in the past 20 years.

According to our life cycle assessment (LCA) for 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 current risks and studying future risks. Currently, our water stress is rated as being "extremely high" at 40 factories in Japan and overseas while an additional six factories have been diagnosed as having "high" water stress. Meanwhile, based on climate change and other future scenarios, 15 factories are projected to have "extremely high" or "high" water stress in 2040, which has led us to recognize the importance of addressing water risk in the years ahead. An example of such approach is being demonstrated by the non-woven fabric manufacturing factory in Indonesia (which has a high water risk), where a water circulation with approximately 70% water reuse has been achieved and water discharge volume and quality (tested value) are regularly reported to the local government. Moreover, we have declared a goal of reducing water usage by at least 1% each year and are proceeding with measures to that end. We share information about water-related risks with our pulp suppliers with high water usage and request that they carefully manage their water resources.

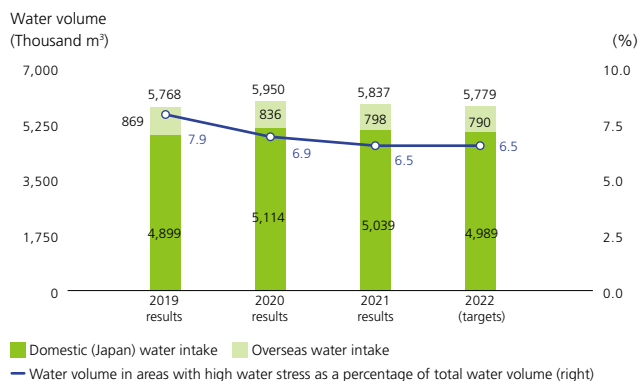
Initiatives and Results

Reducing Water Usage

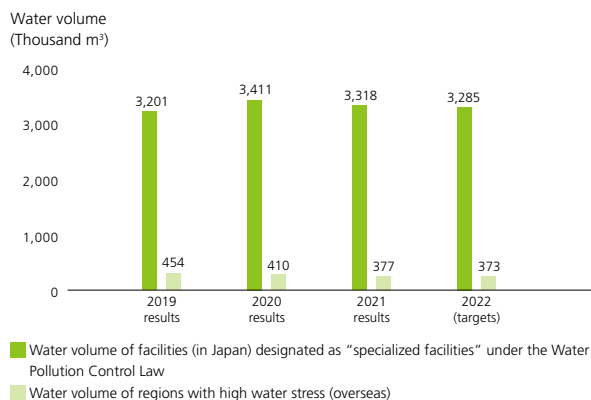
303-3

In 2021, our water usage decreased by approximately 1.9% year on year. We will proceed with the measures necessary to continue to reduce our water usage.

Water Intake



Water Volume of Facilities (in Japan) Designated as "Specialized Facilities" under the Water Pollution Control Law and of Regions with High Water Stress (Overseas)



P.064 Environmental Data > Water Usage (Water Intake)

Water Quality, Soil Contamination, and Offensive Odors

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations for which there were no violations in 2021. In addition, applicable factories are providing legally required reports to the government as appropriate.

P.064 Environmental Data > Water Quality, Soil Contamination, and Offensive Odors (Japan)

Wastewater and Water Usage

303-2,303-4

Unicharm carries out tertiary treatment before discharging wastewater with the aim of improving water quality to meet government stipulated wastewater treatment standards. We measure the volume of wastewater at some sites and the overall report is as follows: water intake = wastewater volume + water consumption volume + product consumption. Wastewater is primarily generated in the manufacturing processes of water-absorbent paper and partner animal (pet) food. Water usage is due to the *Paper-sand*® manufacturing process and evaporation of cooling water at factories. In 2021, the Group generated 3.91 million tons of wastewater and steam.

P.063 Environmental Data > Emissions

CDP Water Program Rating

In 2021, Unicharm received a rating of B (management level) from CDP,* for its efforts in the Water Program. With this rating clarifying the issues we face, we will continue to carry out activities that are even more mindful of water resources.



	2019	2020	2021
Water Program	B-	B-	B

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

P.050 Climate Change (Disclosure Based on the TCFD Recommendations) > CDP Climate Change Rating

P.057 Biodiversity > CDP Forests Program Rating

Environmental Data

301-1,302-1,302-2,302-3,303-3,303-4,305-1,305-2,305-3,305-4,305-5,305-6,305-7,306-3

Environmental Management

► Sites receiving third-party assurance: (84% 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 Nonwoven (Toyohama Nonwoven Manufacturing Team, Toyohama Wet-Wipe Manufacturing Team, Kawano Manufacturing Team, and Kokko Manufacturing Team), Cosmotec Corporation, Unicharm Mölnlycke, 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 East Java Factory), PT Uni-Charm Nonwoven Indonesia;

Thailand: Uni-Charm (Thailand) Co., Ltd. (Bangkok Factory); India: Unicharm India (Sri City Factory);

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



Vietnam: Diana Unicharm Joint Stock Company Vietnam (Bắc Ninh Factory);

U.S.: The Hartz Mountain Corporation (Hartz Pleasant Plain Factory)

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 Law.

Notes:

- CO₂ emissions in Japan are calculated based on the 2020 emission factors under the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures. The overseas portion, excluding China and North America, is calculated based on the GHG Protocol Ver. 4.8. (0.809 for Indonesia, 0.500 for Thailand, 0.926 for India, 0.8 for Taiwan–Greater China, and 0.351 for Vietnam) and the published factors are disclosed on an electricity company website for the U.S. Meanwhile, CO₂ emissions in China are calculated using emission factors of 0.514 for the Shanghai Factory and 0.697 for other factories.
- In terms of transportation, 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 thermally recycled incinerated waste materials on premises.
- To increase the reliability of our non-financial data, we have received third-party assurance from PricewaterhouseCoopers Sustainability LLC, based on ISAE 3000 and ISAE 3410. Items on the right that have received third-party assurance are marked with a .
- Scope 3 emissions third-party assurance within Japan is denoted using the  symbol. For more information about Scope 3 emissions, please refer to the following page.

P.121 Third-Party Assurance Report












► Violations of Environmental Laws and Regulations

It was confirmed that, in 2021, surveys, data, and documentation for submission to governments as required by environmental laws and regulations were again submitted correctly. No fines have been incurred due to violations of environmental laws or regulations. Furthermore, there are no environmental matters pending.

► Production Input (Raw Materials and Auxiliary Materials)

	Scope	Unit	2019	2020	2021
Raw materials and auxiliary materials	Japan	Thousand tons	378	493	493

► Production Input (Resources)

	Scope	Unit	2019	2020	2021
Heavy oil, light oil, gasoline			 69.7	 97.6	 102
	Japan		67.1	89.4	93.0
	Overseas		2.6	8.2	9.0
Liquefied petroleum gas (LPG), natural gas, utility gas			 298	 354.4	 345
	Japan	TJ	215.7	237	238
	Overseas		82.1	117.4	107.0
Steam			 73.5	 80.9	 77.7
	Japan		73.5	80.9	77.7
	Overseas		—	—	—
Electricity			 706	 706	 721
	Japan	gwh	270	274	273
	Overseas		436	432	449
Water			5,768	5,950	5,837
	Japan	Thousand m ³	4,899	5,114	5,039
	Overseas		869	836	798
Light oil used for transport	Japan	Thousand kl	17.6	18.0	18.3

Note: The applicable scope of “overseas” here is Thailand (excluding DSG International (Thailand)), China, Indonesia, India, Vietnam, Taiwan–Greater China, and the United States.

▶ Total Product Weight (Japan)

	Unit	2019	2020	2021
Total product weight (Japan)	Thousand tons	376	491	491

▶ CDP Rating

	2019	2020	2021
Climate Change	B	A-	A-
Forests	B	B-	B
Water	B-	B-	B

Climate Change (Disclosure Based on the TCFD Recommendations)

▶ Energy Use

	Unit	2005	2019	2020	2021	
Japan	TJ	2,654	2,991	3,018	3,035	
Thailand		—	824	810	755	
China		—	1,094	1,139	1,223	
Indonesia		—	1,399	1,446	1,510	
India		—	572	392	401	
Vietnam		—	362	467	412	
Taiwan–Greater China		—	105	92	86	
United States		—	59	72	67	
South Korea		—	—	128	127	
Saudi Arabia		—	—	556	582	
Egypt		—	—	123	140	
Myanmar		—	—	5	5	
Brazil		—	—	130	123	
DSG International (Thailand)		—	—	312	316	
DSG (Malaysia)		—	—	113	125	
Total			2,654	7,406	8,803	8,907
Per unit		TJ / million yen	0.013	0.013	0.013	0.012

▶ CO₂ Emissions by Scope (Japan)

Scope	Category	Unit	2019	2020	2021
Scope 1		Thousand tons	24	25	25
Scope 2			141	140	118
Scope 3	1 Purchased goods and services		771	1,065*	959*
	2 Capital goods		84	41	68
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2		2.7	3	22
	4 Upstream transportation and distribution		48	48	48
	5 Waste generated in operations		1.1	1.1	1.2
	6 Business travel		0.4	0.1	0.1
	7 Employee commuting		1.8	1.7	1.9
	8 Upstream leased assets		1.1	0.7	0.8
	12 End-of-life treatment of products after use		531	817*	841*
	Scope 3 total		1,440	1,978	1,942
Total for Scopes 1, 2, and 3		1,606	2,143	2,085	

* We have added the following elements to Scope 3, Categories 1 and 12, based on our 2020 results:

(1) Emissions arising from the purchase of externally manufactured goods

(2) Emissions linked to sales made to non-Group companies by Unicharm Group materials subsidiaries

Scope 3 Categories 9, 10, 11, 13, 14, and 15 have been excluded due to the difficulty in accurately calculating CO₂ emissions and/or the inexistence of related activities.

CO₂ Emissions (Scope 1 and Scope 2)

	Unit	2005	2019	2020	2021	
Japan	Thousand tons	122	164	164	142	
Thailand		—	41	41	38	
China		—	80	83	74	
Indonesia		—	112	115	121	
India		—	53	36	37	
Vietnam		—	13	16	15	
Taiwan–Greater China		—	8	7	7	
United States		—	3	3	3	
South Korea		—	—	7	7	
Saudi Arabia		—	—	41	43	
Egypt		—	—	5	6	
Myanmar		—	—	0.3	0.3	
Brazil		—	—	0	0	
DSG International (Thailand)		—	—	16	16	
DSG Malaysia		—	—	8	9	
Total			122.0	474.0	542.3	518.3
Per unit		Tons / million yen	0.589	0.844	0.811	0.716

Percentage of Renewable Electricity Use

	Unit	2019	2020	2021
Percentage of renewable electricity use	%	3.6	4.1	7.3

Pollution Prevention and Resource Utilization

Waste Disposal Volume

	Unit	2005	2019	2020	2021	
Japan	Thousand tons	28.1	23.3	23.4	23.7	
Thailand		—	3.5	5.8	6.0	
China		—	15.4	17.9	19.5	
Indonesia		—	10.1	7.8	8.3	
India		—	6.0	4.8	6.5	
Vietnam		—	6.0	5.8	6.0	
Taiwan–Greater China		—	1.4	0.9	0.8	
United States		—	1.8	1.4	4.4	
South Korea		—	—	1.7	1.6	
Saudi Arabia		—	—	3.7	3.9	
Egypt		—	—	1.2	1.5	
Myanmar		—	—	0.001	0.01	
Brazil		—	—	1.4	1.2	
DSG International (Thailand)		—	—	1.9	2.0	
DSG Malaysia		—	—	1.4	1.5	
Total			28.1	67.4	78.9	86.9
Per unit		Tons / million yen	0.136	0.120	0.118	0.120

Recycling Rate

	Unit	2005	2019	2020	2021
Japan	%	98.1	99.3	99.6	99.5

Material + thermal results from four key Japanese sites

NO_x and SO_x Emissions (Japan)

	Unit	2005	2019	2020	2021
NO _x	Tons	152	15.3	14.5	15.7
NO _x per unit	kg / million yen	0.734	0.056	0.050	0.056
SO _x	Tons	117	4.9	3.5	5.9
SO _x per unit	kg / million yen	0.567	0.018	0.012	0.021

Note: Figures represent those for Unicharm Corporation (Itami Factory, Saitama Factory), Unicharm Products Co., Ltd. (Fukushima Factory, Shizuoka Factory), Unicharm Kokko Nonwoven (Toyohama Nonwoven Manufacturing Team, Toyohama Wet-Wipe Manufacturing Team, Kawano Manufacturing Team, and Kokko Manufacturing Team), Cosmotec Corporation, Peparlet Co., Ltd., and Kinsei Products Co., Ltd.

▶ Ozone Depleting Substances (Japan)

Substance	Business Site	Unit	Amount Possessed (Tons)	Use
Halon (Class 1)	Unicharm Products Shizuoka Factory	Tons	1.6	Fire retardant
	Unicharm Products Shikoku Factory (Kagawa)		0.07	
	Unicharm (other development sites in Kagawa)		0.0001	
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 Factory (Kagawa)		3.7	
	Unicharm Kokko Nonwoven Co., Ltd. (Ehime / Kagawa)		0.65	
	Unicharm Pet Care Co., Ltd. (Hyogo / Mie / Saitama)		0.93	
	Peparlet Co., Ltd. (Shizuoka)		0.04	
	Unicharm (other development sites in Kagawa)	0.86		
CFC	Unicharm (other development sites in Kagawa)	0.001		

Note: Reported for Company properties based on the Act on Rational Use and Proper Management of Fluorocarbons

▶ Polychlorinated Biphenyl (PCB) Storage Situation

Previously, Unicharm owned three units each of low-concentration PCB-contaminated equipment and condensers, which have been completely disposed of as of December 2020.

▶ Pollutant Release and Transfer Register (PRTR) Substances

	Unit	2019	2020	2021
Toluene	Ton/year	27.2	16.7	43.1
Ethylene oxide	kg/year	4.0	13.7	18.8
Dioxin	mg-TEQ/year	0.00020	0.00002	0.085
Methylnaphthalene	Ton/year	—	—	0.1

Biodiversity

▶ Paper and Pulp

	Unit	2019	2020	2021
Percentage of paper and pulp traceable to place of origin	Japan	95	99	100
	Overseas	95	93	96
	Total	95	95	97

▶ Palm Oil

	Unit	2019	2020	2021
Amount of palm oil used	kg	105,513	131,613	151,950
Third-party certified palm oil as a percentage of all palm oil	%	31	86	77

Water Resources

▶ Emissions

	Unit	2019	2020	2021
Discharge water and steam	Thousand m ³	3,978	4,004	3,908

Note: Figures represent totals for Japan, China, Thailand, Indonesia, Vietnam, and the United States.

► Water Usage (Water Intake)

		Unit	2019 Result	2020 Result	2021 Result	2022 Result
Total water intake		Thousand m ³	5,768	5,950	5,837	5,779
Domestic (Japan) water intake			4,899	5,114	5,039	4,989
Water intake by resource	Surface water (rivers, lakes, and ponds)		151	163	155	153
	Groundwater		1,966	1,985	2,044	2,024
	Other water sources		2,782	2,966	2,840	2,812
Of these, locations that have specified facilities under the Water Pollution Control Law			3,201	3,411	3,318	3,285
Water intake by resource	Surface water (rivers, lakes, and ponds)		8	5	7	7
	Groundwater		411	440	471	466
	Other water sources		2,782	2,966	2,840	2,812
Overseas water intake			869	836	798	790
Water intake by resource	Surface water (rivers, lakes, and ponds)		869	836	798	790
	Groundwater		0	0	0	0
	Other water sources		0	0	0	0
Of these, areas with high water stress			454	410	377	373
Water intake by resource	Surface water (rivers, lakes, and ponds)		454	410	377	373
	Groundwater	0	0	0	0	
	Other water sources	0	0	0	0	

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

► Water Quality, Soil Contamination, and Offensive Odors (Japan)

Water quality is assessed regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations, of which there were no violations in 2021. In addition, applicable factories are providing legally required reports to the government and there were no accidents linked to soil contamination or offensive odors.

	Unit	2019	2020	2021
BOD	Tons	17.9	18.2	23.0
COD		23.0	19.4	20.5

Responsibility to Our Customers (Consumers)

Our Basic Approach and Strategy

102-16

In keeping with The Unicharm Way (Beliefs & Pledges and Corporate Code of Conduct), 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, our Customer Communication Center (CCC) strives to respond sincerely in a prompt, fair, and impartial manner to the valuable opinions we receive from our customers and has formulated the Customer Communication Center Vision based on the core idea of striving to enhance the level of customer satisfaction. We have also established the Complaint Correspondence Policy that guides our efforts in communicating with customers as a basic principle.

▶ Customer Communication Center Vision

We aim to have our customers shift their minds from saying “I’m glad that I inquired and consulted with the Customer Communication Center” to “I’ll purchase the Unicharm product because it is trustworthy and I know I can contact the Customer Communication Center whenever I need to.” To achieve this goal, we are committed to making sure that “listening compassionately to the true voice of customers and conveying our thoughtful message to them” becomes second nature, identifying matters of others as our very own and solving their immediate problems together while providing them with greater inspiration for childcare and nursing care, thereby sharing our joy and excitement and encouraging them to purchase Unicharm products again. By doing so, we would like to deepen our bonds with customers in Asia and around the world.

▶ Complaint Correspondence Policy

- 1 Customer feedback will be centrally managed by the Customer Communication Center 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 the problems with our products or services will be reported to the president & CEO and steps will be taken immediately to remedy them.
- 2 In case our products or services must be revised based on the customer feedback, all relevant departments will work together to immediately rectify the situation and prevent future recurrences in accordance with the QMS (ISO 9001) corrective and preventive measure procedure manual.
- 3 We will strive to reflect the valuable feedback from customers in our products and services. We will take customer feedback seriously and exert our best efforts so that each department works together to ensure that customers will be satisfied.

Management Structure

The Customer Communication Center led by the chief quality officer (CQO) works in coordination with the relevant departments to gather customer opinions, enhance quality and safety, and develop products tailored to our customers’ needs. We have compiled the specific initiatives for customer response for the entire Group and, together with our Self-Declaration of Consumer-Oriented Company, are building a response system that is compliant with the ISO 10002 complaint response management system (MS). Since 2006, Unicharm has been laterally extending its declaration of self-conformity with ISO 10002 to customer communication centers at its overseas subsidiaries in China, Taiwan—Greater China, Thailand, Indonesia, Australia, India, Vietnam, and other countries. Together with the regular auditing of overseas customer communication centers and information sharing, we are implementing efforts that will boost the level of customer satisfaction.

► Self-Declaration of Consumer-Oriented Company

Self-Declaration of Consumer-Oriented Company

Date of Establishment: January 16, 2017

Revised: January 1, 2021

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 the Customer Communication Center (CCC) and addressed fairly and impartially by the CCC based on QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint response process documents.
Information concerning the problems with 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, all relevant departments work together following the 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 going forward. We strive to ensure 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 and delay

We will carry out transparent corporate management and actively disclose information while working to fulfill the Company's growth and development, employees' happiness, and our social responsibilities.

A time slot is set aside at executive meetings for reports from the 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 are 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 the relevant departments: Initiatives for swift and honest responses

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

Information concerning problems with products or services is swiftly reported to top management and necessary steps are taken to improve the situation. If the situation must be remedied, the relevant 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 by various means so that they can use our products safely and effectively. These means include product packaging, user manuals, and advertisements to educate customers about the correct way to use products, as well as through our corporate website, news releases, and disseminations from the 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 improvement activities linking the needs of customers with commercialization of products after carefully reviewing their feedback.

We will set rigorous environmental standards for our products and carefully select product designs and raw materials to meet the challenge of reducing waste in the production process to the extent possible.

The entire Company will also work as one solid team toward mitigating environmental impacts including reducing waste throughout our business activities.

Please refer to the following sections for details on specific initiatives.

I. Ensuring corporate governance

P.100 Corporate Governance

III. Swift response through systematic collaboration between the relevant departments

P.071 Quality > Management Structure

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

P.072 Quality > Safety Initiatives

V. Improvement and development based on consumer and social needs

P.040 Climate Change (Disclosure Based on the TCFD Recommendations)

Initiatives and Results

Customer Communication Center (CCC) Initiatives

In 2021, the center received approximately 60,000 calls. The feedback we received was in turn shared widely with the relevant departments within 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 customer-oriented approaches. In 2021, CCC staff carried out remote training for 965 participants including new employees and R&D, marketing, and factory staff in which they played recordings of real customer feedback as part of a training session for listening skills. We will continue to enhance our customer-oriented approach on a Groupwide level and supply products that truly satisfy our customers.

Activities of Overseas CCC

CCCs in China, Taiwan–Greater China, Thailand, Indonesia, Australia, India, and Vietnam made a self-declaration of conformity with the ISO 10002 complaint response MS. Since this declaration, the CCC in Japan has been confirming whether these overseas CCCs are working with customers to address their complaints via regular audits and information exchanges.

► 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 response.
2. Reflection in products	We share customer feedback with the relevant departments in a timely manner through weekly and monthly reports. This feedback is used to improve existing products and develop new products, in order to provide customers with products that are safe and comfortable.
3. Information dissemination	Customer feedback is shared internally in real time using our FAIN centralized customer information management system, or the SMILE system. Report meetings with business departments and product package confirmation meetings (communication assurance meetings) are also held to ensure feedback is used to improve products from a customer standpoint.
4. Training by the CCC	The CCC organizes training sessions for the R&D, marketing, and other relevant departments, new employees and others who wish to participate in order to reinforce their focus on the customer-oriented mindset and quality. In 2021, 965 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 the ISO 10002 complaint response MS and to step up interoffice collaboration.
6. Commitment	The CCC is an independent department reporting directly to the president & CEO. Led by the CQO, the center presents and answers questions about the customer response policy twice a year. We have built and operated a system in which the CQO Committee can monitor the progress toward goals and discuss and give approval on whether consumer-oriented management is being appropriately promoted.

Examples of customer feedback that has been reflected in products

Sofy Ultra-Sound-Sleep Pants

Sofy Ultra-Sound Sleep Pants released in small and extra-large sizes, offering the perfect fit for all users



Ultra-3D-Shape Masks for Children

Ultra-3D-Shape Masks for Boys and Girls renamed as *Ultra-3D-Shape Masks for Children* (available in white and pink colors) in April 2021 in line with Unicharm's commitment to diversity



Expressions of thanks from consumers

Manner-Wear for Cats

"My cat did not seem to mind wearing the diaper at all as it fully absorbed her urine, ensuring that she was always clean and comfortable. Thanks to these *Manner-Wear*, we were both able to spend our remaining time together at ease."



Unicharm Face-Viewable Masks

"With these masks, I can talk to others while looking at their mouths, allowing me to establish better communication. Also, I can use them with peace of mind knowing that they are a part of the Unicharm brand. Thank you for offering this product."



Digital Transformation (DX) Initiatives

At Unicharm, we use digital technology to constantly improve our product development and business activities with the goal of freeing consumers from any discomfort while providing additional comfort.

In the COVID-19 era where interacting directly with others can be a challenge, the use of digital technology will be emphasized to closely understand the needs of each customer and to develop products that reflect changes in their minds and bodies. In so doing, Unicharm will provide incremental value to customers through products that incorporate their diverse needs. With the establishment of our new DX Promotion Division in January 2021, we have been proceeding at full speed with the implementation of our new business model that draws on the use of various digital technologies.

Kyushu Factory: Unicharm's First Smart Factory

Based on the concept of integrating people, know-how, and equipment, the Kyushu Factory, the Group's first-ever smart factory, began operations in 2019. Established with the aims of enabling all employees to work on-site for longer hours, providing a safe workplace environment, and developing safe and reliable products, the Kyushu Factory features state-of-the-art IoT technology that relays on-site data in a timely manner, ensuring high levels of safety and productivity.

From an environmental point of view, the facility houses over 70 types of equipment focused on conserving energy and minimizing CO₂ emissions. With regard to reducing water consumption, by switching over from water-cooled to air-cooled equipment for the factory's ancillary equipment, we were able to reduce the amount of waste water discharged to zero. In addition, by adopting driverless vehicles and robots, we have "automated"* the movement and supply-related tasks of materials and other heavy items, thereby reducing workload and enhancing work efficiency.

* A form of automation that aims to integrate human craftsmanship and knowledge with digital technology

Digital Scrum System

COVID-19 has become an obstacle to our day-to-day operations such as through our inability to conduct business trips overseas and in-person customer interviews. Against this challenging backdrop, Unicharm developed a solution called the Digital Scrum System through which lifestyle patterns and changes in customer facial expressions can be observed in real-time footage, even from remote locations, and quality can be monitored and managed for consistency, an essential element to improving products and operating facilities.

With the Digital Scrum System, we can visit customers' homes through an online platform that offers vivid sounds and images, enabling us to keep track of customers' lifestyles and usage patterns. The ability to remotely observe changes in daily living environments, including those of their partner animals (pets), at any time of the day helps us gain new insight into our customers.



Development team in Japan and frontline research personnel

Hands-Free Commute:

Disposable Diaper Subscription Service

Digital technology has also been adopted in our Hands-Free Commute disposable diaper subscription service for nursery schools. For this service, Unicharm has developed a system that relies on the use of preregistered data on children and nursery schools to keep track of the remaining inventory of disposable diapers. As the system automatically orders additional diapers when inventory is low, this service helps reduce the workload of nursery school teachers. In addition, Unicharm has developed a system that automatically adjusts the delivery date of neighboring facilities to determine the most efficient delivery route.

Online Moony-Chan Classroom

Due to the challenges associated with providing direct childcare support in the COVID-19 era, in 2020 Unicharm launched its Online Moony-Chan Classroom to help alleviate any possible concerns over childbirth and childcare. As of December 31, 2021, this online workshop has been held a total of 10 times with approximately 10,000 participants. For particularly popular sessions, an online streaming option is also available, allowing viewers to watch when convenient.



Moony-Chan Classroom

Emotion Analyses to Raise Babies in Healthy Environments

At Unicharm, we are rapidly developing products and services that identify with babies' states of mind and allow parents to feel at ease and simply enjoy the art of parenting, helping ensure that their babies are raised in a healthy environment. Unicharm has invested in First Ascent Inc., a baby technology venture capital that boasts a competitive edge in the development of AI and the IoT for sensing babies' emotions and physical states on the basis of data on their crying and sleeping.

Provision of Information on Menstruation and Menarche Education

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



First Body Navi

We began offering the Sofy official app, Sofy Girl, which helps young women having their first period manage their cycle and also notifies mothers when their daughters are menstruating so that they can provide the appropriate support. Our app lineup also consists of the Sofy Menstruation—Period Management app, which diagnoses physical tendencies according to 24 types of conditions and helps address concerns over menstrual cramps, premenstrual syndrome (PMS),* and other means of discomfort.

* Emotional and physical symptoms such as irritation, stomach pains, and headaches that are experienced before a period

P.021 Key Initiatives: Safeguarding the well-being of individuals > Tailoring Menstruation Care to Different Physiques and Lifestyles (Japan)

Unicharm's Adult Diaper Counseling Service Enables Customers to Select the Right Product in the Best-Suited Size

P.019 Key Initiatives: Safeguarding the well-being of individuals > Adult Diaper Counseling Service (Japan)

DOQAT Partner Animal (Pet)-Related Q&A Service

DOQAT is an online Q&A service platform where dog and cat owners can share information and advice on any matter related to their beloved partner animals (pets). Allowing people with dogs and cats of similar breeds and ages to share experiences and ideas, the service helps create a society in which people can live in even greater harmony with their partner animals (pets). The DOQAT Q&A service was launched in April 2020 and, as of December 31, 2021, over 23,000 dog and cat owners have registered for this service.



web DOQAT Partner Animal (Pet)-Related Q&A Service
<https://doqat.jp/> (in Japanese only)

Helping Ensure the Well-Being of Cats through the Latest Technology

In an effort to help extend the healthy lifespans of cats, Unicharm held a joint campaign with RABO, Inc., from November to December 2021. By placing RABO's *Catlog Board* IoT device underneath Unicharm's *Deo-Toilet*, owners can record and monitor data on their cats' weight and excretion through the use of RABO's official app. When used in conjunction with our *Deo-Toilet Urine Home Testing Kit*, owners can keep track of their cats' urine protein levels regularly. Through these and other initiatives, Unicharm is committed to helping ensure the well-being of cats everywhere.



Ensuring cats' well-being through RABO's *Catlog Board* and Unicharm's *Deo-Toilet* and *Deo-Toilet Urine Home Testing Kit*

Quality

Our Basic Approach and Strategy

In keeping with The Unicharm Way (Beliefs & Pledges and Corporate Code of Conduct), we always strive for continual improvement with a customer-oriented mind. Since many of our products come into direct contact with skin, we strive to provide products that consumers can use with confidence. We therefore believe it is important to not only enhance quality and safety but to also use proper labeling to convey correct information to consumers.

Policy on Animal Testing

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

Policy on Management of Chemical Substances

The Unicharm Group uses its Material Safety Guidelines to minimize any direct or indirect environmental impacts on the body from chemical substances used in our products and applies a policy for managing chemical substances that ultimately eliminates all harmful impacts found in the raw materials we use. To achieve this, we have defined harmful substances, developed a substance list of approximately 3,800 materials, and determined target substances for reduction. At the same time, we receive full disclosure of all components in the supplied materials from each supplier and conduct toxicity risk assessments of the

chemical substances they contain. In terms of substances targeted for reduction, we broadly gather information from the global perspective such as the European Chemicals Agency (ECHA) and the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), and verify the existence of potentially harmful substances classified as a substance of very high concern (SVHC) and of toxic pigments, preservatives, modifiers, and surfactants in applications. In addition, with the implementation of an information management system for chemical substances contained in products or materials since 2017, we have been able to strengthen our collaboration with material suppliers in more efficiently managing chemical substances.

web Example of List of Target Reduction Substances

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/quality/quality_material_list.pdf

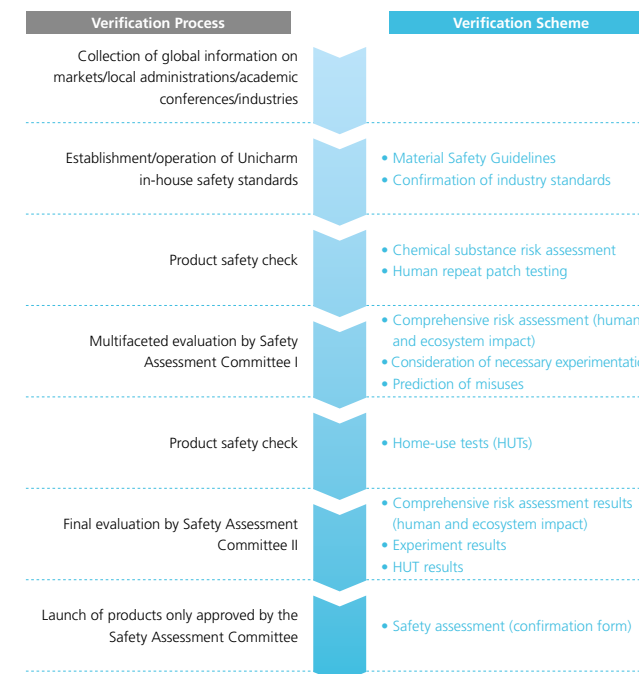
web Example of Toxicity Risk Evaluation

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/quality/quality_toxicity_risk.pdf (in Japanese only)

物質名	種類	状態	備考
100000	0	0	0
100001	0	0	0
100002	0	0	0
100003	0	0	0
100004	0	0	0
100005	0	0	0
100006	0	0	0
100007	0	0	0
100008	0	0	0
100009	0	0	0
100010	0	0	0
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100036	0	0	0
100037	0	0	0
100038	0	0	0
100039	0	0	0
100040	0	0	0

Chemical Substances Information Management System

Safety Check Workflow



Reference Information Examples

- ECHA (European Chemicals Agency)
- SVHC (substance of very high concern)
- RoHS (Restriction of Hazardous Substances)
- REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)
- STANDARD 100 by OEKO-TEX®
- EU Directive 2015/1221/EC
- Directive 2009/48/EC (safety of toys)
- Stockholm Convention on Persistent Organic Pollutants (POPs)
- Dioxin Regulation Act
- Montreal Protocol

Management Structure

In regard to the quality management system, the chief quality officer (CQO), who is responsible for assuring the system conformity and its effectiveness, is assigned to promote internal and external audits primarily through the Global Quality Assurance Department. While taking corrective and preventive measures, the four relevant departments that jointly handle quality assurance (the Global Quality Assurance Department, the Pet Care Manufacturing Division's Quality Assurance Department, the Unicharm Products Quality Control Department, and the Customer Communication Center) regularly conduct management reviews that are provided to the CQO, based on which the entire Company is united in carrying out quality improvement activities on an ongoing basis.

All our business locations have obtained ISO 9001 and ISO 14001 certifications, based on which we operate our quality management system (QMS) and environmental management system (EMS).

Outside Japan, in order to keep current with updated regulations in the countries of import and marketing, we acquired ISO 13485 (medical device quality management) certification in Indonesia and Thailand. Going forward, we will work to continue to obtain certifications in view of regulatory trends and environmental changes.

▶ Unicharm Group Companies with ISO 9001, ISO 14001, and ISO 13485 Certifications

Name of Certified Group Company	Certification Acquired		
	ISO 9001	ISO 14001	ISO 13485
Unicharm and Unicharm Products	○	○	○*
Unicharm Kokko Nonwoven	○	○	
Cosmotec	○		
United Charm (Taiwan–Greater China)	○	○	
Uni-Charm (Thailand) Co., Ltd.	○	○	○
PT UNI-CHARM INDONESIA Tbk (Factory1)	○	○	○
PT UNI-CHARM INDONESIA Tbk (Factory2)	○	○	○
PT UNI-CHARM INDONESIA Tbk (Factory3)	○	○	○
Unicharm Consumer Products (China)	○	○	
Unicharm Consumer Products (Jiangsu)	○	○	
Unicharm Consumer Products (Tianjin)	○	○	
Unicharm Gulf Hygienic Industries Ltd.	○	○	
LG Unicharm Co., Ltd.	○	○	
Unicharm India Private Ltd.	○		
Unicharm Australasia Holding Pty Ltd.	○		
Unicharm Middle East & North Africa Hygienic Industries Company S.A.E.	○	○	
UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA.	○		
Diana Unicharm Joint Stock Company	○		
DSG International (Thailand) Public Co., Ltd.	○		
Disposable Soft Goods (Malaysia) SDN BHD	○		

* ISO 13485 certification is applicable only to Unicharm Products Co., Ltd.

Initiatives and Results

Safety Initiatives

416-1

We carry out gate checks in accordance with the Unicharm Management System Basic Regulations throughout the process, from materials procurement to product development, manufacturing, sales, and disposal so that customers can use our products that directly contact their skin with greater peace of mind. The Safety Assessment Committee has established a gate function in the stage of product development to conduct risk assessment based on various product uses and disposal. Products for which safety is confirmed receive a Safety Assessment Confirmation Sheet.

In addition, we conduct product usage tests with the products manufactured using the safety-checked materials.

Providing Chemical Substance Information

417-1

We have confirmed there are no safety issues based on our chemical substance management policies and standards for the chemical substances in our products, but we also disclose substances required by law and industry standards on packaging so that consumers can directly confirm them and use our products with peace of mind.



Example of information printed on packaging

Global Safety Initiatives

Since safety initiatives are necessary in all locations where Unicharm runs business, we have been operating a Groupwide safety-check framework in each country and region of operation since April 2007. Currently, our local subsidiaries in China, South Korea, Taiwan–Greater China, Thailand, Indonesia, and Vietnam are spearheading the initiatives. We strive to share experiences and information through meetings that involve the persons in charge of safety in each country and region and regular individual meetings. In addition, we visit suppliers, testing partners, and government institutions around the world to step up

communication in order to deliver safe and reliable products to our customers.

We have also rolled out the chemical management system mentioned above in six countries and regions, including Japan, as of December 31, 2021. We will continue to bring the system to our operations in other countries in 2022 so that local persons in charge of the growing volume of imports and exports are able to comply with the regulations of the country and region where products are marketed and swiftly conduct investigations on chemicals used in products in order to deliver even greater safety and peace of mind to consumers.

Efforts to Raise Consumer Awareness of Chemical Substances in Products

Sofy Non-Bleachable Sanitary Pads (South Korea)

Sofy Non-Bleachable Sanitary Pads, released in March 2020, help reduce the anxieties of consumers over the use of chemical components due to the non-bleachable tissue attached to the area of the pad that comes into direct contact with the skin. In 2021, we expanded our lineup of non-bleachable products for the *Guierang* brand of sanitary pads and to pants-type pads and panty liners. In reflection of their high standards of safety and reliability and endorsement by customers in South Korea, *Sofy Non-Bleachable Sanitary Pads* were awarded the Grand Prize in the Feminine Hygiene Products category for the second year in a row at the Consumers' Choice 2021 sponsored by the South Korean Ministry of Trade, Industry and Energy. Going forward, Unicharm will continue to deliver value to customers by providing peace of mind through its non-bleachable products, which are the hallmark of the *Sofy* brand.



Sofy Organic Cotton Cover & Non-Bleachable Free Inner Cover

Acquisition of STANDARD 100 Certification by OEKO-TEX®

Unicharm received STANDARD 100 certification by OEKO-TEX®,* which attests to world-class levels of textile safety, in 2019 for its *Natural Moony* (tape-type) disposable diapers and in 2020 for its *Natural Moonyman* (pants-type) and *Moony AirFit* (tape-type) diapers. We will proceed with the aim of receiving certification for all *Moony* brand products going forward. Meanwhile, our products sold in Taiwan–Greater China, Russia, and Australia have also been certified, as we strive to further reflect our commitment to safety and reliability in our products throughout the Group.



P.028 Key Initiatives: Safeguarding the well-being of society > Construction of Value Chains That Take Account of Sustainability

* 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 that belong to the international consortium called OEKO-TEX®. To use the STANDARD 100 label, a product must clear the testing criteria for all materials and chemical substances used in the manufacturing process and, for such reasons, products with the STANDARD 100 label are recognized as meeting the world's highest safety standards.

Quality Management Initiatives for Manufacturing

As an initiative for quality management, Unicharm Products uses the Unicharm Total Management Strategic System (UTMSS) at all its factories together with the information from consumers relating to problems with products in order to make continuous improvements. Working together, we strive to improve our feedback to production sites in regard to the first-hand information we receive from customers on product defects, which is essential to improving product quality and safety.

UTMSS is used for “visual control” and “standardization,” which allows us to provide our customers with products that are consistent and of high quality. All factories implement regular UTMSS activities (at least once per month) to continuously improve productivity and quality. For example, by introducing the “workmanship management” framework, we will minimize variations in work by individuals, thereby realizing stable quality.

UTMSS members at all factories worldwide gather in Japan once per year for an all-company meeting. However, since the emergence of COVID-19, these meetings have been held using a teleconferencing system. At this meeting, UTMSS members report on the results of their improvement activities and the seven factories that had the best results make a presentation to share the details of their efforts. With Japanese factories as a benchmark, these ideas are being deployed at factories in other countries and regions. We also transfer frameworks from factories in Japan to those in other countries and share best practices. Through such initiatives, we are promoting UTMSS improvement activities and passing on such frameworks to carry out quality enhancement and ensure stable operations at factories outside Japan.

Initiative for Appropriate Product Labeling

417-1

At Unicharm, we strictly adhere to our own consumer-oriented labeling 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 Pharmaceutical & Medical Devices Act, 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 their application by providing training to the relevant divisions.

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



Communication Assurance Meeting (online format)

Human Rights

102-16,407-1,408-1,409-1

Our Basic Approach and Strategy

Since the founding of Unicharm, we have included “respecting humanity and dignity” in our management policy and always believed in a mindset that is respectful of human rights. In fact, the spirit of respecting human rights and a mutually respectful human perspective are clearly stated in the Unicharm Group Charter of Actions and in the opening of our Global Human Resource Philosophy. Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in a global business according to international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly. In 2017, we formulated the Unicharm Group Policy on Human Rights and have since demonstrated our continued efforts to fulfill our responsibility to respect human rights in all of our business activities. This human rights policy is also included in the Unicharm Group Charter of Actions, which, in turn, forms part of The Unicharm Way, a statement of corporate ideals that is well known and applied throughout the Group.

Furthermore, Unicharm promotes management by local subsidiaries in the countries and regions in which it operates, with priority given to contributing to the local economy, by actively creating local employment in the production, sales, and manufacture of products using locally procured raw materials to meet the goal of local production for local consumption. In this context, the 2009 Unicharm Group CSR Procurement Guidelines, which were then upgraded to the Basic Purchasing Policy in October 2017, and the 2017 Unicharm Group Sustainable Procurement Guidelines were respectively formulated and implemented to maintain a fair and impartial relationship with all our suppliers.

The Basic Purchasing Policy applies to all executives and employees of the Unicharm Group. The Group will also require its business

partners and suppliers to uphold and comply with this policy and work together with them to promote respect for human rights. We will respect children’s rights by eliminating forced and child labor and will never discriminate against people on the basis of nationality, race, religion, gender, sexual preference, age, family

background, disability, or any other factors. We will also guarantee freedom of association and collective bargaining and pay attention to the reduction of excessive work hours and rights to a minimum wage.

► Unicharm Group Policy on Human Rights

412-2

The corporate philosophy “NOLA & DOLA” of the Unicharm Group (the Group) contains our hope that “Unicharm aims to provide all people, from newborns to the elderly, with products and service that provide mental and physical support through gentle care so that they may be free of their burden and can 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: International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights), ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, Ten Principles of the UN Global Compact, and UN Guiding Principles on Business and Human Rights. The Policy complements the corporate philosophy and Unicharm Group Charter of Actions (The Unicharm Way) clarifying how the Group will address matters concerning human rights in the Charter of Actions.

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 uphold 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 we may have caused. Furthermore, the Group will require its business partners and suppliers to respond appropriately to correct any adverse human rights impact they may have caused 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 the ways to honor 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 have caused 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

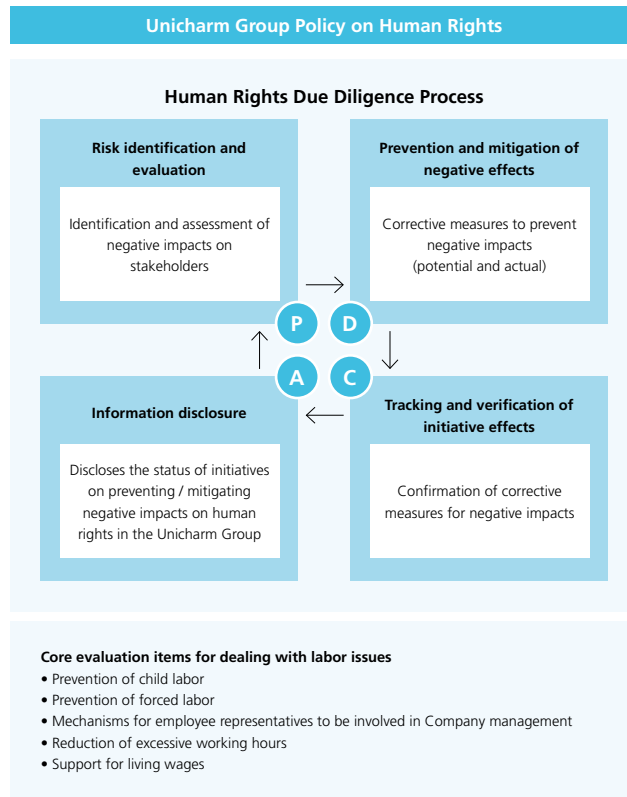
Revised: February 10, 2021

Takahisa Takahara

President & CEO

Unicharm Corporation

Human Rights Due Diligence Process

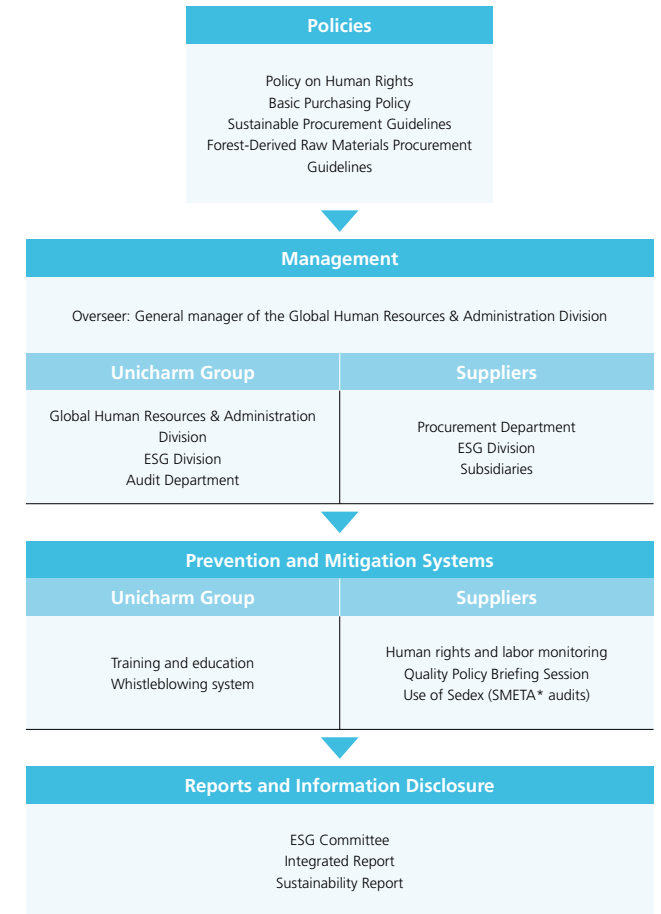


Management Structure

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 who is the executive-level officer assigned responsibility for human rights, in collaboration with the relevant departments and Group companies inside and outside Japan that handle purchasing and auditing and in reporting to the ESG Committee. Meanwhile, human rights initiatives among our suppliers are led by our Procurement Department, which encourages them to uphold human rights. The Basic Purchasing Policy and Unicharm Group Sustainable Procurement Guidelines, which were formulated in 2017, are also distributed and explained to our suppliers. As a result of such internal and external efforts, there was no incidence of human rights abuses in 2021.

P.092 Supply Chain Management > Initiatives and Results

Overview of Human Rights Initiatives



* Sedex Members Ethical Trade Audit

Employee Consultation and Whistleblowing System

An internal whistleblowing system has been established to serve as a contact point for consultations on and the reporting of human rights issues in the workplace, including harassment and employee relations.

P.110 Compliance > Whistleblowing System

Initiatives and Results

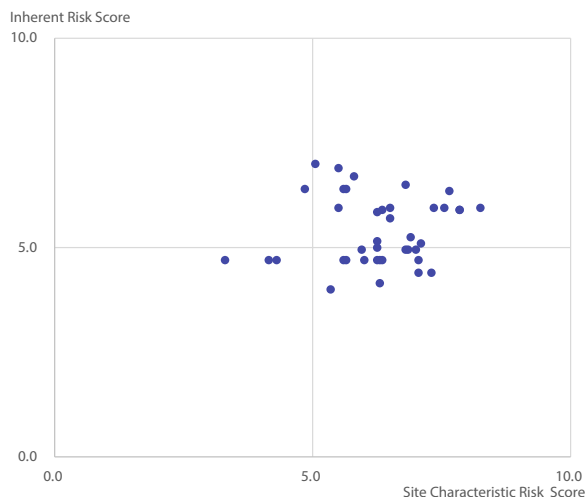
Assessing Human Rights Risks

Unicharm Group Factories

At Unicharm, Sedex's* risk assessment tool is used to assess human rights risks throughout the Group.

A self-evaluation survey called the Self-Assessment Questionnaire (SAQ) is conducted (with a 100% response rate) by our 40 factories spanning 14 countries and regions around the world, the results of which are then used along with Sedex's risk assessment tool to calculate a risk score. The risk score consists of the inherent risk score, which is calculated based on the factory's country and region of operation and its business segment, and the site characteristic risk score, which is calculated on the basis of the SAQ results. These scores are used as a reference to conduct an even more in-depth analysis of high-risk factories and formulate other risk mitigation measures.

Risk Score of Unicharm Group Factories



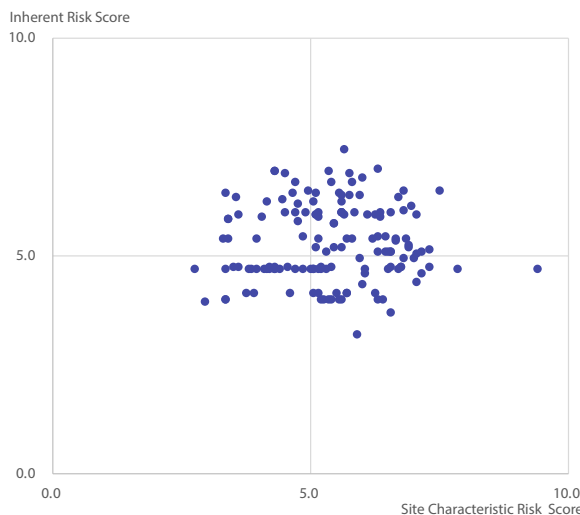
(The simple averages of risk scores on labor standards and on health and safety have been plotted above.)

Supplier Factories

Risk assessments at our suppliers' factories are carried out in the same manner using Sedex's risk assessment tool. As of December 31, 2021, approximately 50% of our materials suppliers and contract manufacturers have agreed to use the Sedex platform, facilitating access to risk-related information. Of these suppliers and contract manufacturers, approximately 88% have agreed to share their inherent risk scores while around 62% have consented to sharing their site characteristic risk scores. Going forward, we will examine our approach to suppliers using these scores as a reference point.

* Sedex is a global membership organization, leading in responsible sourcing practices. Sedex provides companies with technology and insight for building a responsible business and supply chain, including the world's largest platform for sharing supply chain data on labor standards, health and safety, the environment, and business ethics. Over 65,000 business members in 170 countries use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

Risk Score of Supplier Factories



(The simple averages of risk scores on labor standards and on health and safety have been plotted above.)

Risk Elimination and Mitigation

410-1,412-2

Human Rights Education for Unicharm Group Employees

Employees are provided with education and training so that each person will acquire proper knowledge on respect for human rights and prevention of human rights-related risks. For example, role-based and new leader training sessions are used to provide employees with specific examples of bullying and harassment, methods for preventing them, and guidance on how to tackle harassment when it occurs.

Human Rights Education for Suppliers

In 2021, Unicharm engaged in various efforts to encourage its suppliers to become members of Sedex and conclude relationships for the use of the Sedex platform. As a part of this agreement, suppliers were requested to ensure awareness of and compliance with the Unicharm Group Policy on Human Rights and the Unicharm Group Sustainable Procurement Guidelines. Meanwhile, Unicharm is working together with its Australian subsidiary to carry out a training program on the risks of and measures against modern human slavery for suppliers across the globe, particularly for suppliers of materials used in products for the Australian market. This training program was held for 24 suppliers in 2021.

For further details, please refer to Unicharm Australasia Holding Pty Ltd.'s Modern Slavery Statement.

P.092 Supply Chain Management > Management Structure



Monitoring

412-2

Audits of Unicharm Group Factories

A social compliance audit is carried out periodically at Unicharm factories through an external auditing firm to assess the effects of risk elimination and mitigation measures and make improvements on any issues identified. Due to the risks associated with COVID-19, in 2021 our factories were audited remotely using the Sedex Virtual Assessment, whereby an auditor visits business sites and conducts interviews via a web conferencing system.

► Unicharm Group: No. of Audits and Evaluations

(Cases)

Year	No. of Audits by Rating						No. of Issues Identified
	Total	A	B	C	D	E	
2019	12	0	10	1	1	0	40
2020	4	0	3	0	1	0	25

Year	No. of Audits by Rating	No. of Issues Identified				Total
		Business Critical	Critical	Major	Minor	
2021	1	0	0	0	1	1

Note: In 2021, the evaluation method was changed from one that classifies the overall results of audits according to five ratings ranging from A to E, which was used until 2020, to one that classifies each identified issue according to four ratings: Business Critical, Critical, Major, and Minor.

Establishing KPIs and Collecting Relevant Data

In 2021, Unicharm established a system that enables the ESG Division to use self-evaluation surveys to collect data for key performance indicators (KPIs) such as minimum wage, number of employee promotions by gender, employee absentee rates, and average term of employment at each factory, as well as to monitor progress made. We will use this data to conduct effect verifications going forward.

Stakeholder Engagement for Human Rights

102-21,102-43

Since human rights issues can affect a wide range of stakeholders, Unicharm is stepping up its engagement in various ways.

	Initiatives	Results
2019	<ul style="list-style-type: none"> Held a dialogue with human rights experts at the Global Conference on Business and Human Rights in Tokyo administered by Caux Round Table (CRT) Japan 	<ul style="list-style-type: none"> Received advice on advancing human rights due diligence
2020	<ul style="list-style-type: none"> Joined Sedex as an AB member to expand the building of a sustainable supply chain Participated in Global Conference on Business and Human Rights in Tokyo administered by CRT Japan involving overseas experts on business and human rights as well as businesses and specialists in Japan 	<ul style="list-style-type: none"> Used the Sedex platform for respecting human rights and improving the work environment Gained an understanding of global trends and urgent issues related to business and human rights Obtained information on preventing/countering human rights abuses from the examples of practical efforts implemented by other companies
2021	<ul style="list-style-type: none"> Participated in Global Conference on Business and Human Rights in Tokyo, organized by CRT Japan and the Institute for Human Rights and Business (IHRB) Participated in Sedex's JANZ (Japan, Australia, and New Zealand) Conference 2021 Participated regularly in Sedex's various community events (on the use of SAQ, audits, and gender-specific data, approaches to indirect suppliers for materials and services, and other topics) 	<ul style="list-style-type: none"> Gained diverse viewpoints and information from companies in various sectors, government authorities, NPOs, international organizations, attorneys, and providers of services related to human rights due diligence, which are used to determine the themes and specific approaches we must undertake on a priority basis

Initiatives in Thailand

In October 2019, the Thai government was the first in Asia to take a cabinet decision to implement a 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 entered into dialogue with local non-profit organizations (NPOs), the Foundation for Consumers, and other parties to address human rights issues such as human trafficking, illegal employment of immigrants, and forced labor. We also visited the Labour Protection Network, an NPO working to solve human trafficking in Thailand, to build our understanding of the circumstances surrounding human rights issues in the fishery industry.

Participation in My Declaration of Human Rights Program

Unicharm became a signatory to My Declaration of Human Rights, a program endorsed by the Human Rights Bureau of the Ministry of Justice in Japan. This initiative aims to realize a society in which human rights are respected by everyone through a declaration by companies, organizations, and individuals to act on behalf of human rights. Guided by our commitment to “respecting humanity and dignity” as stated in our management policy since our founding, we will continue to strive to realize an environment where employees from diverse backgrounds are able to demonstrate their leadership and creativity.

The Unicharm Group's Declaration of Human Rights

In keeping with the Unicharm Group Policy on Human Rights, we will help realize a cohesive society (social inclusion). The Unicharm Group stands behind the realization of a society where human rights are respected as a fundamental right granted to all people. We will work to help realize a cohesive society in which everyone can continue to lead their lives in the way they so wish by being independent and supporting each other.

Development of Human Resources and Workplace Environments

Our Basic Approach and Strategy

102-16

In keeping with the principles set out in the Unicharm Group Policy on Human Rights and the Unicharm Group Charter of Actions, Unicharm will never discriminate on the basis of nationality, race, religion, gender, sexual orientation, age, family background, disability, or any other factors. In addition, we 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 human rights of each employee, and create a workplace that makes the most of each person's individuality and abilities, with a view to respecting diversity and providing equal opportunities.

As an occupational health and safety initiative, Unicharm strives to ensure health and safety management in the workplace through the Group's Beliefs & Pledges and Corporate Code of Conduct, in order to realize our pledge to employees to prevent workplace accidents and ensure that our employees can work safely and securely.

▶ Unicharm Group 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 a cohesive society.

Vision Vision for the future

We will establish a global common growth model on a global basis by utilizing KYOSHIN*¹ and promoting skills development using The Unicharm Way to ensure 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 wealth in three aspects*² and providing a rewarding workplace, we will earn the trust of each and every employee.

*1 KYOSHIN is a human resource development platform that promotes common skills development globally, serving as a digital tool for skills development that utilizes data on each employee's career, evaluation feedback, and e-learning.

*2 The three aspects include (1) aspirational wealth, (2) economic wealth, and (3) wealth of both mind and body.

Basic Policy for Health Management

1. Employees give priority to primary prevention and strive to improve lifestyle habits based on the idea of "protecting our health on our own."
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.

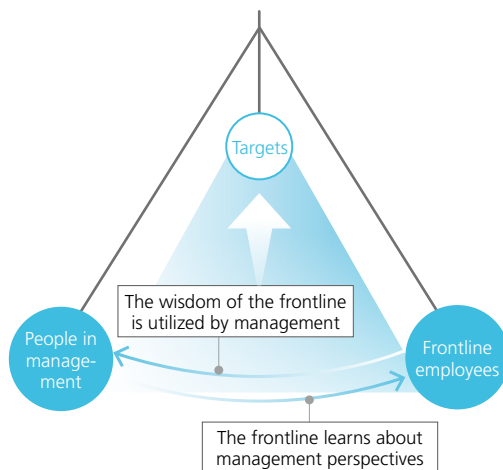
Being Thorough with Workplace Safety and Occupational Health Management

To prevent workplace accidents and ensure that employees can work safely and comfortably, we strictly implement health and safety management in the workplace toward a goal of zero accidents. At the same time, we give top priority to ensuring safety at all times, not forcing employees into excessive labor or overtime, and improving the work environment, primarily through the deployment of health and safety managers. Supervisors also observe the mental and physical health of their subordinates and respond promptly when they find an issue.

Unicharm's Unique Management Method

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

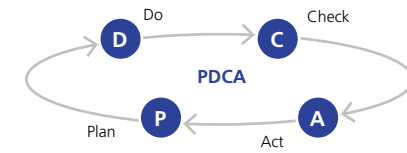
► Management with Resonance



Toward an Organization That Can Respond to Environmental Changes Quickly and Flexibly Using OODA Loop Methodology

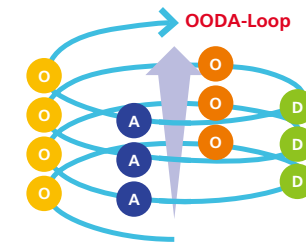
Unicharm has set its medium-term targets based on underlying megatrends and translated action plans for achieving these targets into plans that employees on the front lines of our operations can easily follow. We then have turned a Plan–Do–Check–Act (PDCA) cycle on a weekly basis to monitor the progress of our strategy. In recent years, however, a "new normal" has emerged where constant changes have 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 implemented our version of the Observe–Orient–Decide–Act Loop (OODA Loop) methodology, which represents an evolution in our conventional Schedule–Action–Performance–Schedule (SAPS) method that focused on PDCA cycles. Our goal is to become an organization where primary information from the front lines is used to understand the fundamental essence of situations so that each and every employee harnesses past experiences and knowledge to determine the best course of action autonomously, based on their awareness of the situation.

Philosophy of SAPS Method



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

Philosophy of the OODA Loop Methodology



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

- O** bservation:
Observe situation using the five senses
- O** rientation:
Determine the situation using information obtained along with past experiences and knowledge
- D** ecision:
Make the right decision from the options available
- A** ction:
Take action promptly

Repeat loop

Occupational Health and Safety: Targets and Future Initiatives

We are aiming for zero workplace accidents and a 5% year-on-year increase in the rate of paid annual leave taken. With respect to zero workplace accidents, we continue to promote a range of measures aimed at improving occupational health and safety, including visits to manufacturing floors by factory managers and managers of production sites. In 2021, there were no cases of workplace accidents that resulted in fatalities or the inability to work while the workplace accident frequency and severity rates were both below the industry average.

There are various systems in place at Unicharm to increase the choice of work locations and hours and realize the creation of well-balanced ways to work. These include a remote work and working interval program, a monthly no-overtime day, premium Fridays across the entire Company, and the elimination of core time. Each employee also formulates and thoroughly manages

their own weekly plan to efficiently use their time based on priorities. These activities help promote the reduction of working hours and create a rewarding work environment.

As health and safety is recognized as the most important theme for the Company, we will thoroughly improve the work environment and take basic safety actions by strengthening safety measures through the equipment safety inspections and other efforts aimed at creating safe and comfortable workplace environments. In addition, we will promote timely and appropriate safety measures such as assessment-based risk reduction and external evaluation by companies that specialize in safety crisis management. Furthermore, we will promote education for managers and employees to improve their knowledge of health management, encourage them to take more paid leave by recommending the use of anniversary leave, and improve work environments based on the results of stress checks.

► Monitoring and Managing Health and Safety Performance

	Manufacturing Industry Average (2020)	2020 Results	2021 Results	2022 Targets
Percentage of paid annual leave taken	—	56.74	57.65	Increase of 5% compared with the previous year
Fatal workplace accidents (No. of cases)	—	0	0	0
Workplace accidents resulting in inability to work*1 (No. of cases)	—	0	0	0
Workplace accident frequency rate*2	1.21	0.45	0.22	Below the industry average
Workplace accident severity rate*3	0.77	0	0	Below the industry average

Unicharm Group Employees

*1 Permanent inability to work and undertake certain tasks

*2 Workplace accident frequency rate = Number of workplace accident cases / Total number of working hours × 1 million hours

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

Management Structure

403-1,403-2

The Iki-Iki Health Promotion Office was opened in 2017 to assist employees with physical and mental health management. To ensure legal compliance throughout the Group and promote awareness thereof, discussions are held with those in charge of human resources at Group companies on revisions to labor laws and other topics related to labor standards.

In addition, as a part of 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 to change the way people approach work, promote operational reforms, and improve productivity. 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 we have a specified PDCA process to promote ongoing health and safety management on an autonomous basis. This helps to prevent workplace accidents, promote worker health, create a comfortable work environment, and enhance health and safety standards. Our OSHMS aims to ensure the health and safety of all personnel at Unicharm (executives, employees, contingent staff, and part-timers) and at associate companies (contractors and outsourced companies working on our premises).

OSHMS operations ensure that all employees at manufacturing factories have set objectives for health and safety activities with clear roles and responsibilities. Along with regular checks by the factory manager, who is responsible for overall health and safety management at the factory, this system allows the identification of latent risks for occupational injuries and diseases and the 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 set out OSHMS guidelines as international standards. Japan's guidelines conform to the ILO standards. We also have third-party organizations monitor our manufacturing sites inside and outside of Japan. This monitoring serves to identify issues with long working hours, occupational safety, wages, and building safety so that we can make improvements.

The manager responsible for overall health and safety is an executive officer appointed by the representative director. This executive officer designates a safety and industrial health manager at each location who then appoints a safety manager, industrial health manager, and fire prevention manager. The executive officer also sets up the Health and Safety Committee in order to build a management system.

In order to create a safe and comfortable workplace, the Health and Safety Committee, which consists of selected employees, labor union representatives, and occupational physicians, meets once per month to discuss 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 are issued to implement through the PDCA cycle.

Health and Safety Risk Assessment

As a global corporation with a business presence in various countries and regions around the world, Unicharm maintains a risk management information website on our corporate intranet, which focuses 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 accidents, kidnapping, intrusion into and damaging of company facilities, terrorist attacks, riots, coups d'état, and civil wars. The intranet is updated daily with information provided by the Ministry of Foreign Affairs of Japan (MOFA) and a risk management company contracted to provide its services and shares information, alerts, business trip restrictions, and measures for dealing with serious injuries and illnesses. In these ways, we carry out risk assessments by means of education and information dissemination and monitoring of the labor environment. In 2020, we carried out a risk assessment regarding COVID-19 infections to formulate our guidelines for dealing with COVID-19 so that each employee could take appropriate action. We also implemented infectious disease prevention measures and domestic and international business trip restrictions. In terms of manufacturing facilities, we conducted risk assessments using safety diagnoses through a third-party organization. In terms of promoting new and ongoing businesses and projects, as appropriate, we also carry out risk assessments and monitoring that take into account the local laws, physical environment, infrastructure, facilities, and so on. In order to further protect against disasters, we will also systematically move forward with risk assessments, revise work methods, and improve facilities to eliminate risks and thoroughly educate and train employees.

**Drawing on and Developing Our Human Resources:
Initiatives and Results**

404-2

A Development Program Founded on The Unicharm Way

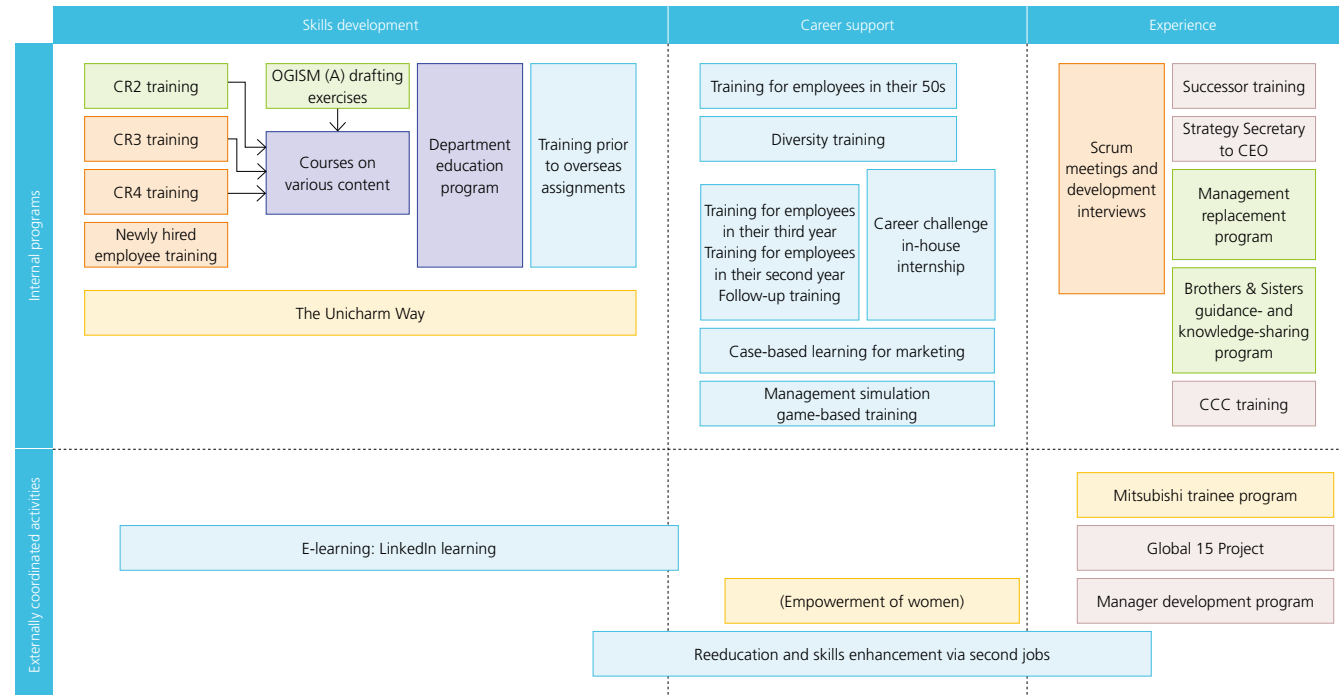
At Unicharm, we promote the development of “resonant personnel” by ensuring that our integrated management model, management with resonance, is practiced by all of our employees. Specifically, we are working to enhance their skills through high-quality, streamlined on-the-job training based on the following three pillars.

1. OGISM (A) Table	A strategic framework consolidated into a single table is used to formulate a plan that consists of Objectives (targets to be achieved within the period) → Goals (numerical targets) → Issues → Strategies → Measures (determination criteria) → Action Plan
2. OODA Loop Methodology	The OGISM (A) table planning method is consolidated into a list rotated weekly in order of Observe → Orient → Decide → Act
3. The Unicharm Way	This consists of 10 components such as the Unicharm Terminology, which summarizes our perspectives, ways of thinking, and ways of acting. The Unicharm Way has been translated into various languages and is used by all employees

Improvement of Education and Training Programs

In order to develop personnel who will practice management with resonance, we have a skills-enhancing program to help employees understand our OGISM (A) process and OODA Loop methodology and improve their practical skills.

► Skills-Enhancing and Career Planning Support Programs (2021)



► Our Distinctive Training Programs (Excerpt)

Title	Summary
Training for newly hired employees	(1) Transitioning from student life to working life (switching to an earning mentality) (2) Deepening understanding of the Unicharm Spirit while experiencing the Company's history. Nurturing a customer-oriented mindset (3) Organizing a group in which individual members develop their own initiative and self-reliance and mutually enlighten each other (4) Building a vision of youth leadership and developing their own 10-year career plans
Second-year follow-up training	(1) Understanding the thoughts, actions, and approaches in the second year at Unicharm (2) Looking back on their path of entering the Company, undergoing training and being assigned to a specific department in the first year with Unicharm, and reviewing their own issues with the actual work (3) Recognizing their own issues as well as their root causes and deciding on a specific action plan to overcome them
Third-year follow-up training	(1) Looking back on the first two years of their working experience at Unicharm and reviewing their current personal status (mindset, skills) (2) Understanding the roles, mindsets, actions, and approaches required for employees in their third year and translating them into an action plan (3) Evolving My Career Vision & Career Plan for linking the growth of each individual and that of the Company
Training according to levels and roles	Training is carried out for people in keeping with their respective levels and roles. All training for employees is based on building their understanding of Unicharm's OODA Loop methodology, improving their practical skills, and providing opportunities and occasions to enhance their ability to think and take action. Employees create a 10-year career plan based on their thoughts of the leadership vision and their self-evaluations. Education on harassment is also provided using specific examples and discussing prevention and solutions for various scenarios.
Life & Career Redesign (Training program for employees in their 50s)	(1) Looking back at themselves and understanding their personal characteristics, strengths, and improvements (2) Understanding the HR system and financial plan and developing an image of the mindset and way of working to be rehired at the mandatory retirement age through opportunities to reconsider the direction of their life and working style (3) As part of a 100-year lifespan, redefining their career visions and career plans for the future and translating these into specific action plans
Strategy Secretary to CEO	This program enables employees in their 10th year to work as a secretary to the CEO for two months. By working closely with and learning directly from the CEO about thought and action at a top management level, this program allows employees to develop leadership skills and leads to self-improvement.
Ten-year career vision and plan	This provides employees with the tools and a system for designing and developing personalized 10-year career and action plans. The tools can also be used for communication with supervisors to support each employee in achieving their own goals.
Cooperative and selective training with other companies	This is a cooperative training program established by several companies to allow participants to enhance their own skills and improve their own issues and weaknesses. Interaction with participants from other companies is expected to inspire participants and provide them with insight that might not be available within a single workplace.
Training program for employees posted overseas	Considering the high level of responsibility during overseas assignments, this program develops and fosters (1) an independent professionalism, (2) higher-level leadership for instructing subordinates, and (3) the mindset of being a CEO of a small- to medium-sized enterprise, or that of a department head, so that expatriate employees can deliver results as soon as they begin their overseas assignments. The training program also thoroughly prepares assignees in terms of compliance and governance and helps them to understand cross-cultural management as well as methods of crisis management in order to avoid any potential trouble in their new positions.
Training for new leaders	As the most important responsibility for such persons is the development of personnel, this training includes practical methods for developing leadership, motivating subordinates, creating a good workplace, and preventing harassment.
Brothers & Sisters knowledge-sharing program	When employees join Unicharm, their first three years are seen as a period for building strong foundations. Senior employees take part in this instructor training program to support new employees in developing their own knowledge and skills through the Brothers & Sisters program and in enhancing their interpersonal skills while at the same time respecting each other's basic human rights.
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 visions and actualizing their career plans.

Evaluations for Career Development

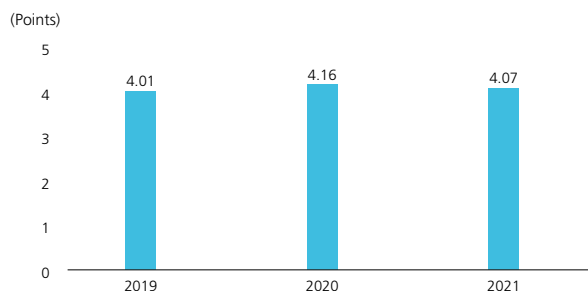
Unicharm's personnel evaluations involve systematic implementation of three aspects of human resource development, namely evaluation, training, and treatment of employees. Specifically, evaluation is conducted for the purpose of training while treatment is determined in line with evaluation. Human resource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

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

Employee Survey

We conduct employee surveys once a year at all Group companies in order to verify employees' satisfaction, fulfillment, and attitude toward work. Ongoing surveys are of course used to invigorate employees and organizational reforms, but we also use them as a reference when considering various personnel and management initiatives.

► Changes in Results of Employee Awareness Survey on Satisfaction (Japan)



Employee survey
Note: Average score on a scale of 0 to 5

Observing Appropriate Salary Levels

202-1

By enacting the Unicharm Group Policy on Human Rights, which forms part of the Unicharm Group Charter of Actions, we have confirmed that we comply with minimum wage laws in each country and region in which we operate and that we provide an appropriate salary that exceeds the living wage based on local living conditions.

Respecting Diversity: Initiatives and Results

Promotion of Women's Empowerment

Unicharm is working to establish an environment and system in which all of its employees, regardless of gender, can realize their full potential while experiencing various life events. Under our medium- to long-term ESG goals, Kyo-sei Life Vision 2030, we have set a target of 30% or more for the indicator "percentage of female managers driven by the provision of various opportunities for women" and are striving to achieve this target by 2030.

P.034 Key Initiatives: Unicharm Principles > Promotion of Diversity Management

► Percentage of Female Managers and Number of Female Officers

	2019 Results	2020 Results	2021 Results	Targets
Percentage of female managers (Japan)	13.3%	14.7%	14.4%	2022 16.0%
Percentage of female managers (overseas)	24.6%	28.3%	27.8%	2022 30.1%
Number of female officers (Japan)	2	2	2	2022 2
Number of female officers (overseas)	14 (8.4%)	16 (9.9%)	14 (8.6%)	2023 10.0%

Note: Figures represent all Unicharm Group employees

P.099 Social Indicators > Human Resources Data

Hiring People with Disabilities

We aim to proactively employ people with disabilities who are motivated and provide them with a workplace where they are also able to realize their potential and promote their desire to grow. We have set appropriate goals in accordance with their respective abilities and desires and established a corporate cultural environment that emphasizes team accomplishments in reflection of our expectations for their individual abilities.

	2019 Results	2020 Results	2021 Results	2022 Targets
Employment rate of people with disabilities	1.9%	2.2%	2.2%	2.3%

Note: Figures represent all Unicharm Group employees

P.099 Social Indicators > Human Resources Data

System for Rehiring and Motivating Retirement-Age Employees

Unicharm has developed an environment where employees who have reached retirement age can make full use of their abilities in order to pass on their skills and expertise to the next generation. Employees who have reached the retirement age and still wish to continue working can remain employed as "retirement-age personnel." The hiring of retirement-age personnel does not have any impact on the recruitment of young employees. In an effort to enable our employees to work until the age of 70, we revised our continuous employment system to appropriately compensate experienced workers aged 60 years and above for their experience, skills, and knowledge accumulated to date and we determine this compensation according to market value.

	2019 Results	2020 Results	2021 Results	2022 Targets
Rehiring rate of retired employees	92.3%	83.8%	84.0%	80%
Hiring rate of retired employees seeking reemployment	100%	100%	100%	100%

Note: Figures represent all Unicharm Group employees

P.099 Social Indicators > Human Resources Data

Expansion of Community Employment

Unicharm is contributing to the expansion of community employment through our business activities. By providing employment opportunities while respecting the characteristics and culture of the country or region in which we operate, we are uncovering potential human resources. In Saudi Arabia, for example, we provide opportunities for women to realize their potential at our all-female factory.

P.034 Key Initiatives: Unicharm Principles > Promotion of Diversity Management

Implementing the Second Job System

The Second Job System was implemented in 2018 with the aim of promoting the further growth of each employee by enabling them to acquire skills or specializations in a different environment from that of the Company and expand their horizons through opportunities to draw on their capabilities and broaden their networks. As of the end of 2021, 36 employees have participated in the system with many reporting that they have acquired tangible new skills.

Dialogue between Labor and Management

102-41

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 an extraordinary meeting in addition to the monthly meetings. In 2021, we held talks about measures to prevent the spread of COVID-19, receiving vaccinations on Company premises, establishing an environment conducive to self-learning, work-style reforms, reducing overtime work, employee benefit programs, and health management measures, among other issues. We will continue with efforts to foster workplaces that can motivate and fulfill employees.

Initiatives for Balancing Work and Childcare

401-3

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 pay and help reduce the financial burden of birth and childcare. Moreover, at Unicharm Corporation, Moony Childcare Involvement Leave was implemented in 2018 for all male employees, allowing them up to five days off to care for their newborn babies within eight weeks of the child's birth. This system is thoroughly promoted to employees with individual information sessions provided for the employees and their supervisors. As a result, in 2021, the rate of male employees utilizing Moony Childcare Involvement Leave was 85.7%. At present, the average number of days of leave taken is four and a half. Going forward, we aim to continue to promote the program to encourage leave of five days.

▶ Percentage of Paid Childcare Leave Taken and Percentage of Moony Childcare Involvement Leave Taken

	2019 Results	2020 Results	2021 Results
Percentage of paid childcare leave taken	87.5%	88.1%	95.5%
Percentage of Moony Childcare Involvement Leave taken	80.0%	91.3%	85.7%

Note: Figures for paid childcare leave taken represent all employees of Unicharm Corporation and Unicharm Products Co., Ltd., while figures for Moony Childcare Involvement Leave taken represent all employees of Unicharm Corporation

P.099 Social Indicators > Human Resources Data

Ensuring a Healthy, Safe, and Comfortable Workplace: Initiatives and Results

Building a Healthy and Active Workplace Environment

Unicharm is committed to being a company where employees can fully experience motivation in their work based on fulfillment in all aspects of their life including career, homelife, and health. Based on this commitment, we are working to reduce excessive overtime work hours and usher in work-style reforms. We are promoting an active workplace environment where employees can be both physically and mentally healthy. We use remote work, communicate with consideration for others (e.g., by prohibiting work calls and emails on holidays), and encourage employees to systematically take at least five days of paid leave each year. The goal of this is to ensure all employees follow the Working Interval Rule, taking at least eight hours off between shifts, and maintain work-life balance whereby they can fulfill their childcare or family 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.

► Programs to Support Diverse Work-Styles: Case Study from Unicharm Corporation

System	Eligible people	Summary
Moony Birth Support Leave Program	Employees who undergo fertility treatment	Leave for advanced fertility treatment (up to one 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 five hours a day
Moony Childcare Involvement Leave	For male employees of Unicharm who have a child/children up to eight weeks old	Can take up to five days off in order to be involved in childcare activities
Lifree Nursing-Care Leave	For employees who have family members in need of continuous nursing care for more than two weeks as a result of injury, sicknesses, or physical or mental disorders	By application, up to five days' leave per year is available for one family member, and up to 10 days' leave per year for two or more family members who require nursing care
Lifree Flexible Work Program	For employees with family members in need of long-term nursing care lasting more than one month as a result of injury, sickness, or a physical or mental disorder, whose application is approved by the Company	Employees are eligible to apply for the option to work completely from home without the need to come to the workplace and also to work fewer days (three or four days per week), to care for family members in need of nursing care
Working Interval Program	All employees	Once an employee finishes their work day, they will in principle have to have a rest period of 10 hours or more, with a minimum period set at eight hours
Remote Work Program	All employees Note: Excludes positions for which remote work is not feasible	Employees can apply for permission to work remotely up to twice a week. The remote work can be done on a full-day basis from home or any other environment that allows concentration on work
Anniversary Leave	All employees	This promotes the taking of planned leave (three days per six months/six days annually) for anniversaries or other days important to the individual. We are working to improve the rate of annual leave taken to three days per six months/six days annually
Second Job System	For all employees	Second jobs that will foster the advancement of skills or personal development of employees are permitted, provided that the roles will not impede their primary work. This is applicable only to off-business hours and holidays
Civic Duties Leave System	Those selected to serve as a citizen judge or on the 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 seven business days' leave per one donation of bone marrow is available by application for the procedures required for donation to a patient within the same country as the workplace (except for donor registration)
Career Recovery System	This system is aimed at former Unicharm employees who used to work for the Company for more than three years and resigned for various reasons including marriage, pregnancy, childbirth, childrearing, nursing care, or accompanying spouses on business transfers	They are eligible for reemployment within a five-year period from the time of their resignation, dependent on mutual agreement between the former employee and the Company

Promoting Employee Health

403-6

In order to make it possible for employees to be healthy both in body and mind and highly productive, we have implemented ongoing health and safety activities and improved facilities so that, in 2021, there were no fatal workplace accidents. Active promotion of annual health checkups also resulted in a 100% uptake rate at Unicharm in 2021, the 13th consecutive year since 2009 that the uptake rate was 100%. In addition to paying the full cost of health checkups for employees aged 35 and older, all female employees of Unicharm, regardless of age, are required to have a breast and gynecological checkup, the costs of which are fully paid by the Company, as an early prevention measure for breast and cervical cancer. With October designated as Pink Ribbon Month, pink ribbon badges are worn by employees to raise awareness of breast cancer among their families and people close to them.

To shift health management practices from treatment to prevention, we began administering a stress check and group analysis in 2016 and we promptly direct those with high stress levels to health consultations with industrial physicians and health nurses. Health nurses also publish the monthly Healthy Lab Newsletter as a health awareness-raising activity and promote awareness of harassment on our intranet.

Furthermore, since 2016, Unicharm has banned smoking in the workplace and has had a full-time no-smoking policy from the start to the end of working hours for all employees including visitors. These efforts promote a reduction in smoking through the gradual removal of smoking areas in the buildings and on Company premises.

We also provide individual support for employees following medical treatment to ensure their successful return to work. Ongoing follow-up is done through regular interviews with an industrial physician or other health professional based on the Back-to-Work Support Program. We have introduced an employee support program through which our employees and their families can consult with external counselors about their worries and troubles, to help them realize fulfilling and healthy lives without worries.

COVID-19 Countermeasures

The COVID-19 pandemic has served as an opportunity to strengthen our crisis management functions throughout the Group. First, we formulated a business continuity plan (BCP*) adapted to the circumstances surrounding the pandemic and launched the COVID-19 Crisis Management Team in April 2020. In addition, COVID-19 countermeasure guidelines, COVID-19 countermeasure regulations for production departments, and manuals on infection-prevention measures were distributed to all Group companies in an effort to enhance our internal control functions while maintaining and improving productivity. Moreover, to avoid the Three Cs (closed spaces, crowded places, and close-contact settings) at the workplace, we moved forward with our remote work system in which employees can choose where to work, partly revised our flextime system, which allows employees to freely decide their work hours, and discontinued our core time system whereby employees adhered to the core working hours of 8 a.m. to 12 p.m. As we will likely be forced to live with COVID-19 for the foreseeable future, we have adopted an autonomous working style in which employees can decide their working style for themselves. This will enhance their motivation toward work while inspiring the growth of both employees and the Company which, in turn, will help lead to a better society.

With the ongoing spread of COVID-19, our goals for 2021 were to (1) make the health of our employees our foremost priority by establishing a safe and secure workplace environment conducive to preventing the spread of the virus, (2) encourage our employees to receive vaccinations and take other infection-prevention measures to avoid disruptions to business continuity, and (3) contribute by any means to help put an end to COVID-19 as quickly as possible and ease the burden on society. In June, we organized a COVID-19 vaccine clinic at our Mita head office in Japan under safe and secure conditions to provide second vaccinations to around 1,000 Unicharm employees. In addition, flu vaccinations were provided at the Kinki and Chubu branches of

our Unicharm Sales Division as well as at the Mita head office. The increased number of people seeking influenza vaccinations over previous years reflects the growing awareness of infection prevention and the improved health literacy of employees.

* A plan that facilitates swift recovery and continuation of core operations in the wake of emergencies

P.115 Risk Management > Business Continuity Plan

Initiatives for Global Health Issues

We disseminate health-related information to employees through the Health Lab section of our corporate intranet. For employees posted overseas or on international business trips, Overseas Support Information provides information on safety and security and health issues including HIV/AIDS, tuberculosis, malaria, and COVID-19. Providing such information supports employees in maintaining, improving, and ensuring their health and safety.

Unicharm supplies masks to various countries and regions across the globe, in light of the fact that COVID-19 has become a global health issue. In September 2020, we also introduced an anti-mosquito disposable diaper,* *MamyPoko Extra Dry Protect*. These diapers feature Antimos capsules, which keep mosquitoes carrying the dengue virus away from babies in Singapore and Malaysia, where there has been heightened concern about dengue fever due to increased precipitation in recent years. In these ways, our business activities help address global health issues.

Companywide Safety Conference

403-3,403-4,403-5,403-7

We hold a Companywide 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 19th Companywide Safety Conference on April 14, 2021, at Central Works, Shikoku Factory. Shinobu Seki, president & CEO, reaffirmed the company's commitment to safety stating that "we will not have a single accident, nor a single injury." Toward this end, he emphasized 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 19th Companywide Safety Conference
Unicharm Products Co., Ltd.

Health and Safety Committee

403-5,403-6,403-7

The manager responsible for overall health and safety is an executive officer appointed by the president & CEO. This executive officer designates a safety and industrial health manager at each location who then nominates a safety manager, industrial health manager, and fire prevention manager. The executive officer also sets up the Health and Safety Committee for organizing the management structure. The Health and Safety Committee consists of industrial doctors and elected commissioners from the Company and labor union. The committee implements various activities once a month including activities related to improving the working environment and preventing work-related accidents, holding campaigns to eliminate vehicle accidents, and sharing priority activities including monthly topics. We have also implemented workplace improvement activities, a promotional campaign for taking paid anniversary leave, remote work and working interval programs, monthly no-overtime day, and premium Fridays. We have eliminated core time requirements to increase the choice of places and hours of work for employees, with the aim of creating a well-balanced way to work. We have also clarified priorities, with employees thoroughly managing their actions by creating their own weekly plans for effective use of work time in order to reduce working hours and create a worthwhile working environment.

Supply Chain Management

102-9,407-1,408-1,409-1

Our Basic Approach and Strategy

102-11,414-1

Unicharm established and operated the Unicharm Group CSR Procurement Guidelines 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, the environment, and product safety such as the “abolition of child labor,” “elimination of discrimination,” and “promotion of measures against global warming” as stated in the UN 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 toward safety and the environment.

Regulations on safety and the environment vary by country and region, as does local awareness. Therefore, simply rolling out best practices from Japan is not sufficiently effective. We also gather information from the local market and promote materials procurement closely in tune with local market conditions, 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 and, when starting new business transactions overseas, we conduct environmental and ethical risk assessments to establish a sound understanding and dissemination of Unicharm’s stance and approach toward procurement, including compliance with laws and social imperatives, and give due consideration to human rights, labor, and environmental matters.

In October 2017, we established the Basic Policy of Procurement, upgraded from the Unicharm Group CSR Procurement Guidelines, in response to increased expectations toward 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 the Basic Policy of Procurement to express our intentions toward the prohibition of child labor and forced labor, the prohibition of discrimination, the right to freedom of association, the right to collective bargaining, reductions in excessive working hours, minimum wages, health and safety standards, and the prevention of corruption. Additionally, in terms of working hours in proper employment, we strive to reduce the overtime work of our employees and comply with the working hours stipulated by the local laws and regulations in each country and region. In terms of the minimum wage, we exceed the local minimum wage, with a basic policy of paying a salary above the living wage. The policy and guidelines cover all business partners around the world that conduct business with us. We will continue promoting initiatives in order to fulfill our social responsibilities throughout the supply chain. We will work toward safe and secure procurement based on legal compliance going forward so that suppliers can understand the intent of these policies and guidelines.

Unicharm’s products and services are primarily consumables essential to a clean and healthy lifestyle. At the same time, they are closely associated with the global environment in terms of the use of natural resources and the generation of waste. Our role in and responsibilities for reducing environmental impact are significant and continue to increase each year in line with the global expansion of our business, mainly in Asia.

The paper and pulp that form the absorbent material used in our mainstay products are produced from coniferous trees while the palm oil added in small quantities to partner animal (pet) food is produced at tropical plantations. We value the importance of using sustainable certified materials for such forest-derived resources and, based on this belief, we formulated the Forest-Derived Raw Materials Procurement Guidelines in 2015.

► 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, 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. Due Consideration to Human Rights and Labor

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

3. Environmental Responsibility

- (1) Value corporations that 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 the exchange of essential information with business partners.

► 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 nonmonetary 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. 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 on Fundamental Principles and Rights at Work

- 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 the 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) Promotion of 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 (SDSs) for materials.

▶ 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 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 toward the current environmental issues regarding plantations of palm oil.

Strategy

With climate change-related risks 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 specific with regard 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 business 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 are determined to realize the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

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

- (1) Value corporations that 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.

Action Guidelines

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 (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 (HCVFs) or high carbon stock forests (HCSFs). Unicharm strives to promote the creation of supply chains that 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, and, in regard to compliance, local laws and regulations are respected and complied with.

web Terms

FSC®: Forest Stewardship Council® <https://fsc.org/en>

PEFC: Programme for the Endorsement of Forest Certification <https://www.pefc.org/>

Risks and Opportunities

We perceive that a risk for Unicharm is reduced supply of materials 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 Unicharm Group Sustainable Procurement Guidelines in 2017 and are striving to reduce such risks by ensuring the implementation of these guidelines by our suppliers.

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

Medium-Term Activity Targets

In line with Environmental Targets 2030 and medium- to long-term ESG goals, Kyo-sei Life Vision 2030, we are transitioning to the use of sustainable certified materials for all of the paper and pulp we purchase and the palm oil used in our partner animal (pet) food.

P.037 Environmental Management > Environmental Targets 2030

P.016 Kyo-sei Life Vision 2030 > Unicharm Group Medium- to Long-Term ESG Goals

Management Structure

412-1,412-3

To address social issues such as employee health and safety and labor standards along the supply chain, quarterly meetings are held by the managers of the ESG Division, the Global Supply Chain Division of Unicharm Products Co., Ltd., which oversees the contract manufacturers, and the Procurement Department of the Global Development Division, in charge of managing the material suppliers, to discuss and determine the areas of fore-most priority and specific courses of action while monitoring the progress of ongoing measures and seeking solutions to various issues.

In addition, the ESG Committee, chaired by the president & CEO, convenes four times a year to report on social issues along the supply chain and the policies and progress of environmental activities on a regular basis, reviewing our plans as necessary.

Effective Use of Global Platform

102-13

At Unicharm, we utilize the Sedex* platform to manage our response to social issues along the supply chain. Our material suppliers and contract manufacturers are requested to become a member of Sedex and acknowledge their relationship with Unicharm on the Sedex platform. The information acquired by means of the Sedex platform is used to enhance our decision-making and progress management capabilities. As of December 31, 2021, approximately 50% of our material suppliers and contract manufacturers have agreed to use the Sedex platform.

Sedex² Member

* Sedex is a global membership organization, leading in responsible sourcing practices. Sedex provides companies with technology and insight to build a responsible business and supply chain, including the world's largest platform for sharing supply chain data on labor standards, health and safety, the environment, and business ethics. Over 65,000 business members in 170 countries use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

web Sedex's corporate website
<https://www.sedex.com>

Initiatives and Results

412-1,412-3

Risk Assessment

The Unicharm Group utilizes Sedex's risk assessment tool to measure risks related to health and safety, labor standards, and other matters along the supply chain.

P.076 Human Rights > Assessing Human Rights Risks

Eliminating and Mitigating Risks

308-1,414-1

New Suppliers

Unicharm engages in business with new suppliers that understand the Unicharm Group Policy on Human Rights and the Unicharm Group Sustainable Procurement Guidelines. New suppliers are also requested to become a member of Sedex and acknowledge their relationship with Unicharm on the Sedex platform. Whenever a major issue related to labor standards, health and safety, or other matters arises in regard to suppliers, it will be taken into consideration when assessing the pros and cons of engaging in business with them.

Moreover, suppliers are assessed on the basis of their environmental commitments by the Procurement Department, which held one such assessment in 2021.

Existing Suppliers

If a serious issue is found when monitoring the activities of existing suppliers, discussions are held with them to seek solutions toward improvement. Whenever a supplier refuses to enter into discussions in good faith, we review the pros and cons of continuing to do business with them.

Moreover, in an effort to encourage suppliers to seek improvement, we assess these companies based on the five areas of quality consistency, supply stability, safety, environmental impact, and distribution. Suppliers that are regarded as exceptionally committed to improvement as a result of this assessment are recognized at the Quality Policy Briefing Session, which is held

once every three years. In 2022, we plan on requesting the cooperation of certain suppliers to share information on their management of, and reduction targets for, CO₂ emissions.

P.093 Supply Chain Management > Monitoring

Risk Assessment of Associate Companies (Contractors, etc.) on Our Factory Premises

Such associate companies (contractors, etc.) are given corruption prevention briefing sessions and are monitored.

Global Communication with Suppliers

The Unicharm Group Sustainable Procurement Guidelines are distributed to suppliers and their intent is explained in an aim to achieve a sustainable society throughout the supply chain. Since 2016, we have held briefing sessions on procurement at distribution warehouses and the factories of suppliers at 53 locations in seven countries to disseminate the Unicharm Group Sustainable Procurement Guidelines and share information on health and safety in the workplace.

Education for Internal Personnel

In order to promote sustainable procurement, we believe it is essential that everyone involved understands the Basic Policy of Procurement and guidelines for building a sustainable supply chain. We therefore educate the managers of our factories about the necessity of sustainable procurement initiatives and the importance of building a sustainable supply chain.

Monitoring

308-2,414-2

We monitor the activities of suppliers using the information obtained through the results of SMETA audits* by means of the Sedex platform. In 2021, a SMETA audit was carried out in 50 different scenarios, serving as a source of information on 305 cases of violations.

The detected violations are classified according to four ratings, Business Critical, Critical, Major, and Minor, subject to Sedex's SMETA Non-Compliance Guidance. For violations classified as either Business Critical or Critical that have yet to be amended three months after the date of audit, we contact the supplier to verify the status of and course of action toward improvement. In 2021, discussions were held with three suppliers in regard to seven cases of violations, as a result of which, we were able to confirm amendments to three such violations and the existence of an action plan for the remaining four violations.



* SMETA (Sedex Members Ethical Trade Audit) is a social auditing methodology developed by Sedex. It enables businesses to assess their sites and suppliers to understand working conditions in their supply chain across the areas of labor standards, health and safety, the environment, and business ethics.

Implementation of Quality Policy Briefing Session

Quality Policy Briefing Sessions are regularly held for suppliers to enhance their awareness of Unicharm's procurement policies and guidelines. The briefing session, held for 76 suppliers in November 2017, provides explanations on Unicharm's management philosophy, approach toward ESG efforts, materials quality and distribution, safety, environmental consideration, approach toward supply chain management, the Basic Policy of Procurement, the Unicharm Group Sustainable Procurement Guidelines, and the Unicharm Group Policy on Human Rights, and shares information to foster a mutual understanding of sustainable procurement and to strengthen cooperative efforts. While it was slated to be held in 2021, the briefing session was canceled due to the effects of COVID-19 and replaced with individually held meetings with suppliers. Additionally, we are promoting quality improvement activities together with our local suppliers related to a broad range of themes involving materials through meetings with subsidiaries and suppliers across the globe, including quality policy briefing in China.

Initiatives to Improve Quality

At the Quality Policy Briefing Session, the Unicharm Supplier Award was established to raise the motivation of suppliers toward improvement, under which they are evaluated from five perspectives (stable quality, stable supply, safety, environmental burden, and deliveries) with excellent suppliers 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 continue to expand these efforts going forward as we work toward even further improvements in materials quality. In addition, we regularly conduct quality audits on suppliers through which we confirm whether suppliers are in compliance with our requirements in all processes from raw materials management to shipment. If a noncomplying item is discovered, we ask for the proposal of a rectification method, confirm the contents of specific plans and the status of improvements, and confirm the instilling of improvements in the next audit. We will make ongoing quality improvements of materials by repeating this cycle from auditing to the instilling of improvements.

Supplier Audits: No. of Audits and Evaluations

(Cases)

Year	No. of Audits	No. of Audits by Rating					No. of Issues Identified
		A	B	C	D	E	
2019	142	1	123	3	12	3	386
2020	12	1	9	0	2	0	42

Year	No. of Audits	No. of Issues Identified				Total
		Business Critical	Critical	Major	Minor	
2021	50	0	29	181	95	305

Note: In 2021, the evaluation method was changed from one that classifies the overall results of audits according to five ranks ranging from A to E, which was used until 2020, to one that classifies each identified issue according to four ratings: Business Critical, Critical, Major, and Minor.

Initiatives to Promote the Forest-Derived Raw Materials Procurement Guidelines

We formulated the Forest-Derived Raw Materials Procurement Guidelines in July 2015 and shared them with our suppliers of forest-derived raw materials.

In order to pursue the aim of supplying Unicharm with third-party certified materials, one of our tissue suppliers acquired PEFC CoC certification in 2021.

Promoting Environmentally Friendly Supply Chain Management

102-12

In the aim of building a sustainable society, Unicharm is striving to reduce its environmental impact, conserve the environment, and promote supply chain management conscious of biodiversity. To remain on track with our goals set forth in Environmental Targets 2030, we are proceeding with the switch to recycled paper or certified sustainable forest-derived products for all of the paper and pulp used in our products.

We have also requested our suppliers not to use raw materials sourced from HCVMs, which have a significant impact on biodiversity, or HCSFs.

Since 2016, we have been expanding the scope of activities for the procurement of sustainable materials to include local suppliers overseas.

Palm Oil Traceability

Recognizing the environmental issues associated with palm oil in recent years, in 2017 Unicharm joined the Roundtable on Sustainable Palm Oil (RSPO) and began collecting information and establishing traceability for sustainable procurement.

P.057 Biodiversity > Usage Third-Party Certified Sustainable Palm Oil

web Please refer to the following website for details on Unicharm's palm oil initiatives.
<https://www.rsपो.org>

For the palm oil used in our partner animal (pet) foods, we use Fuji Oil Holdings Inc.'s RSPO-certified palm oil. Fuji Oil is working to improve the traceability of palm oil to the oil mills and plantations of its suppliers.

web Fuji Oil Holdings Inc. > Sustainability
<https://www.fujioilholdings.com/en/sustainability/>

The Vancouver Declaration for the UN SDGs and FSC® Certification

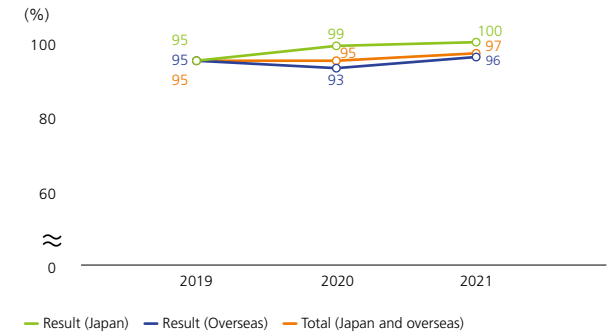
Following multiple rounds of open discussion with FSC® Japan, Unicharm stated its endorsement of the Vancouver Declaration for the UN SDGs and FSC® Certification on October 12, 2017, and we are committed to the expansion of use of FSC®-certified materials.

Confirming the Origin of Paper and Pulp

The absorbent parts of our products are made of pulp from conifers grown in FM (Forest Management)-certified forests in North and South America. The tissue covering these absorbent materials is made from timber felled in FM-certified forests in North America, China, and Indonesia.



▶ Traceability to Place of Origin



P.063 Environmental Data > Paper and Pulp

Local Community

Our Basic Approach and Strategy

Unicharm believes that its business activities are the Company's social contribution in themselves. In line with this basic idea, we are working to develop our businesses to bring comfort, excitement, and joy to people not only in Japan but also in Asia and other parts of the world. Each employee takes pride and joy in making such a social contribution through the Company's business activities. By providing products and services suited to the unique characteristics of each country and region in which it operates, Unicharm is contributing to addressing a wide range of societal issues and creating employment opportunities. We will work to become a company that is welcomed and trusted by people in the places in which we run our businesses.

Policy for Investment in the Community

We recognize that coexistence with local communities through business activities is vital. For communities with which we have fostered deep connections through our business activities, we are committed to addressing the issues they face. Through various investments in and contributions to local communities, we are helping to solve their social issues and enhance their sustainability.

Management Structure

In Japan, each division and Group company takes the initiative in running its business activities. Overseas, local subsidiaries in each country and region lead community-based social contribution activities. The ESG Committee, chaired by the president & CEO, discusses and decides on the Group's policies for regional contributions.

Social Contributions through Business Activities: Initiatives and Results

Flat-Rate Disposable Diaper Service (Japan)

At most Japanese day cares, parents are responsible for supplying diapers for their own children. In 2019, Unicharm partnered with BABY JOB Co., Ltd., which operates 46 day care facilities throughout the country, to offer Empty-Handed Kindergarten Commute, a flat-rate disposable diaper service for day cares to ease the burden on parents and day care staff and make child-rearing full of smiles.

Thanks to this service, parents no longer need to shop so frequently, carry diapers to and from day cares, or make cash payments. This also reduces the risk of contamination at day care facilities making it a valuable new approach for day cares. As of December 31, 2021, this service has been adopted at over 1,600 day care facilities in Japan.

P.026 Key Initiatives: Safeguarding the well-being of society > Unicharm Face-Viewable Mask (Japan)



Pink Ribbon Activities

Pink Ribbon activities help to raise awareness around the world about the importance of the early detection and proper treatment of breast cancer and Unicharm supports these activities on a global scale.

The year 2021 was the 14th year for Unicharm to support Pink Ribbon activities in Japan. We set up a special website for supporting Pink Ribbon activities to provide basic information about breast cancer and self-examination methods for early detection.

In addition, a portion of sales from products marked with a specially designed logo in support of Pink Ribbon activities was used to cosponsor symposiums and other Pink Ribbon activities. Moreover, to facilitate our employees' physical and mental health and productivity, we designated October of each year as Pink Ribbon month during which employees wear Pink Ribbon badges to raise awareness of breast cancer with their families and those close to them. As an early prevention measure for cervical and female breast cancer, Unicharm requires all female employees, regardless of age, to receive gynecological checkups, which are paid for in full by the Company. Meanwhile, our subsidiary in Indonesia has teamed up with the Indonesian Breast Cancer Foundation to support local Pink Ribbon activities. The design of packages featuring illustrated self-examination instructions and the use of video streaming and other media platforms to communicate information on breast cancer have led to widespread awareness of the importance of early detection and proper treatment.



Products marked with a Pink Ribbon activity supporting logo (Japan)



Products marked with a Pink Ribbon activity supporting logo (Indonesia)

We believe that our support of Pink Ribbon activities will contribute to the achievement of Goals 3 (good health and well-being) and 17 (partnerships for the goals) of the Sustainable Development Goals (SDGs), as well as to the education, social activities, and human connections elements of our Indonesian subsidiary's Ethical Living for SDGs lifestyle concept.



Menarche Education Initiatives

China

Our subsidiary in China is actively spreading awareness of sanitary products and disseminating accurate information on menstruation in the suburban areas of mainland China. In 2021, pamphlets containing menarche-related information and a “Growth Box” containing sanitary pads were donated to around 800 female students at four junior high schools located in Ningxia, an autonomous region in China. Moreover, these pamphlets were used as a reference by teachers at these schools to educate students about menarche.



Taiwan–Greater China

Unicharm’s subsidiary in Taiwan–Greater China offers information about female physical development and the appropriate ways to select and use sanitary products on its corporate website. Schools seeking support regarding this content are provided with samples of sanitary products. In 2021, we supplied approximately 500 sets of samples to these schools. We also provided product samples to elementary and junior high school students in Taiwan in collaboration with lingerie brand *Been Teen*.

Japan

In order to help foster a positive first experience of menstruation, First Body Navi offers young girls and their parents information about how the female body works and how to deal with menstruation, as well as how to choose sanitary products. For school teachers, we have made available a downloadable PDF with information about menarche, which can also be used as an educational resource at schools. For schools that inquire to our Customer Communication Center (CCC), we also provide sanitary products and pamphlets for young girls experiencing menarche as well as pamphlets for the parents who help them manage their first menstruation. This initiative began in 2017 through a joint effort with the local governments of Tokyo, Osaka, and Nara prefectures,

which was followed by our collaboration with Nippon Calmic Ltd. in 2019. In 2021, we provided around 119,000 sets of pamphlets and sanitary products to 2,088 schools in Japan

Indonesia

Up until 2019, Unicharm’s Indonesian subsidiary conducted lectures on menarche at schools, mainly in the metropolitan areas of Indonesia. However, since the COVID-19 pandemic has prevented us from visiting schools in person, we have been providing online classes on menarche through a website called Charm Girls Talk, which was launched in November 2020 to commemorate Indonesia’s National Health Day. The website offers visual content and information about first menstruation as well as details about sanitary products and, as of January 31, 2022, it has 25,163 registered users.






Extending Healthy Life Expectancy through Seminars on Managing Urinary Incontinence and Continence (Japan)

Unicharm continues to provide appropriate continence support and nursing know-how in cooperation with educational

institutions and local communities so that we can help older people live in the way they so wish. By tailoring themes and programs to suit participants, we are presenting useful knowledge and skills for care workers so that they can provide high levels of care and comfortable lives for older people.

Moreover, in light of the many households choosing to stay indoors because of the COVID-19 pandemic, we held an online lecture called “Lifree: Let’s Do What We Can to Prevent and Manage Dementia” in March and September 2021 to enhance awareness of the increasing risk of dementia among older people. The lectures were attended by 4,322 people including those who viewed a recorded session. The lecture featured a presentation by Dr. Yoshinori Fujiwara of the Tokyo Metropolitan Geriatric Hospital and Institute of Gerontology in which he introduced the fundamentals of dementia and methods for conducting self-examination, in addition to analyzing the risk of deterioration of both the mind and body stemming from frailty and dementia as a result of social withdrawal. Accordingly, he stressed the importance of going out and informed attendees of the things they must remain aware of in order to prevent infection.

▶ Seminars on Managing Urinary Incontinence and Continence by the Continence Care Research Center

Target	Older People	Family Caregivers and Professional Home Carers	Carer and Nursing Students (of Vocational Schools)
Theme	Urinary incontinence	Continence care	Continence care
Number of presentations in 2021	4	5	33
Contents	We introduce ways to deal with, improve, and best live with urinary incontinence under the theme of measures against and self-management of urinary incontinence, which is important for care prevention. 	We introduce how to lessen the burden of continence care, which is a major issue for at-home nursing care, through appropriate selection and use of diapers. 	We teach the basics of the role with knowledge of experts in the context of elderly continence care for the future experts of medicine and elderly care who will become caregivers for older people. 

Note: Fewer seminars were held in 2021 due to the impact of the COVID-19 pandemic.

Community-Based Social Contribution Activities (Japan): Initiatives and Results

203-1

Support for Areas Affected by Natural Disasters

Our Matching Fund and Super Cool Biz and Warm Biz employee dress code activities were launched right after the 2011 Great East Japan Earthquake to provide ongoing support for disaster relief and to reduce the burden on the environment through electricity conservation and eco-friendly activities that employees can undertake themselves, and reached their 11th year in 2021. The Matching Fund is an employee participation initiative that provides a matching donation equivalent to the amount paid by Unicharm employees for original Unicharm items of clothing, including polo shirts and jumpers that can be worn at work. The money raised is used to provide support for areas affected by natural disasters. Donations made through the Matching Fund have been used to support the disaster areas of the Great East Japan Earthquake as well as to provide financial aid and emergency supplies to other areas affected by natural disasters. Since 2011, a total of 23,810 employees have participated in Super Cool Biz and Warm Biz efforts.

Sponsored Program to Give Disposable Diapers upon Birth Registration in Kakegawa City (Shizuoka Prefecture)

Since 2016, this program has given disposable diapers for newborns upon birth registration in Kakegawa City, Shizuoka Prefecture, where our Shizuoka Factory is located. The goal of the program is to promote the healthy growth of children, reduce financial burdens on child-rearing families, and to contribute to the local region.

Sponsored Program to Give Disposable Diapers upon Birth Registration in Shibushi City and Osaki Town (Kagoshima Prefecture)

Since 2018, we have presented newborns in Shibushi, Kagoshima, with gifts such as baby diapers when their births are registered. This is an initiative to congratulate and support

child-rearing families through the gift of diapers for newborns in Kagoshima Prefecture's Shibushi City and Osaki Town. Both municipalities are working with Unicharm to develop used disposable diaper recycling technologies, which are essential to the future of our children.

P.030 Key Initiatives: Safeguarding the well-being of our planet > Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

Sponsored Program to Provide Disposable Baby Diapers in Shikokuchuo City (Ehime Prefecture)

Shikokuchuo City is considered to be one of Japan's largest paper-producing areas. Unicharm is helping to sponsor local initiatives to assist children here through a public-private partnership initiated by the city government. Through these initiatives, families in the city rearing a child under 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 for local consumption of paper products as a means to ease the burden on child-rearing families and encourage the healthy development of children.

Supported the Smiles Child-Rearing Support Project (Ehime Prefecture)

With Ehime being home to many leading paper manufacturers in Japan, we are sponsoring the Smiles Child-Rearing 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 aimed at easing the economic burdens of families with two or more children through the provision of coupons for diaper purchases.

Donated Wheelchairs to Sapporo City Council of Social Welfare

In November 2021, we donated 20 wheelchairs to the Sapporo City Council of Social Welfare in collaboration with Tsuruha Holdings, Inc., in addition to 10,080 masks to help prevent the spread of COVID-19. Since starting the program in 2000, we have donated a total of 260 wheelchairs.

Products Chosen as Thank You Gifts for Making Hometown Tax Contributions

Through a partnership with municipal governments in the areas where our manufacturing factories are located, with the hopes of revitalizing the local regions, Unicharm products have been adopted as thank you gifts for taxpayers making hometown tax contributions in Kakegawa City, Shizuoka Prefecture; Kanonji City, Kagawa Prefecture; Tanagura Town (Higashishirakawa District), Fukushima Prefecture; Nabari City, Mie Prefecture, and other municipalities.

Unicharm Match Day with FC Imabari

Since 2020, Unicharm Match Day has been held with FC Imabari, a Japanese J3 League professional soccer team with which Unicharm is a "top partner/cohesive society partner." FC Imabari's philosophy, "For the next generation, contributing to the creation of a society that values richness of mind rather than that of things," is closely aligned with our own corporate philosophy. We will therefore contribute together to regional revitalization through sport in the hopes of realizing both philosophies.

Established a Scholarship Foundation to Develop Students Leading the Next Generation

Unicharm's president & CEO, Takahisa Takahara, established the Unicharm Resonance Fund in 2017 to develop the university and graduate students leading the next generation, particularly those interested in manufacturing, welfare, and globalism, in order to realize Unicharm's goal of achieving a cohesive society. The foundation provides scholarships for students enrolled at universities and graduate schools in Japan with the aim of helping develop human resources who will contribute to a better society.

web Unicharm Resonance Fund website
<https://kyoshin-zaidan.or.jp/#section1> (in Japanese only)

Community-Based Social Contribution Activities (Overseas): Initiatives and Results

203-1

Thailand

Unicharm donated 974 cases of sanitary products to COVID-19 designated hospitals that have been temporarily set up in Bangkok and other areas of Thailand in response to the surging number of COVID-19 patients. In July 2021, we also joined forces with UNICEF Thailand to deliver 858 cases of disposable baby diapers to the local government in the Khlong Toei district of Bangkok in support of families affected by COVID-19.

Vietnam

Our subsidiary in Vietnam worked together with the Maternal and Child Health Handbook Program to help raise awareness of the handbook and maternal and child health. A program was launched in which VND3,000 (approximately ¥14) from the sale of each *Bobby* disposable baby diaper at retailers in Vietnam is donated to the COVID-19 vaccination fund established by the Vietnamese government.



Brazil

Our Brazilian subsidiary donated disposable baby diapers, gloves, and masks to charitable organizations as well as wet wipes to retirement homes.

Taiwan–Greater China

Our subsidiary in Taiwan–Greater China collaborated with the Taiwan Carrefour Foundation in support of areas affected by the massive earthquake and heavy rainfall that hit Haiti in August 2021. Through the support of the Taiwan Red Cross, we were able to donate 100 cases of *Sofy Ultra-Clean Skin Day-Use* sanitary pads to these disaster-stricken areas.



China

At our subsidiary in China, we partnered with the China Paper Industry Standardization Technology Committee in support of areas in Zhengzhou affected by torrential rain in July 2021. Through the support of the Shanghai Children's Foundation, we were able to donate 300 cases of *Sofy* sanitary pads to these disaster-stricken areas.

India

Unicharm's subsidiary in India is working with a local NGO on the *Sofy* Donation Drive, an initiative designed for women and girls, particularly those going through puberty, to help them acquire proper knowledge and information about menstruation and sanitary products. In 2021, we provided sanitary pads to public schools and universities, Anganwadi rural childcare centers, prisons, poverty-stricken areas of urban centers, and rural communities in India.



United States

Our subsidiary in the United States donated fences to animal shelters in Kentucky to be used for dog runs and catios (cat patios with a roof) as a part of the Rescue Rebuild program. We also subsidized the renovation of waiting rooms at animal shelters in Arizona, a measure undertaken to ensure that the adopted cats become attached to their new families and can be handed over smoothly.



Indonesia

Our subsidiary in Indonesia held a webinar on the theme of urinary incontinence and caring for older patients and incontinence together with the Indonesian National Nurses Association in June 2021, which was attended by 1,705 nurses from around the country. In July 2021, we also donated wet wipes and food to the COVID-19 response headquarters in the Karawang

Regency of West Java, where our factories are located, to support people receiving medical care at home for COVID-19 and to help prevent the spread of the virus.



Myanmar

Our subsidiary in Myanmar helps ensure the health of mothers and children by providing seminars to pregnant women. Through these seminars, participants learn about proper nutrition during pregnancy and how to select and use the right diapers for their child's development. In 2021, seminars were held at 24 hospitals and attended by 995 pregnant women.



Malaysia

Unicharm's Malaysian subsidiary donated disposable baby diapers to NPO Family Wellbeing and the National Population & Family Development Board in support of those affected by the torrential rainfall that struck Malaysia in December 2021.

South Korea

Unicharm's subsidiary in South Korea donated sanitary products and disposable baby diapers to the Korean Unwed Mothers Families Association and disposable adult diapers to facilities in Gumi City for people with disabilities in support of social inclusion. In addition, we continue to donate cat food and toilets, among other products, to cat welfare organizations with the aim of realizing a cohesive society for people and their partner animals (pets).

Social Indicators

102-8,202-1,202-2,401-1,401-3,403-8,403-9,403-10,405-1,405-2

Development of Human Resources and Workplace Environments

Human Resources Data

	Unit	2020			2021		
		Total	Male	Female	Total	Male	Female
Number of permanent employees (consolidated)	Persons	16,665	10,436	6,229	16,308	10,302	6,006
Percentage of permanent employees (consolidated)	%	54.0	58.1	48.2	55.0	60.0	48.2
① Number of permanent employees (Japan)	Persons	3,307	2,690	617	3,298	2,663	635
Number of permanent employees (overseas)	Persons	13,358	7,746	5,612	13,010	7,639	5,371
Number of contract employees (consolidated)	Persons	14,222	7,529	6,693	13,323	6,858	6,465
Percentage of contract employees (consolidated)	%	46.0	41.9	51.8	45.0	40.0	51.8
Number of contract employees (Japan)	Persons	1,445	796	649	1,421	816	605
Number of contract employees (overseas)	Persons	12,777	6,733	6,044	11,902	6,042	5,860
② Employment rate of persons with disabilities (annual average)	%	2.2	—	—	2.2	—	—
Rehiring rate of retired employees*1	%	83.8	—	—	84.0	—	—
③ Rehiring rate of current employees seeking reemployment upon retirement age	%	100	—	—	100	—	—
④ Employee turnover rate*2	%	2.0	—	—	2.7	—	—
⑤ Average age of employees	Age	40.3	41.1	38.3	40.3	41.1	38.4
⑥ Average length of service	Years	15.0	16.0	12.4	15.1	16.1	12.7
⑦ Number of employees who are new graduates	Persons	55	37	18	55	31	24
⑧ Turnover rate of employees with less than 3 years of service who started as new graduates	%	3.8	4.3	2.3	5.7	5.8	5.3
Number of managerial employees (Japan)	Persons	612	522	90	625	535	90
Number of managerial employees (overseas)	Persons	972	697	275	949	684	265
⑨ Ratio of women in management positions (Japan)	%	—	—	14.7	—	—	14.4
Ratio of women in management positions (overseas)	%	—	—	28.3	—	—	27.8
Number of female executives (Japan)	Persons	—	—	2	—	—	2
Number of female executives (overseas)	Persons	—	—	16	—	—	14
⑩ Percentage of paid annual leave taken	%	56.74	—	—	57.65	—	—
⑪ Overall working hours per person	Hours	1,970.01	—	—	1,992.34	—	—
⑫ Use of childcare leave system	Persons	118	51	67	160	71	89
⑬ Percentage of paid childcare leave taken	%	88.1	76.1	100.0	95.5	91.0	100.0
⑭ Number of employees returning to work after childcare leave	Persons	118	51	67	160	71	89
⑮ Return/retention rate for pregnancy and childcare leave	%	100	100	100	100	100	100
⑯ Use of shortened work hours system for childcare	Persons	48	0	48	49	0	49

	Unit	2020			2021		
		Total	Male	Female	Total	Male	Female
⑰ Use of nursing care leave system	Persons	3	2	1	2	1	1
⑱ Health checkup rate	%	100	—	—	100	—	—
⑲ Number of persons on mental health leave	Persons	3	—	—	6	—	—
⑳ Results of employee satisfaction survey*3 (Japan)	Score	4.16	—	—	4.07	—	—

	Unit	Manufacturing industry average (2020)	2020	2021
㉑ Fatal workplace accidents	Persons	—	0	0
㉒ Workplace accidents resulting in inability to work*4	Persons	—	0	0
㉓ Workplace accident frequency rate*5	—	1.21	0.45	0.22
㉔ Workplace accident severity rate*6	—	0.77	0	0

		2020	2021
㉕ Number of union members	1,410	Percentage of employees covered by labor laws	1,541
		100%	100%

	Unit	2020		2021	
		Master's degree	Bachelor's degree	Master's degree	Bachelor's degree
㉖ Starting salary	Yen	226,000	210,000	226,000	210,000

Figures for ①, ⑨, and ㉑ are for Unicharm Group employees and figures for ⑫ to ⑰ are for employees of Unicharm Corporation and Unicharm Products. All other figures are for employees of Unicharm Corporation only.

Figures for ⑫ to ⑰ are for permanent and contract employees. All other figures are for permanent employees only. (Figures as of December 31.)

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

*2 ④ Employee turnover rate = Number of terminated employees (excluding retirement at mandatory retirement age, death, promotion to board membership or transfer within the Group) ÷ Number of employees at the end of each fiscal year

*3 ㉑ Average score of evaluation on a scale of 0 to 5

*4 ㉒ Workplace accidents resulting in inability to work: Permanent inability to work and to undertake certain tasks

*5 ㉓ Workplace accident frequency rate = Number of workplace accident occurrences ÷ Total number of working hours × 1 million hours

*6 ㉔ Workplace accident severity rate = Number of lost working days ÷ Total working hours × 1,000 hours

Corporate Governance

102-18,102-22

Our Basic Approach and Strategy

Unicharm believes that working toward sustainable growth, creating medium- to long-term corporate value through efforts to cooperate appropriately with stakeholders, and becoming a company supported and trusted by society lead to the promotion of sound corporate management. In order to achieve these targets, the basic policy toward 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 management without missing any opportunities.

web Corporate Governance Report
<https://www.unicharm.co.jp/en/company/corporate-governance.html>

Management Structure

102-19,102-20,102-27

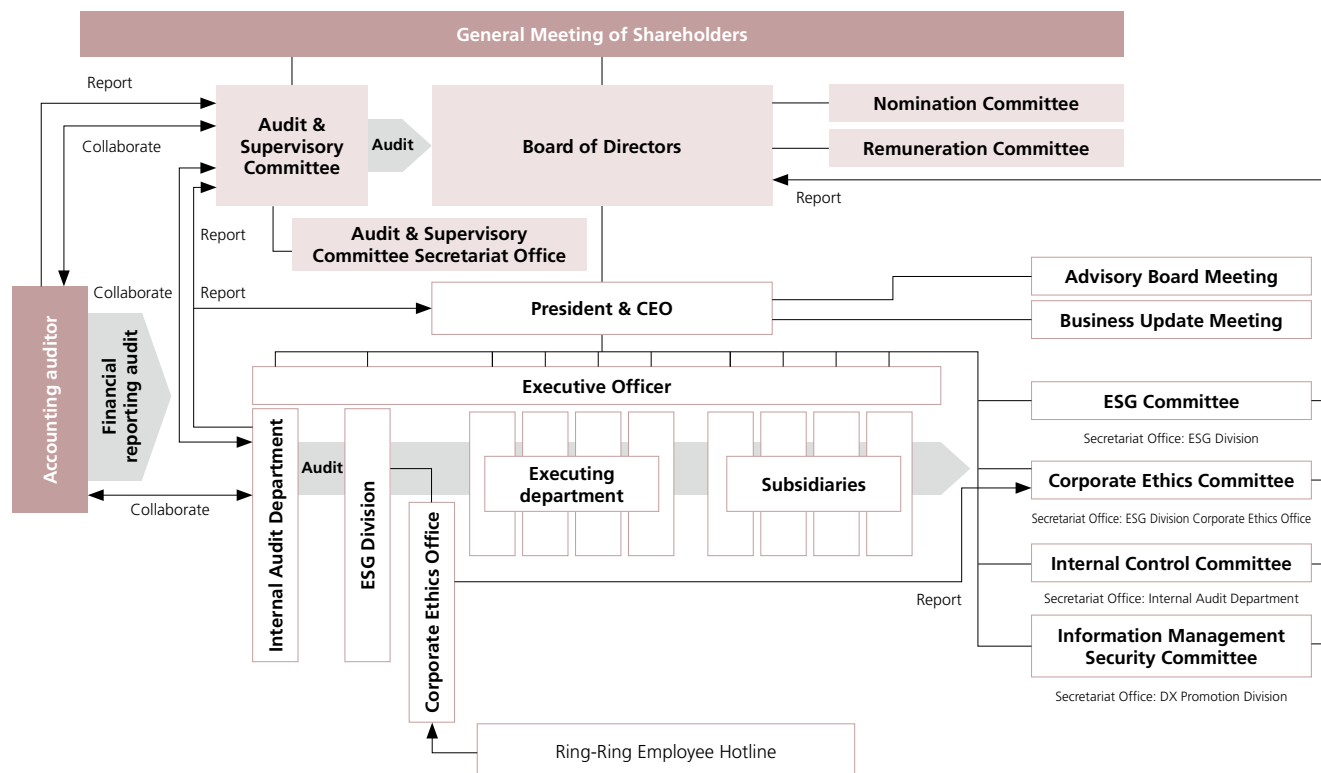
In May 2015, we became a company with an audit and supervisory committee governance structure to meet the expectations of all stakeholders, in Japan and overseas, from a global perspective. We achieved this by strengthening the oversight function of the Board of Directors in regard to management and bringing outside directors into the management process to increase transparency and efficiency. Members of the independent Audit & Supervisory Committee have voting rights on the Board of

Directors, and the committee actively uses the internal control system to carry out audits. This has enabled the Company to not only comply with laws and regulations but to also strengthen the audit and supervisory functions of management from an outsider's perspective, with the aim of maintaining collaborative relationships with stakeholders and fostering an organizational culture and climate that respect healthy and ethical business practices.

P011 Sustainability Management > ESG Promotional Structure

Corporate Governance Structure

(As of March 25, 2022)



▶ Board of Directors and Committees, etc.

102-26

Board of Directors	The Board of Directors comprises one representative director, three non-executive directors other than outside directors, and two outside directors. It has the authority to determine basic management policies, decide on the establishment of the internal control system, and execute other important duties. It also fulfills a supervisory role in monitoring the formulation and execution of the medium- to long-term direction, which ensures a system is in place for management to make appropriate decisions without missing any opportunities.
Audit & Supervisory Committee	The Audit & Supervisory Committee consists of one non-executive director other than an outside director and two outside directors. The one non-executive director is the full-time member of the Audit & Supervisory Committee who is selected for this role to increase the effectiveness of audits performed by the Audit & Supervisory Committee based on information obtained by a person highly familiar with the Company's internal situation. This person gains information through attending important meetings other than that of the Board of Directors and close collaboration with the internal auditing departments.
Nomination Committee	The Nomination Committee is a discretionary body established with the purpose of nominating director candidates and ensuring the transparency and objectivity of the selection of executive officers. The Nomination Committee has the authority to (1) propose ideas on the appointment and dismissal of directors to submit to the general shareholders' meeting, (2) select and dismiss the representative director, and (3) submit proposals on the selection and dismissal of executive officers as well as the executive officers with line responsibility to the Board of Directors.
Remuneration Committee	Unicharm has established the Remuneration Committee, a discretionary body with the purpose of securing transparency and objectivity regarding the remuneration of directors (excluding directors who are Audit & Supervisory Committee members) and executive officers. The Remuneration Committee has the authority to deliberate on (1) proposals concerning remuneration of directors to be submitted to the general meeting of shareholders, (2) the policy for determining remuneration of individual directors (excluding directors who are Audit & Supervisory Committee members) and executive officers, and (3) the evaluation criteria and results used to determine the remuneration of individual directors (excluding directors who are Audit & Supervisory Committee members) and executive officers.
Advisory Board Meeting	The Advisory Board Meeting is chaired by the representative director and the president & CEO, and is attended by all directors—excluding outside directors—and executive officers, leaders of relevant business units, and the full-time Audit & Supervisory Committee members. Outside directors also attend the meeting as necessary. The meeting convenes to deliberate on how to achieve the strategies in the Medium-Term Management Plan as well as the business plans and strategies of Group companies.
Business Update Meeting	The Business Update Meeting is attended by all directors—excluding outside directors—as well as executive officers, and the leaders of relevant business units. The president & CEO chairs this meeting. In principle, the meeting convenes monthly to provide reports on the execution of operations and discussions are held on material issues in terms of business execution selected by the chair for prompt resolution.
ESG Committee	The ESG Committee is chaired by the president & CEO and the ESG Division serves as its secretariat. The committee discusses the progress of activities and countermeasures for issues related to the Medium-Term Management Plan and medium- to long-term ESG goals.
Corporate Ethics Committee	The Corporate Ethics Committee is chaired by the executive officer in charge of the Corporate Ethics Office. All Audit & Supervisory Committee members serve as full-time members of this committee, which promotes a system for ethics and legal compliance.
Internal Control Committee	The Internal Control Committee is chaired by the executive officer in charge of the Internal Audit Department, which serves as its secretariat. The committee is responsible for ensuring that the internal control system related to financial reporting is appropriately assessed by management and audited by an audit firm.
Information Management Security Committee	The Information Management Security Committee is chaired by the executive officer in charge of the DX Promotion Division, which serves as its secretariat. The committee functions as a system for ensuring information security.
Accounting auditor	The Audit & Supervisory Committee approves the accounting auditor based on its auditing system, independence, and expertise.

► Composition of the Board of Directors and Audit & Supervisory Committee and Relevant Expertise of Directors

	Composition of the Board of Directors and Audit & Supervisory Committee				Relevant Expertise of Directors										
	Board of Directors	Audit & Supervisory Committee	Nomination Committee	Remuneration Committee	Corporate management	Finance and accounting	Corporate governance	Risk management	Human resource development	Overseas business	Marketing	Distribution strategy	Development and production	Quality	Digital transformation
Takahisa Takahara President & CEO	◎		○	○	■	■	■	■	■	■	■				
Shinji Mori Director, Vice President	○				■			■	■		■	■			
Toshifumi Hikosaka Director, Senior Managing Executive Officer	○				■			■	■				■	■	
Hiroko Wada Director, Audit & Supervisory Committee Member Outside Independent	○	◎	◎	◎	■	■	■	■	■	■	■	■			
Hiroaki Sugita Director, Audit & Supervisory Committee Member Outside Independent	○	○	○	○	■	■	■	■	■		■	■			■
Shigeru Asada Director, Audit & Supervisory Committee Member	○	○	○	○	■	■	■	■	■	■					

Under "Composition of the Board of Directors and Audit & Supervisory Committee" ◎ denotes chair and ○ denotes members Outside Outside director Independent Independent director

Views on the Balance between Knowledge, Experience, and Skills of the Board of Directors and Diversity and Size Thereof

405-1

At Unicharm, contributing to the achievement of the SDGs is our purpose, which consists of three components: mission, to realize a cohesive society (social inclusion); vision, "NOLA & DOLA"; and value, management with resonance. Realizing our purpose, mission, vision, and value will mean the Company's Board of Directors duly taking into account the interests of a wide range of stakeholders and making decisions in a fair and transparent manner achieved through the supervision of management. In this way, the Board of Directors must gain the recognition and trust of society while promoting prompt and bold management, thereby realizing sustainable growth and generating corporate value over the medium to long term. To effectively fulfill this role, the Board of Directors must, on the whole, have a good balance of essential knowledge, experience, and skills, embrace diversity, and be of an appropriate size. Additionally, because Unicharm is a company with an audit and supervisory committee, directors who are Audit

& Supervisory Committee members must essentially possess the knowledge, experience, and skills necessary to conduct effective audits. Taking these factors into account, the key areas of expertise covered hereafter have been deemed necessary for the Board of Directors. Moreover, with respect to gender diversity, the Board of Directors consists of six members that includes one female director.

Management Experience

Maintaining an appropriately sized Board of Directors and duly considering the views of all stakeholders entail the selection of candidate directors who possess the management experience necessary for balancing the interests of a wide range of stakeholders. In order to effectively oversee the activities of management, directors must possess management experience, preferably as a member of senior management. Moreover, it is important that this management experience exists in some, if not all, of the independent outside directors.

Finance and Accounting

Directors who are also Audit & Supervisory Committee members must have a sufficient level of knowledge in finance, accounting,

and law, and be particularly well versed in the areas of finance and accounting.

Strategies

With a view to realizing our purpose, mission, vision, and value, the Company stipulated five strategies as a part of its 11th Medium-Term Management Plan: (1) the global development of resonant personnel who can demonstrate Best Practice-ship, Ownership & Partnership (BOP-Ship), (2) the steady implementation of medium- to long-term ESG goals, Kyo-sei Life Vision 2030, (3) the realization of Necessity of Life with Activities (NOLA) to facilitate customers' lifestyles, (4) the creation and provision of value through incremental product features that are tailored to changing customer needs, and (5) the establishment of the ultimate Gemba (frontline) vol.2. The knowledge, experience, and skills associated with these strategic fields are valuable tools for the Board of Directors from the viewpoint of management oversight.

Policies and Procedures for the Nomination of Director Candidates As Well As the Appointment and Dismissal of Executive Officers

102-24,102-26

Policies

Candidates for both internal and outside directors are nominated from those possessing outstanding characteristics and comprehensive management knowledge, with an emphasis on their capacity to appropriately fulfill the duties of a prudent manager and on their loyalty and contributions to the Company's sustained growth and increased corporate value. Internal directors are appointed based on the periodic assessment of their cultivation of successors and implementation of supervision by the directors, the Nomination Committee, and the Board of Directors. Moreover, with respect to the nomination of director candidates, the Board of Directors must, on the whole, have a good balance of essential knowledge, experience, and skills, embrace diversity, and be of an appropriate size. Executive officers are appointed from those with outstanding characteristics who are familiar with the Group's businesses and practice the Five Great Pillars and Associate Code of Conduct

established as the Group's Charter of Actions for both executives and employees, with an emphasis on the ability to appropriately execute business activities. To ensure objectivity and transparency, the evaluation criteria for directors and executive officers are clearly defined per role and disclosed. When receiving an evaluation below standard for two consecutive years, the director or executive officer will be subject to review by the Nomination Committee and dismissed or not reappointed by the Board of Directors following a comprehensive evaluation based on the advice and recommendations from the committee. Please refer to the "Director Remuneration" section on page 105 for specific evaluation criteria.

Procedures

The nomination of candidates for directors and the appointment of executive officers are both determined by the Board of Directors based on the opinions solicited from the Nomination Committee, which is chaired by an independent outside director and consists of the president & CEO, two independent outside directors, and one non-executive director, in order to secure transparency and objectivity. The Nomination Committee

deliberates on the policy concerning the nomination of candidates for directors and the appointment of executive officers as necessary. Decisions on candidates for directors who are Audit & Supervisory Committee members are made by the Board of Directors based on a draft formulated after deliberation by the Nomination Committee in accordance with the policy of the Audit & Supervisory Committee, with prior consent from the same committee.

Resolution Requirements for the Appointment of Directors

The Articles of Incorporation stipulate that a resolution on the appointment of a director is reached when more than one-third of shareholders with exercisable voting rights are in attendance and pass the proposal with a majority vote, with directors separated by those who are and who are not members of the Audit & Supervisory Committee. In addition, the Articles of Incorporation stipulate that the resolution on the appointment of directors shall not use cumulative voting.

Avoiding Conflicts of Interest

102-25

The Company obtains the prior approval of the Board of Directors when conducting either direct or indirect business with its directors (Audit & Supervisory Committee members included) or their relatives. With regard to transactions between Group companies, a legal check is conducted in advance to verify the validity of transactional conditions and their method of determination, as well as a careful deliberation being conducted by the Board of Directors, including multiple independent outside directors, when conducting important transactions.

Selection Standards for Independent Directors

The selection standards for independent directors are presented below.

[web Selection Standards for Independent Directors](https://www.unicharm.co.jp/ja/company/corporate-governance.html)
<https://www.unicharm.co.jp/ja/company/corporate-governance.html> (in Japanese only)

Reasons for Appointment of Outside Directors

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary Explanation on Appropriateness	Reasons for Appointment
Hiroko Wada	○	○	Ms. Wada is qualified as an independent director in accordance with the independence standards provided in the Guidelines concerning Listed Company Compliance of the Tokyo Stock Exchange and the Standards for Appointment of Independent Directors of the Company. Therefore, the Company judges that she is unlikely to have a conflict of interest with general shareholders and has designated Ms. Wada as an independent director.	Ms. Wada served as vice president of Procter & Gamble in the U.S. and the president of other foreign companies in Japan. She has diverse management experience and extensive knowledge with global perspectives in various areas, including marketing, gained throughout her career. The Company believes that she will provide appropriate advice on management strategy, finance, governance, and marketing as the Company further expands its business globally.
Hiroaki Sugita	○	○	Mr. Sugita currently serves as the managing director and senior partner of Boston Consulting Group, and is not involved in the Company's consulting business. Moreover, the ratio of expense payment for consulting from Mr. Sugita comprises less than 0.1% of both groups' consolidated net sales for the three most recent fiscal years. Therefore, he is qualified as an independent director in accordance with the independence standards provided in the Guidelines concerning Listed Company Compliance of the Tokyo Stock Exchange and the Standards for Appointment of Independent Directors of the Company, and the Company has determined it unlikely that he will have a conflict of interest with general shareholders.	With a background as the Japanese representative of major foreign capital consulting firm, Boston Consulting Group, Mr. Sugita possesses high levels of insight and is highly experienced in finance and accounting, as well as management strategies within business management, particularly in globalization strategy, corporate governance, group management, digitalization, and transformation. The Company has determined that he is qualified to further develop its global expansion and provide appropriate advice on both governance and management strategies.

Audit Status

1 Audit Status of the Audit & Supervisory Committee

I Organization and Personnel

The Audit & Supervisory Committee consists of three members, including one full-time member who is a non-executive director and two members who are outside directors.

Outside director and chair of the committee, Hiroko Wada, has considerable financial and accounting knowledge and extensive experience stemming from her roles, such as executive officer of Procter & Gamble, a major foreign company, and president of a Japanese subsidiary of a foreign company.

Outside director and member of the committee, Hiroaki Sugita, has considerable knowledge of finance and accounting and experience using his knowledge of corporate finance and accounting through his roles as the Japanese representative for Boston Consulting Group, a major foreign consulting company. Full-time member of the Audit & Supervisory Committee, Shigeru Asada, has sufficient knowledge of finance and accounting with his experience serving as the executive director and general manager of the Accounting Control & Finance Division of the Company, in addition to his experience as the head of the internal audit and tax departments and as the officer in charge of accounting for overseas businesses at Panasonic Corporation's global headquarters.

The Audit & Supervisory Committee conducts systematic audits based on reports from departments, including the Internal Audit Department and other internal control systems and may require further reports and sharing of opinions as needed.

II Activity Status of the Audit & Supervisory Committee

1. Meeting frequency:

Meetings of the Audit & Supervisory Committee are generally held once a month and from time to time as needed.

2. Main meeting agenda:

The following resolutions and reports were made in fiscal 2021.

Resolutions: audit plan and the sharing of the duties of the Audit & Supervisory Committee, evaluation, reappointment and non-reappointment of accounting auditor, agreement on the remuneration of the accounting auditor, audit and supervisory report proposals, etc.

Reports: prior confirmation of the Board of Directors' agenda items, reports on the audit plan, internal control and audit reports on the Internal Audit Department, reports on business restructuring of subsidiaries, financial status reports on domestic and overseas subsidiaries, and reports on the strategies and other matters of domestic and overseas subsidiaries, etc.

3. Attendance of Audit & Supervisory Committee members:

See Implementation Status of Meetings of the Board of Directors and Committees for the attendance of the Audit & Supervisory Committee for meetings held in fiscal 2021.

The average meeting time of the Audit & Supervisory Committee was approximately 60 minutes.

4. Activities of the full-time Audit & Supervisory Committee member:

The full-time Audit & Supervisory Committee member shares information with part-time outside directors who are Audit & Supervisory Committee members, while auditing the appropriateness of the operational status of the internal control system through (1) collecting information internally, (2) monitoring information dissemination from Company management, (3) attending regularly held business update meetings and advisory meetings that deliberate on the company master plan and management plan of each subsidiary Company in Japan and overseas, (4) auditing business reports, financial documents, consolidated financial statements, and supplemental schedules, (5) perusing important approval documents and contracts, (6) receiving reports from the Internal Audit Department in a timely manner, and (7) verifying the appropriateness of the methods and results of the accounting auditor and confirming whether an internal control system is in place through regular meetings with said auditor.

2 Status of Internal Audit

The Company has established the Internal Audit Department (seven members) as an internal auditing section that is under the direct control of the president & CEO. It conducts internal audits on executing departments and compiles internal audit reports, which include points of critique and improvement recommendations. The reports are then shared with the president & CEO, as

well as the Audit & Supervisory Committee, and submitted to the department undergoing the audit. In case any deficiency is noted, the audited department will develop and implement an improvement plan while the Internal Audit Department will monitor the improvement results. Regular meetings are held between the Internal Audit Department, the Audit & Supervisory Committee, and the accounting auditor to share information and opinions. Moreover, audits done by this assembly include the establishment and operational status of an internal control system developed by the internal control sections.

3 Policy and Reason for Selection of Audit Firm

The selection of an accounting auditor is made upon considering the audit system, independence, and expertise of the accounting auditor by the Company's Audit & Supervisory Committee. Following this policy, the Company has determined it is appropriate to reappoint PricewaterhouseCoopers Arata LLC as its accounting auditor for the fiscal year ended December 31, 2021. If an accounting auditor is found to fit the description of any item under Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be terminated by the Audit & Supervisory Committee, given the agreement of all members of the committee. The decision to reappoint an accounting auditor is made every term with consideration of the accounting auditor's suitability, independence, and job performance. If the decision is made such that non-reappointment is appropriate, then the Audit & Supervisory Committee will determine the details of the proposal of non-reappointment of the accounting auditor to be proposed at the general meeting of shareholders.

Development of an Internal Control System

The Company formulated its Basic Policy for Establishing an Internal Control System in accordance with the Companies Act and established the Internal Control Committee in compliance with 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 Group company, reviews target countries and regions for J-SOX assessment, and revises the scope of

assessment for business processes. The committee also monitors the development and operational status of the internal control system and works to ensure the reliability of financial reports. The Company is making ongoing improvements to this internal control system from a global perspective by taking into account the regulatory developments in countries where the Group operates and through other means.

Director Remuneration

102-35, 102-36, 102-37

1. Method of Determining the Policy for Decisions on Individual Remuneration of Directors

According to the policy for decisions on individual remuneration of directors, remuneration of directors is deliberated by the Remuneration Committee, which consists of the president & CEO (one person), a non-executive director (one person), and independent outside directors (two persons), with independent outside directors comprising half of the seats on the committee, which is chaired by an independent outside director. Based on these deliberations, the results are then conferred for approval with the Board of Directors.

► Our Basic Policy

Remuneration for directors (excluding directors who are Audit & Supervisory Committee members) and executive officers of the Company and related policies are determined on the basis of a comprehensive evaluation of their motivation to improve Unicharm's performance and corporate value and the securing of excellent human resources, in order to ensure that the level of remuneration is commensurate with the roles and responsibilities of their position. Basic policies on their remuneration aimed at promoting growth-oriented management, accomplishing management strategy, and fulfilling management plans are as follows.

► Basic Policy

- ① Contributes to the sustainable growth and medium- to long-term increase of corporate value
- ② Remuneration structure that is linked closely with performance and motivates the fulfillment of management plans and the achievement of results
- ③ Remuneration level that can attract and retain human resources who can assume the role of management
- ④ Highly transparent and objective process for determining remuneration

► Remuneration Policy

- ① Remuneration is set to match director remuneration levels in the same industry in Japan and overseas and in companies of the same scale in other industries in order to promptly cope with the changes in the external environment and market conditions.
- ② The target value of monetary compensation is set at top 25% and that of combined stock option compensation from a medium- to long-term perspective is set at top 10%.

2. Overview of the Policy Regarding Decisions on Individual Remuneration of Directors

The following is an overview of the Company's policy regarding decisions on the individual remuneration of directors:

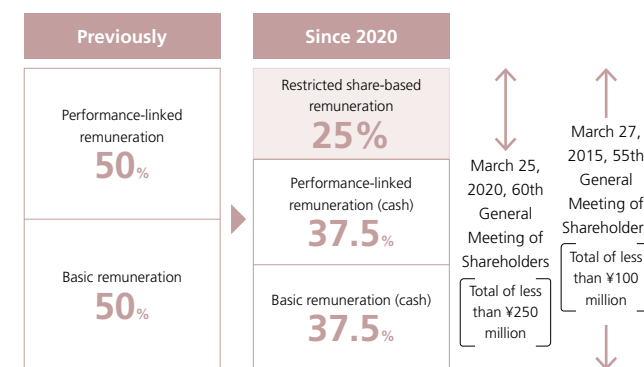
① Overview of Director Remuneration System

Remuneration for directors (excluding directors who are Audit & Supervisory Committee members) and executive directors consists of basic remuneration (cash) and performance-linked remuneration. Performance-linked remuneration consists of monetary compensation as a short-term incentive and restricted share-based remuneration as a medium- to long-term incentive. In addition, basic remuneration for each position is determined based on the extent of job responsibility. Independent outside directors, coming from a stance independent of business execution, and directors who are Audit & Supervisory Committee members receive only fixed remuneration, given their roles to provide supervision and advice on the Company's management from an objective perspective.

The total amount of annual remuneration was approved to be

within ¥1 billion for directors (applicable to eight members and excludes those who are Audit & Supervisory Committee members) and within ¥100 million for directors who are Audit & Supervisory Committee members (applicable to three members) at the 55th General Meeting of Shareholders held on March 27, 2015. The total annual amount of restricted share-based remuneration was approved to be within ¥250 million (applicable to three members and shall be within the abovementioned ¥1 billion limit) at the 60th General Meeting of Shareholders held on March 25, 2020.

► Composition of Remuneration



- Basic remuneration (cash): To ensure the Company's competitiveness in the marketplace, basic remuneration is determined based on benchmarks set according to the extent of the roles and responsibilities for each position and paid in the form of monthly fixed compensation.
- Performance-linked remuneration (cash): As a short-term (one-year) incentive, performance-linked remuneration is set in the range of 0% to 200% (consisting of 10 remuneration levels) of the basic remuneration amount depending on performance results for that period. It is paid out from the following April to the next March based on the results of the fiscal year under evaluation (preceding January to December).
- Restricted share-based remuneration: As an incentive to increase corporate value over the medium to long term, the Company allocates in April of the following year the restricted shares equivalent to 33% to 100% of the basic remuneration amount according to the performance results of the fiscal year under evaluation (preceding January to December). Restricted share-based remuneration has a transfer restriction period set at three years.

► Evaluation Criteria for and Basic Policy on Executive Remuneration and Fiscal 2021 Remuneration Targets and Results

The evaluation criteria (consisting of eight themes in four categories, including ESG assessment) used to determine performance-linked remuneration (cash) and restricted share-based remuneration of directors (excluding those who are also Audit & Supervisory Committee members) and executive officers as well as the targets and results for remuneration in fiscal 2021 are presented below.

Moreover, weightings for evaluation criteria are assigned to each position in line with the extent of responsibilities. For example, evaluation weightings for the representative director are set at 50% each for the Group's performance and key strategies. For executive officers responsible for line function departments, the weightings are 30% each for the performance of the Group and the departments of which they are in charge and 20% each for the key strategies of the Group and the departments of which they are in charge.

In addition, ESG assessment was added as a part of the evaluation criteria from fiscal 2020. Criteria such as "inclusion in the FTSE Blossom Japan Index" or "improvement of ESG score" are used in an effort to conduct quantitative assessment to the extent possible. Owing to this effort, the Company was selected for the FTSE4Good Index Series for the third year in a row and the Bloomberg Gender-Equality Index (GEI), awarded the Special Prize in the Environmentally Sustainable Company category at the Ministry of the Environment's 2nd ESG Finance Awards Japan, the Ministry of Economy, Trade and Industry (METI) Minister's Award at the Green Logistics Partnership Conference, and four stars, the highest rating, in Nikkei's Smart Work Management Survey. From fiscal 2022, each executive officer will be assigned specific themes from the 20 themes stipulated in the medium- to long-term ESG goals, Kyo-sei Life Vision 2030, announced in October 2020, which will be incorporated into their evaluation.

No.	Evaluation Criteria	Accountability	Assessment Weighting	Target	Result	Assessment
1	Group performance (business plan)	1-1 Consolidated net sales	20~50%	¥770 billion (up 1.3% YoY)	¥782.7 billion (up 7.6% YoY)	101.7%
		1-2 Consolidated core operating income		¥119 billion (up 19.0% YoY)	¥122.5 billion (up 6.7% YoY)	102.9%
		1-3 Profit attributable to owners of parent		¥75 billion (up 19.1% YoY)	¥72.7 billion (up 39.0% YoY)	97.0%
2	Department performance	2-1 Sales in applicable business division	0~40%	(Each department)	(Each department)	—
		2-2 Profits in applicable business division		(Each department)	(Each department)	—
3	Group key strategy	3-1 Priority strategies for each role	20~50%	(Each director)	(Each director)	—
		3-2 ESG assessment (specialist rating agency evaluation, etc.)		(Each director)	(Each director)	—
4	Department key strategy	4 Priority strategy in applicable business division	0~40%	(Each department)	(Each department)	—

View on key assessment indicators

1. Performance-based indicators for Company efforts
2. Performance-based indicators for individual director and executive officer efforts
3. Performance indicators for company priority strategies (including qualitative evaluation)
4. Performance indicators for individual director and executive officer priority strategies (including qualitative assessment)

► Conditions in the Agreement on the Allotment of Restricted Share-Based Remuneration

Restricted-share based remuneration means that eligible directors and executive officers receive monetary claims as their remuneration, all of which will then be contributed to the Company and finally the Company disposes of treasury shares in exchange for their contributions. The Company and each of the eligible directors and executive officers conclude an agreement on the allotment of restricted shares.

1	Restriction period	The eligible directors and executive officers are prohibited from assigning, pledging as collateral, or disposing ("transfer restriction") of these shares ("allotted shares") for three years from the date of the allotment ("restriction period").
2	Handling of retirement	If an eligible director or executive officer resigns or retires from the position of director, executive officer, or another position stipulated in advance by the Board of Directors before the restriction period ends, the Company shall automatically acquire the allotted shares without contribution unless there are justifiable reasons for the retirement from office such as expiration of the term of office or death.
3	Removal of transfer restriction	The Company will remove the transfer restriction for all of the allotted shares when the restriction period ends on the condition that the eligible directors and executive officers serve in the position of director, executive officer, or another position stipulated in advance by the Board of Directors throughout the restriction period. However, if an eligible director or executive officer resigns or retires from the position of director, executive officer, or another position stipulated in advance by the Board of Directors before the end of the restriction period due to justifiable reasons for the retirement from office, such as expiration of the term of office or death as outlined in (2) above, the Company will reasonably adjust as needed the number of allocated shares for removal of the transfer restriction and the timing of when to remove the transfer restriction. Also, the Company will automatically acquire without contribution the allotted shares for which the transfer restriction has yet to be removed as of the point in time immediately after the removal of the transfer restriction period following the above rules.
4	Clawback provision	The eligible directors and executive officers shall return all or part of the accumulated allotted shares without contribution in the event of material accounting fraud or substantial losses to take responsibility for such occurrences.
5	Other matters	Other matters concerning the agreement on the allotment of restricted shares shall be determined by the Board of Directors.

② Method for Determining Individual Remuneration of Directors

In order to properly assess individual remuneration amounts based on the contribution performance of each director, the evaluation results based on each key performance indicator (KPI) are reported to and deliberated by the Remuneration Committee with a decision made by the representative director entrusted in a resolution of the Board of Directors' meeting.

③ Policy Regarding Decisions on the Composition and Amount of Fixed Remuneration, Bonuses, and Restricted Share-Based Remuneration

A Remuneration Committee meeting was held on February 22, 2021, to deliberate on matters concerning the calculation method, composition, timing of payment, and details and delegation of authority for the determination of fixed remuneration, performance-linked remuneration, and share-based remuneration. After discussions on the matters that should be resolved by the Board of Directors, decisions were made according to the resolutions of the Board of Directors' meeting held on the same day.

Moreover, the method for calculating the remuneration of directors and executive officers for their first year of tenure and their evaluation in the previous year were among the matters discussed at the Remuneration Committee meeting held on February 24, 2022, upon which proposals on the appointment of directors to be submitted to the general shareholders' meeting were approved at the Board of Directors' meeting held on the same day thereafter.

3. Reasons for the Board of Directors' Decision to Ensure That Individual Compensation of Directors in Fiscal 2021 is Consistent with the Policy for Decisions on Individual Remuneration of Directors

In regard to the individual remuneration of directors for fiscal 2021, the method for determining remuneration and the determined amounts of remuneration have been deemed consistent with the policy for determining remuneration approved by the Board of Directors. In addition, a high degree of importance is placed on reports from the Remuneration Committee, which also corresponds to the said policy.

Support System for Outside Directors

A designated secretary supports outside directors while the Board of Directors' secretariat coordinates between outside directors and the Board of Directors and distributes meeting documents four business days before the meeting, in principle, in an effort to ensure time for reviewing proposals in advance. Support is also provided to ensure that outside directors can make appropriate decisions by providing information on the Company's important strategies, even if there is no direct correlation to the matters of the resolution.

In addition, support staff of the Audit & Supervisory Committee Secretariat Office provide assistance for the two outside directors who are Audit & Supervisory Committee members. The full-time Audit & Supervisory Committee member also supports outside directors by providing preliminary explanations of agenda items for the Board of Directors and setting up meetings with relevant departments as necessary.

▶ Total Remuneration for Each Director and Executive Officer, Total for Each Type of Remuneration, and Number of Eligible Directors and Executive Officers

Role	Total remuneration (millions of yen)	Totals for each type of remuneration (millions of yen)			Number of directors receiving remuneration
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
				Restricted share-based remuneration	
Directors (excluding Audit & Supervisory Committee members and outside directors)	474	195	134	145	3
Directors (Audit & Supervisory Committee members) (excluding outside directors)	11	11	—	—	2
Outside directors	20	20	—	—	3

1 The amounts above include those for the remuneration of two directors who were Audit & Supervisory Committee members (one of whom was an outside director) who resigned as of the end of the 61st General Meeting of Shareholders held on March 26, 2021.

2 Total remuneration of directors (excluding Audit & Supervisory Committee members) includes amounts recorded as expenses of ¥145 million for restricted share-based remuneration of three directors (excluding Audit & Supervisory Committee members).

3 Following the enforcement of the Companies Act, the Company's shareholders approved a resolution to abolish the retirement benefit system for directors and executive officers at the 47th Annual General Meeting of Shareholders on June 26, 2007. Directors and executive officers now only receive annual compensation.

Analysis and Evaluation of Board Effectiveness

102-28

The Company conducts a questionnaire of all directors every year and also hosts a discussion on the results of this survey with all directors in attendance. Through this discussion, the Company seeks to improve Board effectiveness by analyzing and

evaluating the results of the overall effectiveness of the Board of Directors.

A summary of the analysis and evaluation results for 2022 is presented below.

1. At meetings of the Board of Directors, various opinions are expressed by the directors and agenda items are duly deliberated through active discussions. In addition, in the analysis and evaluation for 2021, specific steps have been made to improve the following points found to require further efforts. Accordingly, the Company can evaluate that the Board of Directors meeting functions effectively.
 - (1) Matters concerning Groupwide strategy themes stipulated in the Medium-Term Management Plan are discussed on a regular basis and a system for rolling the plan forward is clearly in place. Measures have been taken to further improve discussions, such as facilitating the participation of outside directors at the Advisory Board Meeting.
 - (2) Decisions on individual projects aimed at promoting digital transformation are, in principle, entrusted to the executing departments while the role of the Board of Directors is mainly to serve as a supervisor. Based on these assigned roles, discussions were held and approval was granted for the establishment of a system for delegating authority within certain boundaries to the president & CEO and for reporting results to the Board of Directors.
 - (3) More time has been set aside for discussions on the operational status of the internal whistleblowing system, the framework and results of internal control assessments, and other matters to be reported that may contribute to stronger governance, which has led to even more effective discussions.
2. In order to further improve the effectiveness of the Board of Directors, the Company will consider promotion of the following initiatives:
 - (1) Examine in closer detail whether the topics selected and the time allocated to their discussions reflect improvements in the effectiveness of the Board of Directors' meetings, and set meeting agendas on the basis of these findings.
 - (2) Make the necessary preparations prior to the Board of Directors' meetings in such a way that the topics to be discussed are made even clearer to those in attendance, by refining the details of explanatory notes and condensing the number of points raised in meeting materials.
 - (3) Improve the operational process of the Board of Directors' meetings through its secretariat and enable even more appropriate responses to follow-up matters.

Evaluating Audit & Supervisory Committee Effectiveness

The Company's Audit & Supervisory Committee, in principle, meets monthly. During these meetings, the Audit & Supervisory Committee conducts preliminary confirmation of agenda items for Board meetings and develops an understanding of issues by reviewing the audit plan summary and report from the accounting auditor, the audit report from the Internal Audit Department (including internal control), performance projections and issue reports from the Accounting Control & Finance Division, and activity reports from each department (as needed). In addition to the above, outside Audit & Supervisory Committee members receive reports on various issues obtained from audit reports prepared by the full-time Audit & Supervisory Committee member, exchange opinions and information, attend important meetings other than the Board meeting, and work in close partnership with the internal auditing sections. Through these activities, the Company seeks to improve the effectiveness of audits conducted by the Audit & Supervisory Committee.

Implementation Status of the Board of Directors and the Audit & Supervisory Committee

▶ Number of Board of Directors and Committee Meetings Held and Attendance Thereat (2021)

	Board of Directors	Audit & Supervisory Committee	Nomination Committee	Remuneration Committee
President & CEO Takahisa Takahara	100% (9 / 9 times)	—	100% (1 / 1 time)	100% (1 / 1 time)
Director, Vice President Eiji Ishikawa	100% (9 / 9 times)	—	—	—
Director, Vice President Shinji Mori	88.9% (8 / 9 times)	—	—	—
Director, Audit & Supervisory Committee Member Hiroko Wada Outside / Independent	100% (9 / 9 times)	100% (11 / 11 times)	100% (1 / 1 time)	100% (1 / 1 time)
Director, Audit & Supervisory Committee Member Hiroaki Sugita* Outside / Independent	100% (6 / 6 times)	100% (9 / 9 times)	100% (1 / 1 time)	—
Director, Audit & Supervisory Committee Member Shigeru Asada*	100% (6 / 6 times)	100% (9 / 9 times)	100% (1 / 1 time)	—

* Appointed on March 26, 2021

The Remuneration Committee did not convene upon their appointment in 2021. (The Remuneration Committee meeting held in 2021 was attended by the previous Audit & Supervisory Committee members.)

Compliance

102-16,102-17,205-2,406-1

Our Basic Approach and Strategy

Our management policy is expressed in the Unicharm Ideals, which state “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities.” Unicharm has formulated The Unicharm Way, which includes the Unicharm Group Charter of Actions 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. 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 holistically to prevent acts that would lead to fraud including bribery, excessive entertainment and gifts through corporate activities, improper political contributions, and insider trading, and to ensure compliance with labor standards and other rules and regulations. 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.

Anti-Corruption Policies

The Board of Directors has established policies to prevent all forms of corruption including demands and bribery and such efforts are also being conducted in conjunction with the related departments. In addition, the Unicharm Group Sustainable Procurement Guidelines, which 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.

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 whistleblowing 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. The Corporate Ethics Office has been established within the ESG Division as the contact point for the management of these bodies. In the event of a serious problem, the executive officer in charge of the Corporate Ethics Office and members of the Audit & Supervisory Committee convene the Corporate Ethics Committee to resolve the issue. The Corporate Ethics Committee reports on the actions it has taken to the Board of Directors so that the effectiveness of the committee can be verified on a regular basis. 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, the Internal Audit Department, which 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.

Compliance Promotion Structure



Initiatives and Achievements

Whistleblowing System

205-3,206-1,419-1

The Compliance Hotline has been established for Group employees, both within and outside Japan, including contract employees, as a consultation and whistleblowing 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. The Ring-Ring Employee Hotline has been established for problems in the workplace such as internal harassment 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 whistleblowers are protected from harm. In addition, if it becomes necessary to involve a third party, the whistleblower's consent to this will be sought.

▶ Number of Consults (Japan)

Cases

	2019	2020	2021
Total number of consults (Japan)	51	41	68
Number of compliance violations	0	0	0
Number of labor standards violations	0	0	0
Number of human rights violations	0	0	0

Note: The same hotlines are established and operated outside Japan in the local subsidiaries of China, Taiwan-Greater China, Thailand, Indonesia, India, Brazil, South Korea, and the U.S.

Initiatives to Raise Compliance Awareness

The Unicharm Group Charter of Actions in The Unicharm Way, which is utilized by all Group employees, states the behaviors that should be kept in mind 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 survey. Audits are also carried out by the Internal Audit Department, which is independent from the departments being audited. Furthermore, an ESG executive responsible for legal affairs is specified as an 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. 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.

P.084 Development of Human Resources and Workplace Environments > Employee Survey

Regular Reviews of the Effectiveness of the Standard of Conduct

The Company regularly reviews its standard of conduct on compliance. It confirms the effectiveness of this standard through monitoring using the employee survey and internal audits conducted annually. The Company reviewed the Unicharm Group Action Guidelines and renamed them the Unicharm Group Charter of Actions on February 10, 2021.

Compliance Workshops

In order to raise the awareness of executives and employees toward compliance with laws and regulations and prevent the occurrence of compliance problems, we hold workshops that cover compliance-related themes as a part of the curriculum for new employees and employees posted overseas. Meanwhile, the Legal Department, the Accounting Control & Finance Division, and other sections within the Company hold study sessions for directors and executive officers several times a year to raise compliance awareness and deepen understanding of legal compliance. In addition, the employee awareness survey includes compliance-related questions to increase awareness of fraud prevention and legal compliance in all employees. Compliance-related courses are incorporated into e-learning and the status of participation in these courses is monitored in an effort to ensure participation and promote understanding. Furthermore, educational resources containing examples of widely known legal and contractual cases are regularly posted on the internal intranet as a part of our ongoing efforts to enhance compliance awareness throughout the Group.

Risk Management

102-15,201-2

Our Basic Approach and Strategy

The Unicharm Group's management philosophy states "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 at home in Japan and abroad." With this in mind, the Company's basic policy is to engage in business activities that fulfill its social responsibilities and to always strive toward new value creation for its stakeholders, including customers, shareholders and investors, business partners, employees, and society. Gaining an appropriate understanding of the various risks that could affect the execution of business activities and the realization of these objectives, and preventing and minimizing the impact of such risks when they occur, are positioned as important management issues. The Company has established a risk management system for the entire Group that it has implemented while continuously reviewing and improving business risk management.

At the same time as overseeing the code of conduct and code of ethics, the Board of Directors analyzes and evaluates major risks that are reported by each unit leader, in order to deliberate and decide on improvement measures. Audit & Supervisory Committee members fulfill their roles by implementing various audits during their statutory term of office.

In addition, the ESG Committee has defined 12 major business risks that could impact the Company and is now discussing these risks and implementing appropriate responses. Urgent risks that do not fall under these 12 major business risks are discussed and addressed by the ESG Committee promptly. Moreover, in the event of a major crisis that may have serious implications for our business, the Crisis Management Response Committee will convene and strive to respond quickly and appropriately toward a prompt recovery based on the Crisis Communication Manual, which was formulated to serve as internal regulations for crisis management.

The following 12 major risks represent important business-related risks that could impact the Company's financial standing and management results. Thanks to the effects of various response measures, at present, none of these risks has emerged at a level where it will have serious impacts on management. In addition, the timing and extent to which these risks could emerge in the future are unknown. Furthermore, there are other risks than the major risks mentioned above. Risks that could impact the Company in the future are not necessarily restricted to those matters appearing here.

Basic Policy

- Clarify roles and responsibilities related to risk management.
- Give due consideration to possible risks during the decision-making process.
- Establish a system for implementing Groupwide countermeasures against important risks facing management.
- Develop organizations, systems, and plans related to crisis response.
- Conduct audits of the risk management process.

Business Risks

418-1

Risks	Details of Risks and Impact on the Company	The Company's Main Response
Intense competition in the sales environment	Competition for the Company's main products could become even more severe in Japan and overseas markets in terms of price and product line depending on the economic and market environments. Given their consumer-oriented purpose, the Company's main products are always exposed to severe price competition and competitors also regularly release new products. The selling environment is also influenced by changes in the consumption behavior of customers and the response of competitors regardless of the Company's efforts to lower manufacturing costs, cut overheads, or enhance marketing. If the Company is unable to respond appropriately to the selling environment, its sales and profits could be adversely impacted.	The Company strives to thoroughly research the living conditions and consumption situations of individual countries and regions, develop products tailored to local cultures and living environments, and provide products that are not susceptible to economic impact. The Company seeks to increase earnings in a stable manner by using this research and market analysis methodology to expand its area, country, and region of coverage. In addition, in terms of production, the Company is reducing costs by lowering procurement costs and improving production efficiency. In terms of sales and marketing, it strives to increase buyers of its products including through the use of online channels. The Company endeavors to maintain and improve competitiveness and reinforce its marketing capabilities by proposing to retailers how to purchase and sell products with a customer-oriented perspective using digital technology. Furthermore, the Company is working to decentralize authority to its overseas subsidiaries and create a system where it can respond swiftly to changes in the consumption behavior of customers.

Risks	Details of Risks and Impact on the Company	The Company's Main Response
Changes in population structure	<p>In Japan, the number of births will continue to decline over a long period of time and the population of infants and menstruating women will decline, too. In addition, a similar trend is seen in some countries and regions overseas where the Company engages in business. Through these changes in population dynamics, there is a possibility that demand for baby care and childcare products and feminine hygiene products, the core businesses of the Company, could decline in these countries.</p> <p>Furthermore, the Company believes it must continue to strive to secure and develop the talented human resources required for the execution of business. Meanwhile, the difficulty of securing human resources is increasing as a result of the declining birthrate and aging population. If it cannot secure or develop human resources as planned, the Company's business activities could be impacted.</p>	<p>Under its mission of contributing to the realization of a cohesive society—an affluent society where all people live equally and freely, respect one another's humanity, and are kind to one another and emotionally connected—the Company aims for business activities that are less susceptible to the impacts of population dynamics. It achieves this by using well-balanced business development of its products and services in every country and region of the world, contributing to the satisfaction found in the enjoyment of life, where all consumers, from infants to seniors, and partner animals (pets) are liberated from various burdens and thereby supporting people to live independently and as they see fit through mutual aid. Additionally, the Company uses product strategy based on market growth stage in an effort to maintain and increase demand even with a declining target population, by diversifying its lineup and communicating the value of products.</p> <p>As one way to counter the declining working population, the Company is promoting the creation of workplace environments where diverse human resources, regardless of nationality, gender, age, or disability, can use their strengths to achieve a sense of purpose by playing an active role. Specifically, the Company provides opportunities for growth by creating a development plan based on individual career vision and career plans, allocating the right people to the right position, conducting quarterly evaluations, and offering rank-based training, with the aim of producing human resources who can identify and resolve issues on their own. To encourage employees to determine their own work-styles and sense of purpose, the Company has introduced working from home, eliminated core hours, and increased the options to select where and when to work to achieve flexible work-styles that elevate creativity and productivity. Furthermore, the Company is actively working to utilize senior citizen workers and to promote the empowerment of women.</p>
Overseas business	<p>The Company manufactures products in China, Indonesia, Thailand, India, the Middle East, and Brazil, among other countries. Business development overseas could involve considerable impacts on raw materials prices and equipment costs caused by fluctuations in exchange rates. There is also a possibility that major changes in markets could impact the Company's business activities or the value of its assets depending on the regulations, economic environment, and social and political conditions of each country and region. In addition, the balance sheets of overseas consolidated subsidiaries denominated in the currency of their respective country or region are converted to Japanese yen when preparing the consolidated financial statements. As a result, strength in the yen will have a negative impact on the Company's financial situation and management results.</p>	<p>In terms of international trading, the Company is working to secure stable export and import transactions and earnings by choosing shipment locations according to the situation, from the perspective of manufacturing base utilization and exchange rate-related profitability. In response to fluctuations in exchange rates, the Company strives to minimize risks by using hedging based on a comprehensive review of foreign currency transactions including raw material procurement along with the outstanding credits and liabilities. Also, to contribute to stable shareholder returns and the flow of internal funds, the Company actively implements dividends from overseas consolidated subsidiaries that have cash in excess of planned investments, and is building a mechanism to curtail negative impacts on overseas assets when the yen is strong.</p>
Raw materials price volatility	<p>As a manufacturer, the Company directly faces the risk of fluctuations in the prices of raw materials. The Company purchases raw materials across borders from many different suppliers. In particular, raw materials such as pulp are procured from overseas suppliers typically using U.S. dollar-transactions. Depending on exchange rate volatility, the cost of raw materials could increase significantly. Also, fluctuations in market prices for commodities such as oil, naphtha, and pulp, among others, could impact the prices of raw materials.</p>	<p>The Company analyzes trends in the prices of major raw materials, forecasts future prices, uses adjustment of purchasing, and regularly revises its cost projections to manage earnings. It also strives to purchase raw materials in a stable manner using a comprehensive perspective by continuously engaging suppliers locally and in countries with preferential tariffs to prepare for unforeseen situations that block imports and for curtailing the risk of fluctuations in import prices attributed to exchange rates. In addition, the Company prepares for large increases in raw materials expenses due to exchange rates using the foreign exchange hedging mentioned above in "Overseas business." It also conducts research to reduce the quantities of raw materials used and increase their functionality.</p>
Environmental issues	<p>Environmental issues are growing at a global level, including concerns about the depletion of resources, marine pollution caused by marine plastics, and the destruction of ecosystems. As a result, initiatives to conserve the environment and reduce environmental impact are underway around the world. For the Company, which manufactures disposable products such as disposable diapers and feminine hygiene products, manufacturing that is considerate of the environment is a critical issue that cannot be neglected. In addition, the Company strives to comply with environmental laws and regulations in Japan and overseas. If, however, the Company's management of waste is inappropriate and violates laws and regulations, it could face legal sanctions such as production restrictions and its social trust could be impacted.</p>	<p>As part of its recycling-oriented business model, the Company has implemented recycling projects for used disposable diapers since 2015. It has also successfully recycled pulp and super absorbent polymers (SAPs) as well as conducting demonstration tests on disposable diapers made from recycled pulp. Furthermore, it has set numerical targets for the environmental issues identified in Environmental Targets 2030 and Safeguarding the well-being of our planet, a key initiative of Kyo-sei Life Vision 2030, the Company's medium- to long-term ESG goals announced in October 2020. The Company is formulating and implementing specific initiatives for achieving these objectives. In addition, it is stepping up efforts to facilitate environmental activities by establishing the Basic Environmental Policy and Environmental Action Guidelines as a part of the Unicharm Group Charter of Actions, and having all employees read them through together. The Company is now working to foster compliance with environmental laws and regulations by increasing employees' awareness of the environment.</p>
Climate change	<p>The severity of impact caused by climate change continues to increase every year. The Paris Agreement represents an agreement to rein in increases in the worldwide average temperature and, at the 26th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) held in November 2021, 1.5°C was set as the target for limiting global warming. The Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Services Board (FSB) has issued recommendations encouraging companies to disclose climate-related financial information. The need for information disclosure in Japan continues to increase as the shift to the Prime Market of the Tokyo Stock Exchange will call for disclosures that are in line with the recommendations of the TCFD. If mitigation and adaptive measures against climate change such as reining in worldwide average temperature increases are not taken, we foresee such impacts as soaring prices of forest-derived raw materials, one of the main raw materials used in the Company's products, and major fluctuations in energy prices while significant consequences may be in store for Asia, a region of priority for Unicharm. In addition, should the Company's initiatives to reduce CO₂ in order to curb temperature increases and its relevant disclosures prove to be inadequate, the Company's social trust could decline as a result.</p>	<p>To contribute to the Paris Agreement's 2°C scenario, in June 2018 the Company received certification for its carbon reduction plan up to 2045 from the Science Based Targets initiative (SBTi). Also, it has stated its endorsement of the TCFD's recommendations and is now reporting information following this framework.</p> <p>With the aim of realizing a "zero-carbon society in 2050," the president & CEO is taking the lead in target setting and progress management and the Company aims for 100% of the electricity used to power its operations to come from renewable sources, as indicated in the medium- to long-term ESG goals, Kyo-sei Life Vision 2030, through the efforts of all employees. It is actively encouraging all stakeholders involved in the supply chain to ensure that emissions are reined in across the entire product life cycle.</p>

Risks	Details of Risks and Impact on the Company	The Company's Main Response
Product reliability	As a manufacturer and seller of consumer products, the Company has not experienced the payment of large sums of compensation impacting management related to product quality or safety since it was founded. Nevertheless, if a serious problem involving quality or safety were to occur that could not be foreseen during the manufacture or sale of the products, the reliability of its products could decline greatly.	As many of our products come into direct contact with people's skin, we strive toward proper labeling for conveying correct information and improving product quality and safety so as to provide peace of mind to consumers. Also, products are checked for both quality and safety during all processes, from procurement of raw materials to development, manufacturing, distribution, sales, and disposal after use, based not only on compliance with relevant laws and regulations but also our own in-house strict standards. If a complaint is made regarding one of the products, the Company has a system in place to swiftly identify the cause and address the matter to prevent a decline in the product's reliability, regardless of how big or small the complaint may be.
Legal compliance violations	If the Company or its employees violate laws or regulations in Japan or overseas—such as the Anti-monopoly Act, the Unfair Competition Prevention Act, or tax laws—and, for example, they receive public penalties for making unreasonable demands during a transaction or engage in bribery to facilitate public procedures, the Company's performance or social trust could be impacted.	The Unicharm Group Charter of Actions contains the laws and regulations pertaining to the actions that should be taken into consideration by employees to fulfill the Company's pledge to all stakeholders as a way to improve awareness of compliance including anti-corruption. The Company also conducts monitoring every year using an employee survey. An array of initiatives are also being carried out with the purpose of raising awareness about legal compliance and preventing the occurrence of compliance violations. These include training programs for new employees and employees assigned to work overseas based on a curriculum that covers compliance themes, compliance workshops tailored to directors and executive officers, and e-learning programs aimed at all employees featuring seminars on compliance-related topics. In this manner, the Company thoroughly promotes compliance with laws and regulations.
Intellectual property including patents and trademarks	If the Company's intellectual property rights are infringed upon in some way or another by a third party, the Company could incur large damage such as a loss of expected earnings. In contrast, if the Company unknowingly infringes upon the intellectual property rights of a third party, it may be forced to pay a large sum of damages or have its business activities restricted.	The Company takes a resolute stance including litigation in response to infringement of its intellectual property rights by third parties or unfair exercising of these rights. It will use close collaboration internally and coordination with the government of each country to stop products that violate its intellectual property rights and counterfeits. At the same time, it combines off-the-job training, on-the-job training, and e-learning in internal compliance training on patents, trademarks, and the Act against Unjustifiable Premiums and Misleading Representations to ensure the safeguarding and protection of intellectual properties of the Company and other parties.
Disasters and accidents	In order to minimize losses due to interruptions to manufacturing or sales caused by a major earthquake, large-scale natural disaster, fire, or accident, the Company has established a system that enables collaboration between manufacturing and distribution points and the swift restoration of IT systems and management functions pursuant to the business continuity plan (BCP). Following a fire at a Company factory in India in June 2020, the BCP functioned to swiftly establish a supply system not only from other factories inside India but also factories in other countries, making it possible to minimize any downturn in sales due to the fire. The Company could, however, experience problems in sustaining manufacturing, securing raw materials, and providing a stable supply of products due to the occurrence of a disaster or accident that exceeds its predictions.	The BCP comprises the following: (1) basic requirements, (2) ensuring and confirming the safety of employees and their families, (3) specific measures for sustaining operations, (4) important matters to address together with business continuity, and (5) measures required to implement the BCP. Training exercises for (5) include evacuation drills using the example of an emergency situation based on scenarios and are conducted regularly. In addition, in Japan, the Kyushu Factory was constructed and put into operation in 2019 in order to disperse risk and to be used as a substitute base.
Acquisitions, partnerships, business consolidation, etc.	The Company strives to pursue the maximization of corporate value, believing that it must always administer management resources efficiently. In the future, within this process, it could consider acquisitions of other businesses, investments in our partnerships with other companies, mergers and the elimination of businesses, and streamlining and spin offs. After execution, however, market changes could occur or the results of these measures could fall below expectations, potentially causing losses due to falling prices of risk assets such as goodwill.	When considering acquisitions, partnerships, and business consolidation, the Company decides through the Board of Directors after fully confirming with relevant departments that the possibility of the impairment of goodwill and other fixed assets that are recorded is marginal, based on the gathering of sufficient information and the careful planning of future investment recovery plans. After execution, for target companies that fall short of the plan following the confirmation of risks of impairment after judging the impairment outlook in a timely manner, the Company analyzes these factors and reviews the business plan as needed, in an effort to ensure the recoverability of planned profits.
Information leaks	The Company retains a large amount of information, including personal information obtained pursuant to agreements with business partners such as customers and to confidentiality agreements, not just information generated internally. If some form of information leak were to occur, the Company could be held legally responsible for information management or lose the trust of its customers.	The Company has established the Information Security Policy and Information Management Security Rules. Personal information that it obtains is managed rigorously according to the Personal Information Protection Regulations and Specified Personal Information Handling Regulations and efforts are made to prevent leakage. To ensure the rigorous implementation of regulations, the Company has established the Information Management Security Committee, which continuously implements employee training and monitoring along with information management security measures covering the entire Group. As physical countermeasures to prevent information leaks associated with the loss or theft of devices, the Company uses computers that cannot store data and a complete cloud environment where data and systems can only be used via a server. As countermeasures against external cyberattacks on our websites, we work closely with external experts to implement various security measures, including building the most appropriate servers, preventing phishing and viruses, ensuring proper password and ID management, and installing and monitoring by means of security devices. In addition, we have included information in the Groupwide Crisis Communication Manual to ensure that we respond promptly to identify a situation and minimize impacts during an incident, such as an information leak.

For the management of these risks, Unicharm uses ISO as a framework to recognize quality and environmental risks as important business risks to a manufacturer. In addition, individual management is conducted for risks including business continuity at the time of disasters.

► Primary Reference Frameworks

- COSO • ISO 9001 • ISO 14001 • ISO 10002 • ISO 13485 • ISO 14971

Management Structure

102-33

Chaired by the representative director and the director & vice president acting as deputy chair, the ESG Committee is a cross-functional organization that considers sharing risk management issues and measures to be one of the important themes that needs 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 & Supervisory Committee. In addition, the Unicharm Group Charter of Actions has been established as a guideline for employees in recognition of major issues, 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 order to respond comprehensively 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, the implementation of internal audits, and the provision of cautionary information through e-learning as a way to strengthen compliance training for employees working in our regions of operation. Following an audit, the results are reported to the president & CEO and the full-time Audit & Supervisory Committee member and regular reports are made to the Audit & Supervisory Committee to verify the effectiveness.

P011 Sustainability Management > ESG Promotional Structure

Serious Crises

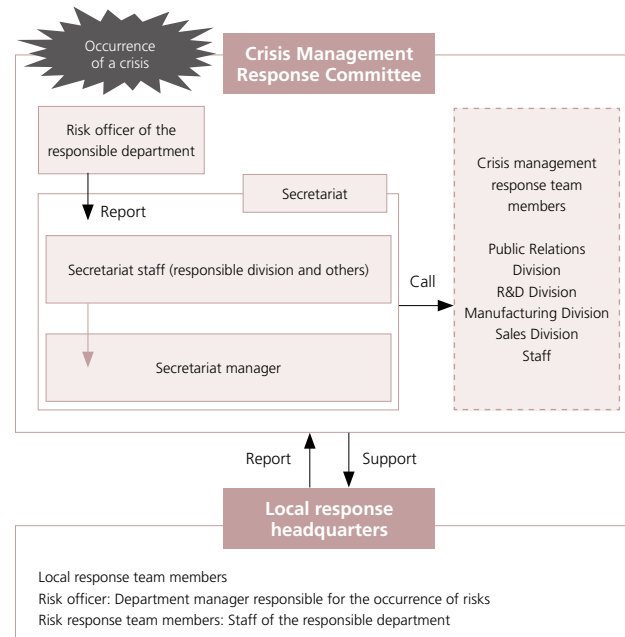
- | | |
|------------------------------|--|
| 1. Quality | 7. Top management / executives related |
| 2. Environment | 8. Disaster |
| 3. Representation | 9. Information accidents |
| 4. Occupational safety | 10. Reputational damage |
| 5. Human rights | 11. Pandemics |
| 6. Supplier / vendor related | 12. Disputes / political changes |

Response to Business Risks

If a major crisis occurs, the Crisis Management Response Committee will convene and endeavor to respond quickly and appropriately to achieve a prompt recovery based on the Crisis Communication Manual, which was established as a regulation related to crisis management.

An emergency in which the above business risks are realized is considered a crisis and Unicharm identifies the 12 items below as serious 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 further 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 or a crisis has occurred.

Diagram of Structure in Response to Occurrence of a Crisis



Initiatives and Achievements

Rigorous Information Security

418-1

To ensure rigorous information security, Unicharm has set out information security principles and procedures such as the Information Security Policy and Information Management Security Rules. We also have the Personal Information Protection Regulations and Specific Personal Information Handling Regulations 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 the Information Management Security Committee, which continues to establish measures, carry out employee education, and monitor information management security throughout the Group. One day of each month has been earmarked as an information management day when we highlight a different security topic to remind employees about the risks of specific information leaks.

Moreover, as a physical measure to prevent information leaks in Japan 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 specific 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 limiting the taking of PCs out of the office.

Protecting Intellectual Property

The Intellectual Property Division centralizes the management of the Company's intellectual property assets and formulates and executes intellectual property strategies linked to its business and development strategies in an aim to put in practice an IP landscape in which intellectual property is useful for management decision-making. Specifically, the Group focuses on the development of products, technologies, and services useful to the realization of the philosophy of "NOLA & DOLA." Therefore, it strives to ensure its continued superiority in business through steadily applying and acquiring rights to intellectual property that have been created through these development activities. In particular, we distinguish rights to patents, utility models, designs, and trademarks according to their use, protect business and development results from a multidimensional perspective, and utilize any additional rights that are acquired in our business, in addition to proceeding with patent applications and registrations overseas in an efficient manner and strengthening our IP portfolio worldwide in line with the global development of business. We have captured a top-class share in the industry with the application rate for global patents at 65.6% (2018) and the registration rate for Japanese patents at 92.0% (2020) (data taken from the Patent Administration's *Annual Report 2021*). Meanwhile, Unicharm has applied for and secured trademarks that protect its 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 Japan and overseas and accelerate the evaluation process for acquiring rights.

Unicharm also takes a firm stance on protecting its intellectual property rights, which includes taking legal action against their infringements or unauthorized use. The Intellectual Property Division closely cooperates with business and product development

divisions as well as overseas subsidiaries and works to eliminate unauthorized and counterfeit products through a collective effort with local governments, primarily in Japan and throughout Asia. Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of the intellectual property rights of Unicharm and other companies as articulated in the Unicharm Group 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 compliance issues related to such things as patents, trademarks, 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 the patent offices in Japan and throughout Asia.

Business Continuity Plan

102-11

Unicharm has been strengthening risk management since 2005. We have formulated a business continuity plan (BCP) to help us prepare for major emergencies 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. As a specific example, we have assumed the scenario of an earthquake (intensity of approximately upper 6) with an epicenter under the Tokyo metropolitan area, which includes the head office, adjacent factories, and sales offices, and prepared impact assessments and damage assumptions, etc., considered alternative measures and established organizational and backup structures to ensure the safety of employees and their families for business continuity if an actual emergency occurs, and conducted ongoing evacuation drills assuming the occurrence of such an emergency based on this scenario. Our BCP manual describes steps to ensure the delivery of Unicharm products that are necessities for daily living to people in disaster-affected areas as well as to those who require them as soon as possible and recover important operations of Unicharm, particularly head office functions.

► Overview of the 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 the safety of lives
- (3) Specific measures for business continuity
 - Organizational and command structures • Securing important bases
 - External information dissemination and information sharing
 - Backup • Provision of products and services
- (4) Important items that should be responded to along with business continuity
 - Cooperation with and contribution to the community
- (5) Measures necessary for implementing the BCP
 - Education and training • Inspections, corrective actions, and reviews

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 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 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 the disaster response headquarters, including checking the safety of all Unicharm employees in Japan. In February 2020, we launched the COVID-19 Crisis Management Team in response to the spread of COVID-19, as well as compiled and implemented the COVID-19 Response Guidelines to ensure each employee will take appropriate measures. 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.

Ensuring Business Continuity through the Securing of Important Bases

We launched the operation of the Kyushu Factory in March 2019. In so doing, we have secured a comprehensive supply system that will help ensure business continuity in the event of a natural disaster. If production facilities were to shut down in the event of a Nankai Trough mega earthquake, which would likely cause significant damage to the western Honshu and Chubu regions, the Kyushu Factory will function as an emergency location, particularly given the fact that our main production facilities in Japan are located in Fukushima, Shizuoka, and Shikoku prefectures, areas at risk of suffering serious damage from a disaster of this magnitude. Going forward, we will adopt new production technologies at our existing factories and utilize our new production system, which effectively diversifies risks, to assemble a successful BCP.



Kyushu Factory

Risk Management Information Website

In 2017, we added the Risk Management Information website to our corporate intranet to place focus on potential risks to the lives of Unicharm employees working within and outside Japan. The Unicharm Group Charter of Actions specifies clear guidelines and criteria for responding to natural disasters, pandemics, occupational accidents, large-scale equipment-related accidents, kidnapping, intrusion into and damaging of Company facilities, terrorist attacks, riots, coups d'état, and civil war. Information provided by the Ministry of Foreign Affairs of Japan and a risk management company that we have contracted is updated on a daily basis and, in 2018, we compiled the Overseas Risk Management Manual with handling procedures specified for each event. In 2019, we compiled the Natural Disaster Response Manual in Japan and the Headquarters Special Organized Crime Response Manual and added pages to the various manuals included on our corporate intranet. In 2020, we continued to post travel restriction information and update our announcement section of the home page with the latest information in response to the COVID-19 pandemic, as a part of our continuous efforts to keep up with environmental changes and information concerning safety.



Risk Management Information website

Tax Compliance

207-1,207-2,207-3

Our Basic Approach and Strategy

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 policy, the Group has established the Unicharm Group Tax Regulations, which aim to establish a balanced, Groupwide tax management system as well as maintain and enhance tax compliance with the following initiatives in place.

Compliance with Tax Laws

The Unicharm Group complies with applicable laws, files tax returns, and pays taxes appropriately in the countries and regions where it conducts 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 and finance following confirmation of treatment in tax law. Moreover, the Group has established, developed, and implemented an internal control system that can ensure appropriate accounting treatment and financial reports. The effectiveness of this system is evaluated through audits by the accounting auditor and the Audit & Supervisory Committee.

In addition, we use expert third-party tax advisors effectively and efficiently to maintain tax compliance. In addition, regular employee training on taxation matters is conducted with the aim of raising awareness of tax compliance within the Company. During tax inquiries, the director in charge of accounting reports progress and results to the president & CEO along with the Audit & Supervisory Committee as needed, in an effort to enhance the entire Group's tax compliance.

Relationships with Tax Authorities

Tax information 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 relationships of trust with tax authorities, and to reduce tax risk. We also aim to provide top priority cooperation when it comes to tax, facilitating the process through open and honest correspondence with inspectors.

Support for the BEPS Project

Recognizing the purpose of the Inclusive Framework on Base Erosion and Profit Shifting (BEPS), a project led by the Organisation for Economic Co-operation and Development (OECD) and the G20, the Unicharm Group pays special attention to ensure transactions are conducted for legitimate business purposes and real business activities and that appropriate taxes are paid in the appropriate region in order to prevent the transfer of tax sources to tax havens (countries or regions with no or lower 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 OECD guidance on transfer pricing for transactions between Group companies and, based on the 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.

External Partnerships and Evaluations

102-12, 102-13

Our Basic Approach and Strategy

As it continues to expand its global operations, Unicharm engages in business activities by drawing on its partnerships with external organizations and feedback from stakeholders while referring to various international guidelines.

Initiatives and Results

External Partnerships

◆ United Nations Global Compact

Unicharm supports the Ten Principles of the United Nations Global Compact and has participated in this initiative since May 2006.



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.
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.
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.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the UN Global Compact

◆ The Sustainable Development Goals (SDGs)



• COSO • ISO 9001 • ISO 14001 • ISO 10002 • ISO 13485 • ISO 14971

◆ Women's Empowerment Principles

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the UN Global Compact Office

◆ UN Women Unstereotype Alliance Japan National Chapter



◆ The Valuable 500



◆ 30% Club Japan



◆ Task Force on Climate-related Financial Disclosures (TCFD)



P.040 Climate Change (Disclosure Based on TCFD Recommendations)

◆ Science Based Targets initiative (SBTi)



◆ Japan Climate Initiative (JCI)

◆ Sedex



◆ Forest Stewardship Council® (FSC®)



◆ Programme for the Endorsement of Forest Certification (PEFC)



◆ Roundtable on Sustainable Palm Oil (RSPO)



◆ STANDARD 100 by OEKO-TEX®

◆ My Declaration of Human Rights



External Evaluations

Unicharm is included in ESG indexes selected by Japan's Government Pension Investment Fund (GPIF) for Japanese stocks (as of March 31, 2022). To continue to be included in major ESG indexes going forward, Unicharm will provide value to all stakeholders through the sound management of its businesses and strive for consistent improvements in corporate value through the communication of appropriate business information.

Inclusion in ESG Indexes and Evaluations (As of March 31, 2022)

- ◆ FTSE4Good Index Series
- ◆ FTSE Blossom Japan Index
- ◆ FTSE Blossom Japan Sector Relative Index



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

- ◆ MSCI ESG Leaders Indexes
- ◆ MSCI Japan ESG Select Leaders Index
- ◆ MSCI Japan Empowering Women Index (WIN)



2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

The inclusion of Unicharm Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, does not constitute a sponsorship, endorsement, or promotion of Unicharm Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

◆ S&P/JPX Carbon Efficient Index



◆ Bloomberg Gender-Equality Index



◆ 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)



◆ CDP



P.050 Climate Change (Disclosure Based on the TCFD Recommendations) > CDP Climate Change Rating

P.057 Biodiversity > CDP Forests Program Rating

P.059 Water Resources > CDP Water Program Rating

◆ CDP 2021 Supplier Engagement Leader



◆ Sompo Sustainability Index



Sompo Sustainability Index

◆ JPX-Nikkei Index 400 (August 31, 2021, to August 30, 2022)



◆ Digital Transformation (DX) Stock Composite 2021

Selected by the Ministry of the Economy, Trade and Industry and the Tokyo Stock Exchange in Digital Transformation (DX) Stock Composite 2021

◆ DX-Certified Operator



List of Awards and Commendations Received in Fiscal 2021


A list of recognition we received from third parties in 2021:

Month (2021)	Name and Description	Implementing Organization	Recipient
Jan.	Unicharm Gulf Hygienic Industries Ltd. and its employee, Amal Alzahrani, are recognized at the Women In Industry Conference for their contributions to the social advancement of women	Saudi Authority for Industrial Cities and Technology Zones	Unicharm Gulf Hygienic Industries Ltd. (Saudi Arabia)
Feb.	Yeong-tak Lim, chair of the labor union at LG Unicharm Co., Ltd., is honored with the 2020 Labor-Management Cultural Achievement Prime Minister Award for his exceptional achievements in labor-management relations	Prime Minister of South Korea	LG Unicharm Co., Ltd. (South Korea)
Feb.	Unicharm receives the Special Prize in the Environmentally Sustainable Company category at the 2nd ESG Finance Awards Japan	Ministry of the Environment	Unicharm Corporation
Feb.	Unicharm is ranked 29th in Best Japan Brands 2021	Interbrand	Unicharm Corporation
Mar.	Sungwon Kim, representative director of LG Unicharm, is honored with the Most Exemplary Taxpayer - Deputy Prime Minister and Minister of Economy & Finance Award for his contributions to public finances through his sincere fulfillment of tax obligations	Deputy Prime Minister and Minister of Economy and Finance of South Korea	LG Unicharm Co., Ltd. (South Korea)
Mar.	Unicharm is recognized for its Sofy #NoBagForMe Project in the Social Impact category of the 1st Internet Media Awards for its highly effective solutions to resolving social issues	Japan Internet Media Association	Unicharm Corporation
Mar.	Unicharm is ranked 32nd in the 2nd ROESG Ranking	Nikkei Inc. and QUICK Corp. ESG Research Center	Unicharm Corporation
June	LG Unicharm receives the Ministry of Food & Drug Safety of Korea Minister Award in the Product Liability category at the National Sustainability Management Conference of Korea	Journalists Association of Korea (main sponsor) and Korea Institute for Sustainable Management Evaluation (supervisor)	LG Unicharm Co., Ltd. (South Korea)
July	PT UNI-CHARM INDONESIA Tbk is selected as a Best Listed Company in the Textile and Garment Sector at the Investor Awards 2021	<i>Investor Magazine</i>	PT UNI-CHARM INDONESIA Tbk (Indonesia)
Aug.	Unicharm receives a Corporate Public Relations Distinguished Services & Incentive Prize at the 37th Corporate Public Relations Awards	Keizai Koho Center	Unicharm Corporation
Sept.	Uni-Charm Corporation Sdn. Bhd. (Malaysia) is recognized for its <i>MamyPoko Extra Dry Protect</i> (Antimos capsule) diapers in the Most Innovative Diaper category of the 2021 Parents' Choice Awards	<i>parenthood</i> magazine	Uni-Charm Corporation Sdn. Bhd. (Malaysia)
Oct.	Unicharm is ranked 53rd in the Nikkei BP ESG Brand Survey	Nikkei BP Marketing, Inc.	Unicharm Corporation
Oct.	Unicharm receives a 2021 Company with Outstanding Improvement in Disclosure Prize at the Securities Analysts Association of Japan's 2021 Awards for Excellence in Corporate Disclosure	The Securities Analysts Association of Japan	Unicharm Corporation
Nov.	Unicharm receives an overall rating of four stars in the 5th Nikkei Smart Work Management Survey 2021	Nikkei Inc.	Unicharm Corporation
Nov.	LG Unicharm receives its second consecutive Grand Prize for its <i>Sofy Non-Bleachable</i> brand in the Women's Hygiene category at the 2021 Consumers' Choice Awards	Chuo SUNDAY	LG Unicharm Co., Ltd. (South Korea)
Nov.	Unicharm receives the SDGs Strategy & Economic Value Award at the 3rd Nikkei SDGs Management Survey	Nikkei Inc.	Unicharm Corporation
Nov.	Unicharm is recognized for its <i>Moony Baby Wipes</i> series at the 13th Mothers Selection Award 2021	Japan Mothers Association	Unicharm Corporation
Dec.	Unicharm is ranked third overall in the Corporate Information Site Ranking	Tribeck Inc.	Unicharm Corporation
Dec.	Unicharm is named a Next-Generation Human Resource Development Company at the Career Select Ability Award 2021	en Foundation for HR development	Unicharm Corporation
Dec.	Unicharm Products Co., Ltd., along with Sumitomo Seika Chemicals Co., Ltd., Hitachi Transport System, Ltd., Imoto Lines, Ltd., and VANTEC Corporation, receive the Logistics DX/Standardization Award at the Green Logistics Partnership Conference	Ministry of Land, Infrastructure, Transport and Tourism and Ministry of Economy, Trade and Industry	Unicharm Products Co., Ltd.

Third-Party Assurance Report

We obtained third-party assurance of Unicharm's *Sustainability Report 2022*.

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**

March 31, 2022

**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 environmental performance data of the target sites as set out in the table below (hereafter the "Selected Information") in the "Sustainability Report 2022" (hereafter the "Report") of the Unicharm Group (hereafter the "Company") for the year ended December 31, 2021.

Selected Information	quantity (unit)	
Energy consumption	Heavy oil, Light oil, Diesel, Gasoline	102 (TJ)
	LPG, Natural gas, Utility gas	345 (TJ)
	Stream	77.7 (TJ)
	Electricity	721 (GWh)
The amount of Greenhouse gas emitted (Scope 1 & 2)	437 (k ton)	
Effluent	77.7 (k ton)	

We have not performed any procedures with respect to other information in the Report and, therefore, no conclusion is expressed on such information.

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, 2021 is not prepared, in all material respects, in accordance with the Company's policies and standards (hereafter the "Reporting Criteria").

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 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 Criteria. The Reporting Criteria used is applicable as at December 31, 2021.

Management's responsibilities

Unicharm Corporation is responsible for the preparation of the Selected Information in accordance with the Reporting Criteria, which is applied as explained in the footnotes of the Report¹. 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 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.

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.

Selected Information	quantity (unit)
The amount of Greenhouse gas emitted (Scope 3 - Category 12 End-of-life treatment of products)	841 (k ton)

All business locations inside Japan	Overseas manufacturing sites (manufacturing locations only)
Unicharm Corporation, Unicharm Products Co., Ltd., Unicharm Kokko Nonwoven Co., Ltd., Cosmotec Corporation, Uni-Charm Mölnlycke K.K., Peparlet, and Kinsei Products Co., Ltd.	China: Unicharm Consumer Products (China) Co., Ltd., Unicharm Nonwoven Tianjin, Unicharm Packaging Materials (Tianjin) Co., Ltd, Indonesia: PT Uni-charm Indonesia, PT Uni-charm Nonwoven Indonesia, Thailand: Uni-charm (Thailand) Co., Ltd., India: Unicharm India Co., Ltd., Taiwan-Greater China: Unicharm Co., Ltd, Vietnam: Diana Unicharm Joint Stock Company Vietnam, USA: The Hartz Mountain Corporation

This English language report is a translation of the original Independent Practitioner's Limited Assurance Report in Japanese for reader's convenience.

- 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

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.

We apply International Standard on Quality Control 1 and accordingly 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.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

International assurance 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;
- understanding the design of the key processes and controls for managing, recording and reporting the Selected Information. This included virtual visits to the three 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 Products Co., Ltd. (Fukushima Factory), Unicharm Corporation (Saitama Factory), PT Uni-charm Indonesia (Karawang Factory)

- 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.