

Message from the President & CEO

2-22



Takahisa Takahara
President & CEO

As a company that provides kindness, Unicharm aims to realize a cohesive society through the collective efforts of all of its employees.

Unicharm's Vision of a Cohesive Society

To realize its purpose of “contributing to the achievement of the SDGs,” Unicharm will fulfill its mission of “realizing a cohesive society.”

A cohesive society is one in which each person is independent while supporting others in a way that allows everyone to have just the right sense of distance, ensuring that no one is left behind and everyone can continue to lead their lives in the way they so wish. People cannot survive on their own. We must embrace a spirit of altruism, transcend national and regional boundaries, and contribute to a more sustainable planet in order to realize a cohesive society and achieve the SDGs in the process. As a manufacturer of consumer products and a global enterprise, we have a significant role to play in fulfilling this mission.

We have seen a tremendous amount of exposure in recent years on global issues such as climate change and human rights issues. New risks have also emerged with the outbreak of the COVID-19 pandemic and the conflict in Ukraine. A great deal of people around the world were reminded that the values they cherish and their safety and peace of mind should not be taken for granted and may have reconsidered environmental and social issues as matters that they must also hold themselves accountable for. In other words, the time has come for more and more people to start thinking about the cohesive society Unicharm is aiming to realize.

At Unicharm, we have been contributing to the lives of people all over the world by helping them overcome their concerns over discomfort, inconvenience, and lack of cleanliness and providing a new type of comfort through a renewed form of kindness by means of our nonwoven and absorbent material processing and molding technologies that realize the “NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities) corporate philosophy. Today, in a world where many people believe that they must take responsibility for the issues surrounding the environment and society, our products and services must not only be valuable to customers but also show kindness to the environment and society. Helping overcome environmental and social issues is also a duty we must fulfill as a manufacturer of consumer products. From the viewpoint of continuing to expand our business, we will remain committed to constantly creating new value and realizing a cohesive society.

P.008 The Unicharm Way

Promotion of Kyo-sei Life Vision 2030, Our Medium- to Long-Term ESG Goals

Aiming to realize a cohesive society, Unicharm established its vision of the company it aspires to be: a worldwide company that provides social infrastructure to support healthy bodies and minds for all people, from newborns to the elderly, as well as partner animals (pets), while at the same time promoting the well-being of society and our planet. Our medium- to long-term environmental, social, and governance (ESG) goals, Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World—(hereafter, Kyo-sei Life Vision 2030), announced in October 2020, identifies key issues based on the disparity between the company we aspire to be and the company we are today and the measures we must undertake by 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, we 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. With respect to safeguarding the well-being of society, we aim to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to resolving social issues and achieving sustainability. As for safeguarding the well-being of our planet, we aim to provide products and services that are sanitary and convenient and contribute to activities that improve the global environment. Finally, in terms of the Unicharm Principles, we aim to pursue fairness and transparency in order to establish and retain stakeholder trust. In other words, through the steady implementation of Kyo-sei Life Vision 2030, we will resolve the issues of society and the environment and contribute to the betterment of consumers and local communities while, at the same time, continuing to expand our business.

An example of one of our initiatives to resolve environmental issues under Kyo-sei Life Vision 2030 is the recycling of used disposable diapers. Although it has become common nowadays to separate and recycle waste, when it comes to used disposable diapers, most of them are incinerated due to health concerns. However, the demand for disposable adult diapers continues to rise in light of the aging population and this continues to place a significant burden on the environment through increases in the use of forest resources, which are used as raw materials in disposable diapers, waste, and GHG emissions from incineration. To fulfill our responsibility as a leading company of disposable diapers, we launched a used disposable diaper recycling project in 2015. Through demonstration trials conducted together with Shibushi City, Osaki Town, and other municipalities in Kagoshima Prefecture, we developed a horizontal recycling system. With this system, the collected used disposable diapers are washed and separated, after which the extracted pulp undergoes a unique ozone treatment process, making it as clean and safe as virgin pulp. In 2022, we began testing disposable adult diapers that use recycled materials for a portion of their absorbent paper at certain nursing care facilities in Kagoshima Prefecture. We are working to put this product on the market in 2023 as well as develop a recycling model that can be rolled out to our overseas operations in the future.

Meanwhile, a product that has played an essential role in addressing the needs of society is *Unicharm Face Visible Mask*. This specially designed mask, which provides clear visibility of the user's face, was developed based on a suggestion made by an employee with a hearing impairment at a time when everyone was wearing a mask due to COVID-19. This product has been used in customer service and educational settings, where people felt the inconvenience of having their mouths covered, and has contributed to significant improvements in communication.

While they account for only a part of our efforts, the contributions we have made to help overcome environmental and social issues through our business were the reasons behind being recognized as a Tokyo Metropolitan Government Barrier-Free Support Company in December 2022 and receiving the Award for Good Practices of Consumer-Oriented Management from the Consumer Affairs Agency and the Minister of State for Special Missions Award from the Cabinet Office of Japan in 2022. We are delighted that our efforts were recognized by those outside our customers.

We believe that naturally incorporating our products and services into the lifestyles of people the world over and bringing kindness to the environment and society in that manner is the first step toward realizing a cohesive society.

P.012 Kyo-sei Life Vision 2030

P.022 Unicharm Face Visible Mask (Japan)

P.027 Our Own Unique Recycling System for Used Disposable Diapers (Japan)

web 2022 Award for Good Practices of Consumer-Oriented Management
(in Japanese only)

https://www.caa.go.jp/policies/policy/consumer_partnerships/consumer_oriented_management/propulsion_organization/#commendation

Unlocking the Full Potential of Our Employees and Organization

The key to our steady pursuit of Kyo-sei Life Vision 2030 is the conviction of our employees, who are responsible for its undertaking. This is because unless each individual shoulders the responsibility of achieving these targets, Kyo-sei Life Vision 2030 may end up being a short-lived effort. Whether or not each employee understands, agrees with, and identifies with the direction we are pursuing will determine our ability to sustain such medium- to long-term initiatives. I believe the key to realizing a cohesive society lies in the commitment of our employees.

That said, leading our approximately 30,000 employees around the world in the same direction is no easy task. We are working to overcome this issue by ensuring that our unique management model, management with resonance, is practiced by all of our employees. Management with resonance is a process in which we maximize the strengths of our organization while each individual works independently and proactively by ensuring that the wisdom of frontline employees is utilized by management and that frontline employees learn about management perspectives through repeated discussions between management and frontline employees. By practicing management with resonance, we are able to strike the right balance between achieving business results and developing human resources, the two pillars of our management.

With a view to proceeding even further with our two management pillars, we incorporated ESG criteria into the evaluation metrics for determining performance-linked remuneration of executive officers in 2020. Also, due to the volume of feedback we received through our annually held employee awareness survey concerning their desire to help overcome environmental and social issues through their daily business activities, ESG criteria have also been included in the evaluations of all employees from January 2023. This has enabled us to gain insight into the commitment of and contributions made by each employee to ESG issues, accelerating our efforts to realize a cohesive society even further.

P.086 Management with Resonance: Unicharm's Unique Management Method

P.121 Evaluation Criteria for and Basic Policy on Executive Remuneration and Fiscal 2022 Remuneration Targets and Results

Looking Ahead to the Next 30 Years

The challenges we face are not something that can be tackled overnight. As we strive to achieve Kyo-sei Life Vision 2030 and realize a cohesive society, our business environment will change minute by minute. As such, we must constantly foresee what the future holds and ask ourselves whether the decisions we have made are heading in the right direction. For these reasons, we have adopted the OODA Loop methodology, in which we adjust our plans and methods in accordance with the changes in our business environment. This method is contributing to the realization of a highly resilient management cycle by enabling employees to work autonomously and observe, orient, decide, and act in a timely manner.

At Unicharm, we have a countless number of assets and strengths at our disposal, including products that embrace our "NOLA & DOLA" corporate philosophy; management with resonance, the OODA Loop methodology, and other frameworks; and our autonomous human resources. Regardless, I must assume responsibility of continuing to evolve these assets and strengths without being too content with the status quo. We will work collectively as an organization to meet the expectations of customers and society by continuing to provide kindness in a myriad of forms. In so doing, we will contribute to the achievement of the SDGs and realize a cohesive society.

P.086 Operation of the OODA Loop Methodology

May 2023

Takahisa Takahara
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