

Human Rights

Respect for Human Rights

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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 elements of the Unicharm Group Charter of Actions and our Global Human Resources Philosophy. Due to the existence of various human rights issues throughout the world and the importance of respecting human rights in global business according to international human rights standards, in 2017 we established the Unicharm Group Policy on Human Rights, which aligns with the tenets and aims of the Universal Declaration of Human Rights (adopted in 1948 by the United Nations General Assembly), demonstrating our commitment to fulfilling 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, a statement of corporate ideals that all of the Group’s employees adhere to. 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 Unicharm Group CSR Procurement Guidelines, which were upgraded to the Basic Purchasing Policy in 2017, and the Unicharm Group Sustainable Procurement Guidelines were formulated and implemented in 2009 and 2017, respectively, for the purpose of maintaining fair and impartial relationships with all our suppliers.

The Basic Purchasing Policy applies to all executives and employees of the Unicharm Group. To ensure that its business partners and suppliers also uphold and comply with this policy, the Group will work together with them to promote respect for human rights. Through these and other measures, we make every effort to respect children’s rights by eliminating forced and child labor and never discriminate against people on the basis of nationality, race, religion, gender, sexual preference, age, family background, disability, or any other factors. We also guarantee freedom of association and collective bargaining and pay attention to the reduction of excessive work hours and rights to a minimum wage.

Respect for Children’s Rights

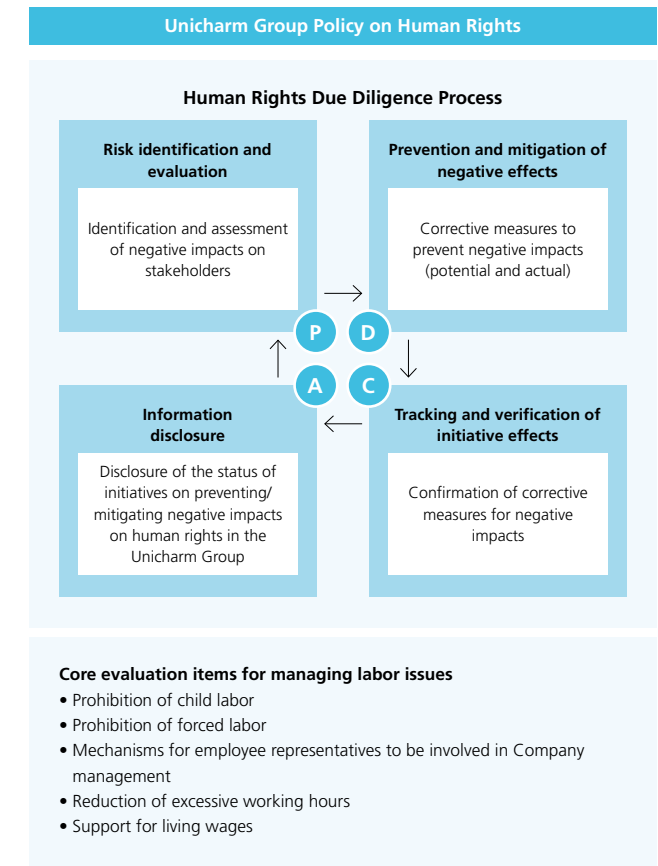
The Unicharm Group Charter of Actions stipulates that the Group does not tolerate any form of child labor. Meanwhile, with respect to our suppliers, the Unicharm Group Sustainable Procurement Guidelines specify that the Group forbids the employment of children under the minimum employment age, as a part of the measures it takes to prohibit child labor throughout the supply chain.

By virtue of our products and services, we work to help improve childcare, create an environment that is conducive to balancing work and childcare, and share information that will prove beneficial to the children who will help lead the next generation. In December 2021, Unicharm also participated in Children’s Smile Movement, an initiative held by the Tokyo Metropolitan Government to foster a spirit of caring for children throughout society.

P.074 Hands-Free Commute: Protecting Business Models with Patents

P.109 Main Social Contribution Activities in 2022

Human Rights Due Diligence Process



► Unicharm Group Policy on Human Rights

2-23

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 services that provide mental and physical support through gentle care so that they may be free of their burdens 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 established the Unicharm Group Policy on Human Rights (the Policy) by which it will promote efforts to respect the human rights of all stakeholders including employees based on the following international human rights principles: the International Bill of Human Rights (the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights), the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact, and the UN Guiding Principles on Business and Human Rights. The Policy complements the corporate philosophy and 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 to respect 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 impacts it 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 and region where it conducts its business activities. Where there is a conflict between national or regional laws/regulations and international human rights standards, it 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 meaningful consultation with people whom its business activities may have impacted 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

Participation in the My Declaration of Human Rights Program

In 2021, 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 declarations by companies, organizations, and individuals to act on behalf of human rights.

Guided by our commitment to “the spirit of 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.

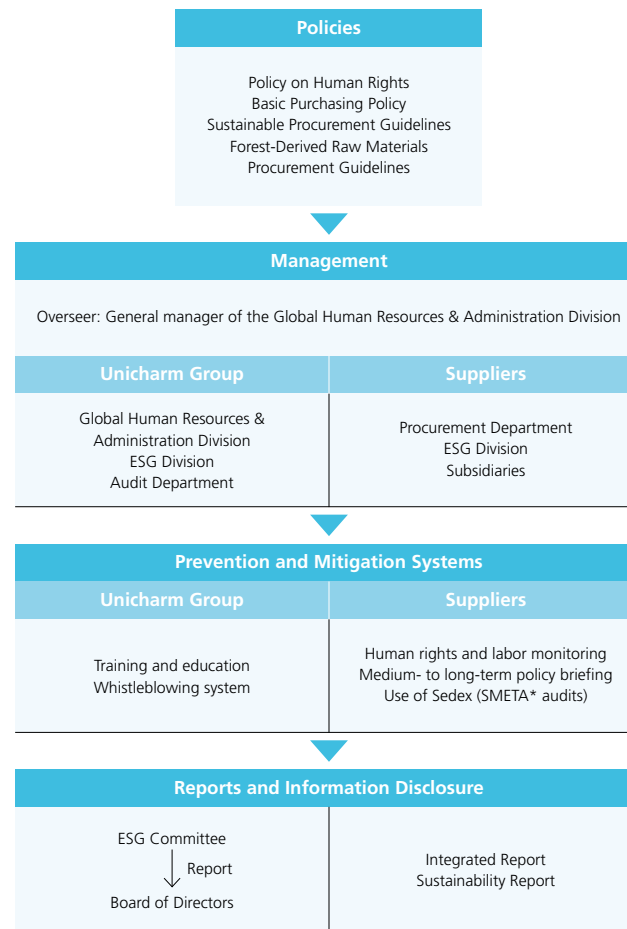
Management Structure

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 collaborating with the relevant departments and Group companies inside and outside Japan that handle purchasing and auditing and in reporting to the ESG Committee. In terms of our human rights initiatives for suppliers, which are led by the Procurement Department, the Basic Purchasing Policy and the Unicharm Group Sustainable Procurement Guidelines are distributed to our suppliers in an effort to ensure compliance with them.

P.010 ESG Promotion Structure

P.102 Supply Chain Management

Overview of Human Rights Initiatives



* Sedex Members Ethical Trade Audit

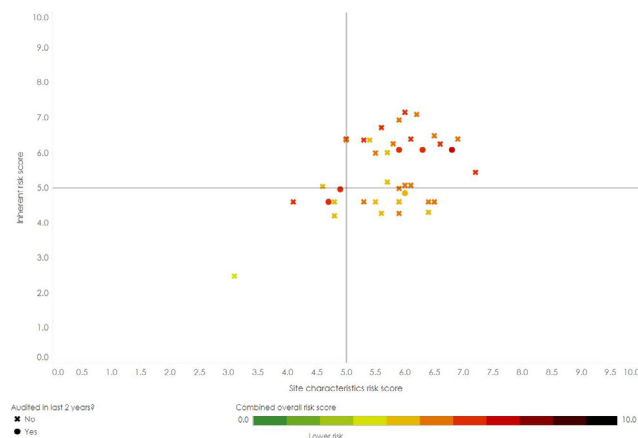
Initiatives and Results

Human Rights Risk Assessment at Unicharm Group Factories

In 2022, the Sedex* Self-Assessment Questionnaire (SAQ) was conducted at 41 Unicharm Group factories, from which we received responses (97.6% response rate) from 40 factories (18 factories in Japan, 22 factories overseas), and the results were 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.

* 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 74,000 business members in 170 countries and regions use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

► Risk Score of Unicharm Group Factories



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

Human Rights Risk Assessment at Supplier Factories

P.105 Human Rights Risk Assessment at Supplier Factories

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.

Issues identified as a result of an audit are compiled and shared internally by the ESG Department. These issues are confirmed and then inspected and reviewed at each factory, preventing the occurrence of human rights issues in the process.

► Supplier Audits: No. of Audits and Evaluations (Cases)

Year	No. of Audits						No. of Issues Identified
	Total	A	B	C	D	E	
2020	4	0	3	0	1	0	25

Year	No. of Audits	No. of Issues Identified				
		Business Critical	Critical	Major	Minor	Total
2021	1	0	0	0	1	1
2022	6	0	13	86	36	135

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.

Audits of Supplier Factories

P.105 Supplier Monitoring

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. In 2022, we began verifying the effects of using such data.

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 the prevention of human rights-related risks. Upon the establishment of the Unicharm Group Policy on Human Rights, we held e-learning sessions for all employees on three separate occasions in 2018, in order to promote awareness of the importance of respecting human rights around the world. The Unicharm Group Charter of Actions was amended in 2021 and, since then, we have had all employees recite it as a group each year. In addition, we continue to educate employees and enhance awareness of our human rights policy through our new employee, role-based, and new leader training sessions. Role-based training consists of a curriculum on specific examples of bullying and harassment, human rights issues that can occur in the workplace, and measures to resolve them if they occur.

P.126 Harassment Prevention

Consultation and Whistleblower Hotline for Human Rights Issues

At Unicharm, the Compliance Hotline is in place to serve as a point of contact for consultations on, and the reporting of, violations of laws, regulations, and internal rules, acts of bribery and other forms of corruption, and serious violations of corporate ethics. Meanwhile, the Ring-Ring Employee Hotline was established to act as a contact point for consultations on, and the reporting of, human rights issues in the workplace, including harassment and employee relations. These hotlines, in principle, are accessible to all directors and employees* of Unicharm Corporation and its subsidiaries and affiliate companies, and users are able to maintain anonymity when receiving consultation and reporting on matters. In 2022, there were no cases of serious human rights violations reported to these hotlines.

* Includes contract, part-time, temporary, and dispatched employees, and former employees who resigned within a year

P.125 Whistleblowing System

Human Rights Education for Suppliers

In October 2022, Unicharm held a medium- to long-term policy briefing to ensure that its suppliers were aware of and committed to complying with the Unicharm Group Policy on Human Rights and the Unicharm Group Sustainable Procurement Guidelines. In addition, we shared the progress of our use of the Sedex platform with suppliers, encouraged them to become members of Sedex and conclude relationships for the use of this platform, and requested their cooperation on the SAQ. Moreover, as a measure to deepen understanding of human rights throughout the supply chain, Unicharm has partnered with a local subsidiary in Australia to carry out a training program on the risks of and measures against modern human slavery, particularly for material suppliers and distributors and retailers along the downstream portion of the supply chain. This training program was held for eight suppliers in 2022.



web Unicharm Australasia Pty Ltd.
“Modern Slavery Statement 2021”

<https://modernslaveryregister.gov.au/statements/9427/>

P.106 Medium- to Long-Term Policy Briefing Session for Suppliers

Stakeholder Engagement for Human Rights

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 the 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 the 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 were used to determine the themes and specific approaches we must undertake on a priority basis
2022	<ul style="list-style-type: none"> Participated in forums on business and human rights and human rights due diligence held by the United Nations Development Programme (UNDP) Participated in subcommittee activities of Global Compact Network Japan Held discussions on human rights risk assessment through the ESG Committee 	<ul style="list-style-type: none"> Compiled information on recent developments in Japan and the rest of the world and examples of initiatives carried out by other companies. Conducted risk analysis internally and incorporated the results into management decisions of the ESG Committee

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 (NAP) on business and human rights. 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.