



# Unicharm Group Sustainability Report 2023

# The Future We Envision <sup>2-6</sup>

A society in which everyone can maximize their individual potential and live life to the fullest.

A society in which people comfortably coexist, helping each other while retaining each other's 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 from the family and neighborhood.

Feminine care that helps lift spirits during menstrual cycles.

Good hygiene that helps enhance and expand pleasant interactions for everyone.

This is the kindness we 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.

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

We continue 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 decades to come, we 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): 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

As a company committed to its "NOLA & DOLA" corporate philosophy and helping ensure the mental and physical well-being of each consumer, Unicharm aims to contribute to the realization of a cohesive society in which people of all ages can collectively live their lives in the way they so wish. To realize this objective, we support Paralyrm Art in its efforts to foster social participation and financial independence. Accordingly, we have adopted works done by artists with disabilities on the cover of *Sustainability Report 2023* and *Integrated Report 2023*. Unicharm has supported the efforts of Paralyrm Art since 2016, and 2023 marks its eighth year in this engagement.



**Title** Spring in the Countryside  
**Artist** Hiroko Shibuya

#### Artist Statement

*Spring in the Countryside* depicts an image of spring in my hometown and its scenery as the cherry blossoms start to reach full bloom. Always peaceful and beautifully decorated with flowers, this is a place that brings back fond memories and one that I can return to whenever I want. I hope there is a place like this for everyone.

# Editorial Policy / Contents

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## Editorial Policy

### Preparation of Sustainability Report 2023

*Sustainability Report 2023* was prepared to provide readers with information on Unicharm's sustainability activities. At Unicharm, sustainability is about embodying "NOLA & DOLA,"\* our corporate philosophy that is embraced by all of us in the course of our daily business activities.

This year, in addition to reporting in line with the four areas established in our medium- to long-term ESG goals, Kyo-sei Life Vision 2030, we worked to further improve the contents of the report from the viewpoint of strengthening disclosure of ESG-related information.

In preparing *Sustainability Report 2023*, we referred to the United Nations (UN) Global Compact, GRI Standards, and other sources, while incorporating information that reflects the global needs of society for sustainability reports.

Moving forward, we will take measures to continue to improve the quality of our sustainability report in order to cater to the needs of all of our stakeholders. We hope that you take the time to read this report in conjunction with *Integrated Report 2023* and share your honest opinions.

\* "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

### Coverage

The contents of *Sustainability Report 2023* are based on the activities of the Unicharm Group (Unicharm Corporation and its domestic and overseas consolidated subsidiaries). However, the report also contains information on certain non-consolidated subsidiaries and affiliated companies.

In the report, "Unicharm" or "the Company" refers to "the Unicharm Group." Company names are stated individually when there is a need to specify the scope.

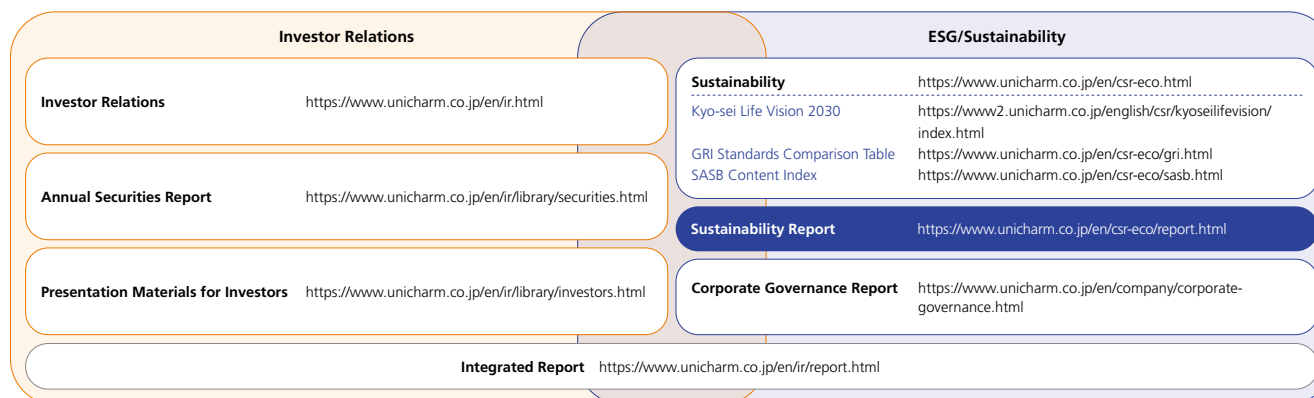
### Intended Audience

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

### Reporting Period

January 1, 2022, to December 31, 2022 (the report focuses on results from 2022 and includes some of the latest information from 2023)

### Information Disclosure System



## Date of Issue

May 2023

Next issue scheduled for May 2024 (previous issue: May 2022)

## Available at

"Sustainability" section of Unicharm's corporate website

## Third-Party Assurance

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

P.139 Third-Party Assurance Report

## 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
- TCFD recommendations
- SASB Standards

# Overview of the Unicharm Group

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## Company Profile

As of December 31, 2022

Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Capital	¥15,993 million
Number of Shares Issued	620,834,319
Head Office	Sumitomo Fudosan Mita Twin Bldg. West Wing, 3-5-27, Mita, Minato-ku, Tokyo, Japan (until June 2023) Sumitomo Fudosan Tokyo Mita Garden Tower, 3-5-19, Mita, Minato-ku, Tokyo, Japan (from July 2023)
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo City, Ehime, Japan
Number of Employees	16,206
Number of Production Bases	41 factories (Japan: 18, Asia (excluding Japan): 20, 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 Kirei care products Commercial-use food packaging materials
URL	<a href="https://www.unicharm.co.jp/en/home.html">https://www.unicharm.co.jp/en/home.html</a>

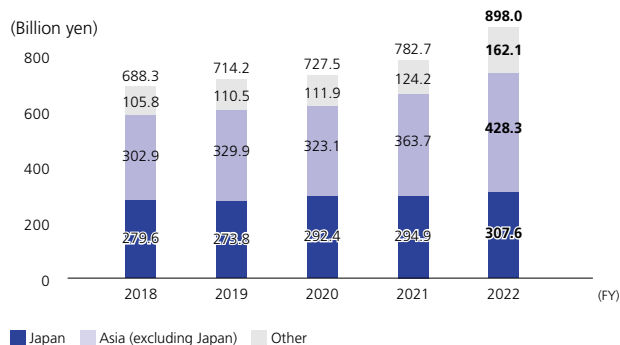
## Primary Consolidated Subsidiaries and Affiliates

As of December 31, 2022

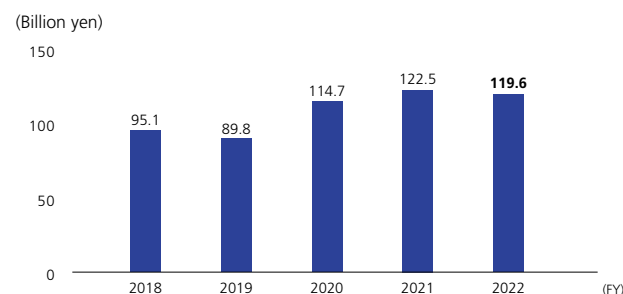
Japan	Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Uni-charm Mölnlycke K.K. Unicare Corporation Peparlet Co., Ltd.
Asia (Excluding Japan)	United Charm Co., Ltd. Uni-Charm (Thailand) Co., Ltd. LG-Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT. UNI-CHARM INDONESIA Tbk Unicharm India Private Limited Diana Unicharm Joint Stock Company DSG International (Thailand) Public Co., Ltd.
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

## Primary Management Indicators

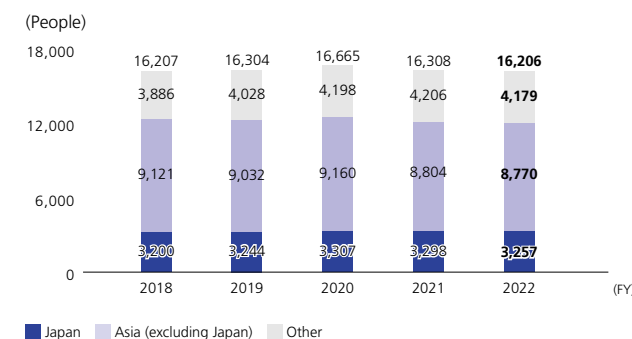
### Consolidated Net Sales



### Consolidated Core Operating Income



### Number of Group Employees



# 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](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

President & CEO



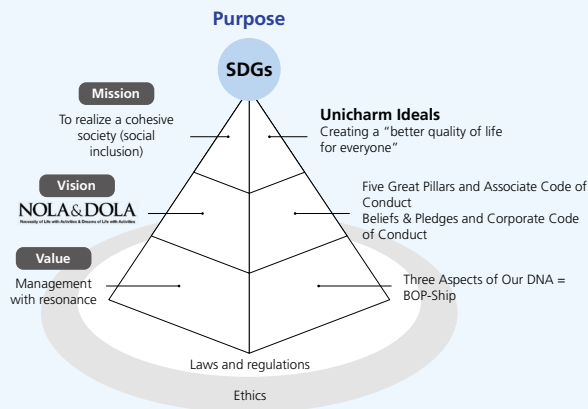
# The Unicharm Way

## 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 customers, freeing them of some of their burdens and enabling them to better focus their efforts on fulfilling their dreams. "Value" is the ambition and sense of duty that underlies our mission and vision, bringing it all together to serve a 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 and 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 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 fair and equitable relationships.
- ◆ **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 and all of society through our corporate activities.

## Three Aspects of Our DNA = Best Practice-ship, Ownership, and Partnership

Being a company with sustainable growth, Unicharm has nurtured a corporate culture and spirit called the Three Aspects of Our DNA that has seamlessly been passed down from its foundation. As our business activities spread from Japan throughout Asia then to the Middle East, Europe, and the United States, we have revised the Three Aspects of Our DNA as Best Practice-ship, Ownership, and Partnership (BOP-Ship) for all employees around the world to better understand. The Three Aspects of Our DNA 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 peers with a mind to altruism. Collaboration creates internal and external cross-organizational communication and its further development will lead to innovation.

# Message from the Head of the ESG Division

2-9,2-12,2-13,2-14,2-17,2-22



## We aim to be a company trusted by all stakeholders by contributing to the achievement of the SDGs through our business activities.

**Kenji Ueda**Executive Officer and General Manager of the ESG Division  
Unicharm Corporation

At Unicharm, we view our role in contributing to the achievement of the Sustainable Development Goals (SDGs) as our purpose. We also believe that our business activities are the very essence of how we contribute to the achievement of the SDGs. Accordingly, “contributing to the achievement of the SDGs through our business activities” is what our view of sustainability is all about. 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 Kyo-sei Life Vision 2030, a total of 20 key initiatives, indicators, and targets were established, five in each of 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. 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), were formulated to play a key role in the achievement of the 17 goals and 169 targets of the SDGs.

Moreover, in Environmental Targets 2030, which was announced in May 2020 prior to Kyo-sei Life Vision 2030, we established three key themes (responding to the problem of plastic waste, responding to climate change, and helping prevent deforestation (response to procurement-related issues)) and declared specific

targets for each theme. To steadily proceed with Kyo-sei Life Vision 2030 and Environmental Targets 2030, measures are being taken across the Group, including by the ESG Committee, which discusses issues and reports the status of progress under the direction of the president & CEO.

Now, please allow me to touch on a few initiatives undertaken in 2022. To accelerate our response to the issue of climate change, in May 2022, we formulated our GHG Emissions Visualization Project. Under this project, we are working to visualize and reduce GHG emissions generated not only directly from our business but also throughout the value chain. For this project, we must identify specific reduction plans for each process along the value chain, including material procurement, product design, material selection, and manufacturing. There is also the need to obtain up-to-date and highly precise primary information on each material and formulate rules to accurately calculate GHG emissions from the entire value chain. For these reasons, we have obtained the support of Deloitte Tohmatsu Consulting LLC, a company with extensive knowledge and experience in providing comprehensive support for carbon neutrality.

By virtue of this project, in 2022 we formulated rules for calculating GHG emissions in accordance with the GHG Protocol, an international standard for calculating GHG emissions, and completed the development of a system that calculates the carbon footprint of products (CFP)\*<sup>1</sup> for each product, in addition to

calculations of each company. Also, through the cooperation of suppliers, we were able to obtain primary GHG emissions data\*<sup>2</sup> for each material, which is necessary for calculating CFP values, for approximately 80% (on a purchase amount basis) of materials procured mainly in Japan.

In 2023, we will work together with experts and various external organizations, such as those engaged in decarbonization initiatives, to verify consistency with international standards and strengthen our approach to GHG emissions calculation and disclosure. We will also undergo test runs of the calculation system, which we will work to reinforce along with calculation rules. Through these measures, we plan to provide specific CFP values to stakeholders for some of our products in 2024. The Unicharm Group will continue to steadily advance with Kyo-sei Life Vision 2030 and Environmental Targets 2030, resolve the issues of society and the environment through its business activities, and contribute to the betterment of local communities. In addition, through the appropriate disclosure of ESG information, we aim to become a company trusted by all stakeholders, including customers, shareholders and investors, suppliers, employees and their families, and local communities.

\*1 A system displaying GHG emissions from the entire life cycle of products and services, from the procurement of raw materials to disposal and recycling, by converting them into CO<sub>2</sub> emissions

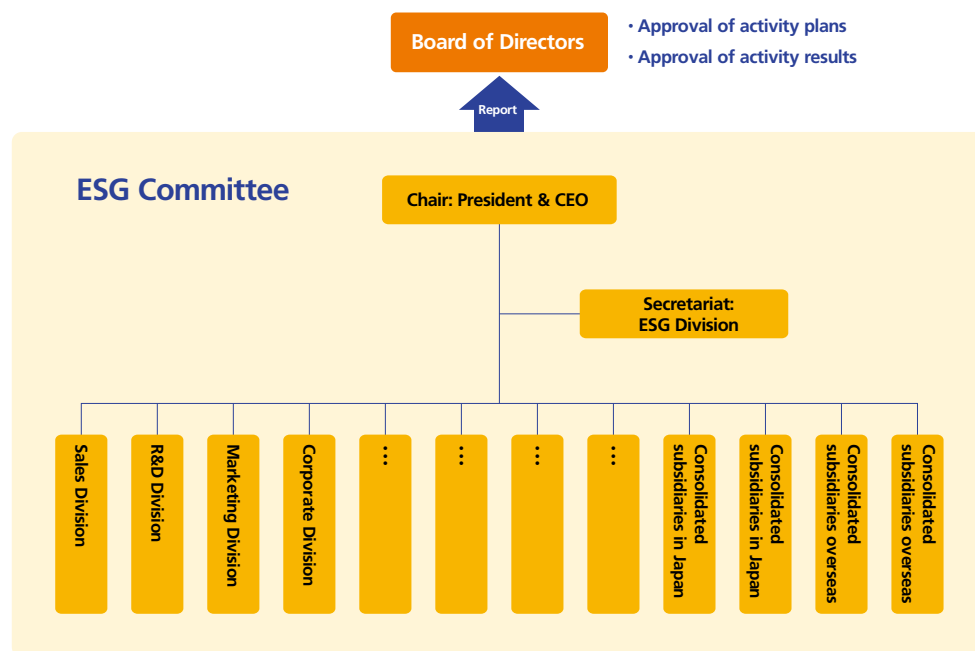
\*2 Data collected and measured by companies that engage in calculations at their own responsibility (i.e., amount of electricity used to manufacture their own products) or through interviews with external stakeholders (i.e., directly assess the GHG emissions of suppliers)

## Management Structure

2-9,2-12,2-13,2-14,2-17

### ESG Promotion Structure

Unicharm has a structure in place to seamlessly implement and promote ESG activities that fulfill the expectations of its stakeholders. 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 the status of ESG activities, which, in turn, is utilized in the Company's management.



### Functions of the ESG Committee

- ① Discuss and determine the progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals and 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

- 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
- Supply chain: Supplier policy, environmental issues, and sustainable procurement of forest resources and palm oil
- Biodiversity
- Development of environmentally friendly products

#### S: Core Themes

- Labor standards: Forbiddance of child and forced labor, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, and prevention of harassment
- Safety and health
- Human rights: Due diligence, children's rights, forbiddance of child labor, community employment, and complaint handling
- Society: Community investment and social contribution activities
- Responsibilities to customers: Responsible advertising and marketing and customer satisfaction
- Supply chain: Forbiddance of child and forced labor, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, safety and health, due diligence, and capacity building
- Product quality and safety

#### G: Core Themes

- Corruption prevention: Bribery prevention, insider trading, whistleblower hotline, education, and risk assessment
- Corporate governance
- Companywide risk management: Environment, society, corporate governance
- Compliance
- Tax transparency

The ESG Committee convened a total of four times in 2022 and held discussions on the following themes:

#### Main Themes of Discussion (2022)

Progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals, Environmental Targets 2030, and the medium-term management plan

- Use of renewable electricity
- Decarbonization initiatives
- Operation of the SDGs Theme Guideline, an internal guideline for contributing to sustainability
- Use of the Sedex platform and human rights initiatives
- Policy and progress on the production of the integrated and sustainability reports

# Communicating with Stakeholders

2-6,2-29

Guided by 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 all of its stakeholders through a wide range of methods.

## Communication Policy (Beliefs & Pledges) Primary Communication Methods

### Example Discussion Themes Specific to Each Stakeholder

#### Primary Communication Methods

General meeting of shareholders, results briefings, and overseas IR activities

#### Example Themes

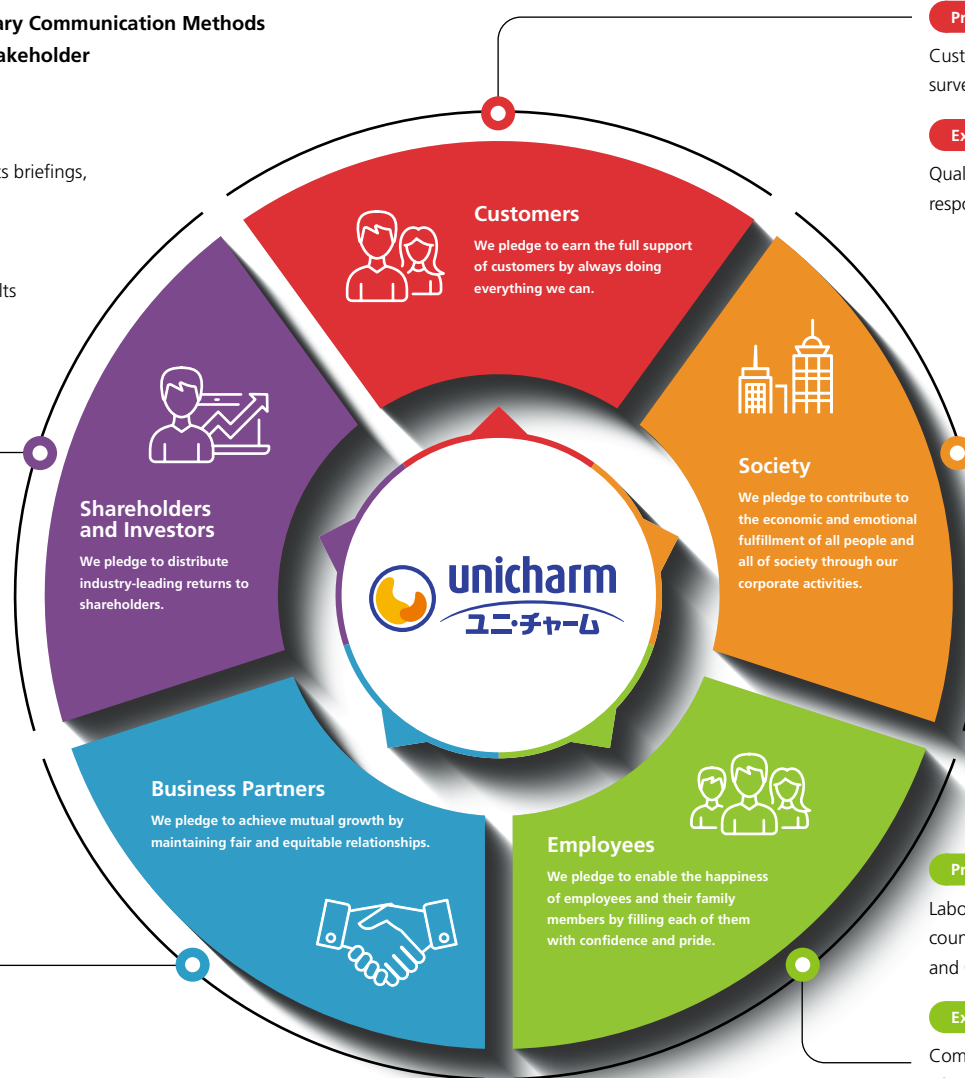
Summary explanations of financial results and sound company management

#### Primary Communication Methods

Growth strategy awareness-raising program, exhibitions and events, medium- to long-term policy briefings, 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

### Shareholders and Investors

We pledge to distribute industry-leading returns to shareholders.

#### 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

### Business Partners

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

### Employees

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

# Kyo-sei Life Vision 2030

2-6,3-1,3-2,3-3



## 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—(hereafter referred to as Kyo-sei Life Vision 2030), were 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

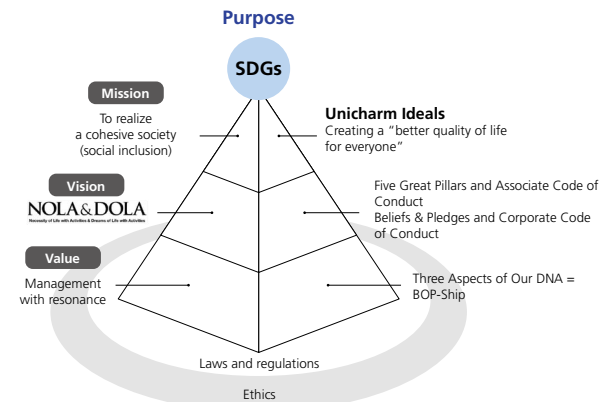
At Unicharm, we believe that our fundamental raison d'être, that is, our purpose, is to help achieve the United Nations' Sustainable Development Goals (SDGs). To better delineate the substance of this purpose and to further its accomplishment, we have broken it down into three key components: mission, 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 customers, freeing them of some of their burdens and enabling them to better focus their efforts on fulfilling their dreams. "Value" is the ambition and sense of duty that underlies our mission and vision, bringing it all together to serve a 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 report explains in detail the world we have envisioned for 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.

# Kyo-sei Life Vision 2030 For a Diverse, Inclusive, and Sustainable World

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

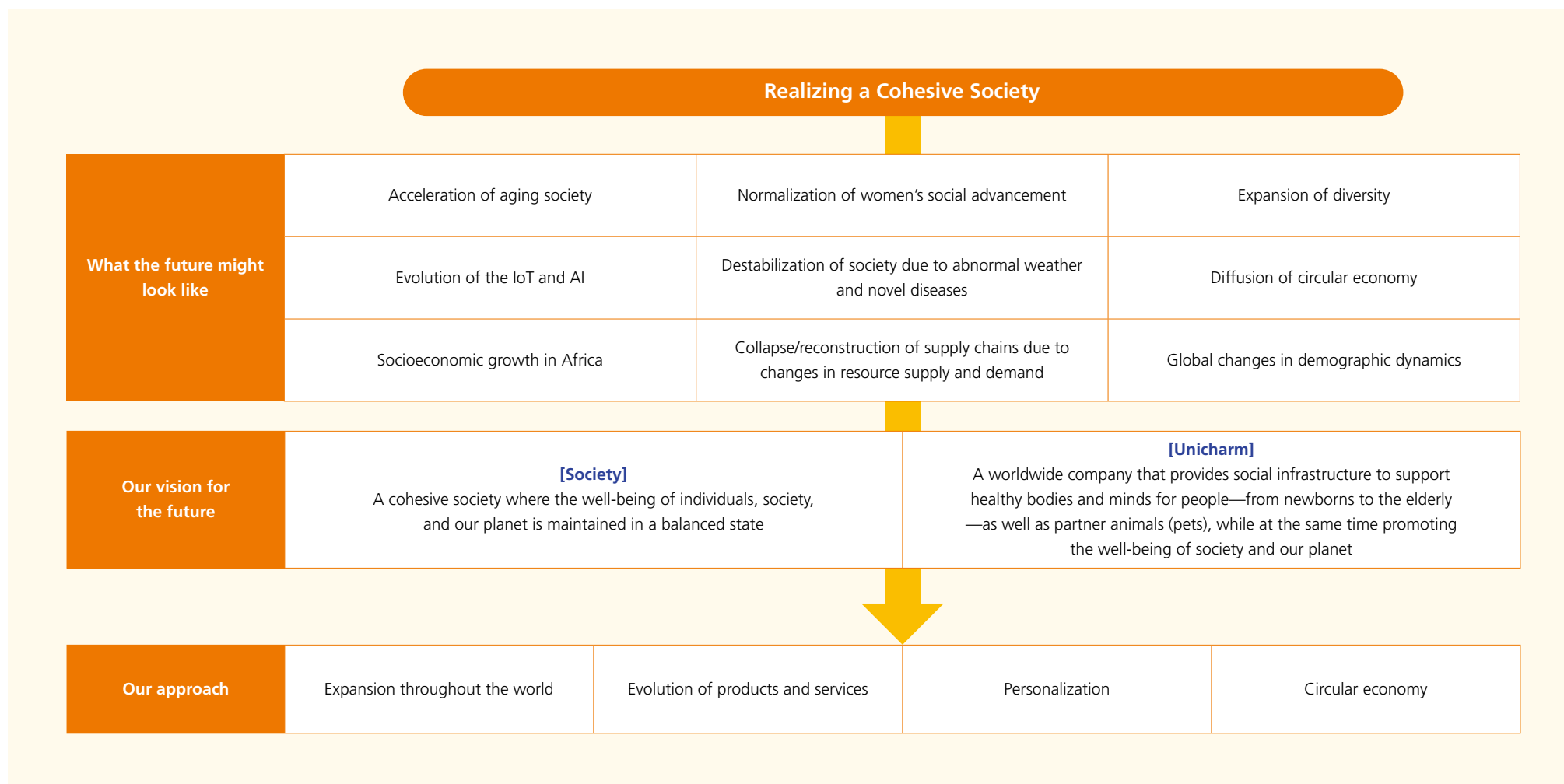
## Unicharm Principles

Safeguarding the well-being of society

Safeguarding the well-being of our planet

# Our Approach to Realizing a Cohesive Society by 2050

As described under “Positioning of Kyo-sei Life Vision 2030,” our mission is to realize a cohesive society. With the year 2050 set as the target date for bringing such a society into being, we will strive to realize our vision of the company we aspire to be and have conceived carefully focused approaches to draw closer to that vision from where we are today.



# Formulation of Kyo-sei Life Vision 2030

## 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 Standards, the SDGs, FTSE, MSCI, DJSI, etc.) based on four points of view.

#### 2 Internal assessment

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

#### 3 External assessment

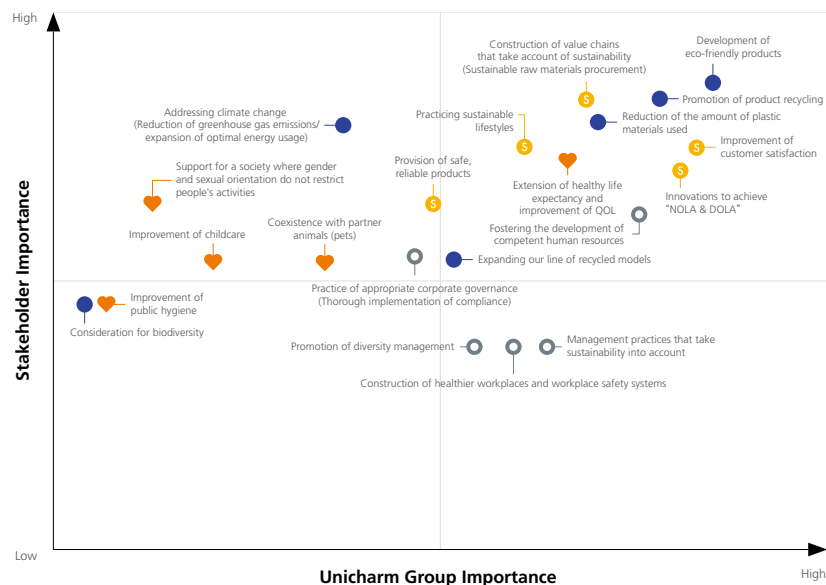
We asked 56 organizations to participate in surveys to assess the degree of importance assigned to various issues from an external viewpoint (stakeholders' viewpoint) and received responses from 32 organizations.

#### 4 Workshops with executive officers

We held workshops on the Sustainable Development Goals (SDGs) and other themes, at which executives offered their opinions about what society might look like in 2050 as well as possible directions the Company should take.

#### 5 Defining of 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.



### 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

## Phase 2

### Formulating 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.010 ESG Promotion Structure



# Key Initiatives, Indicators, Target Values, and Results

Key initiatives	Indicators	Results		Medium- to long-term goals	
		2021	2022	Target value	Target year
<b>Safeguarding the well-being of individuals</b> 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%	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%	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%	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%	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%	100%	2030
<b>Safeguarding the well-being of society</b> 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%	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	100%*	10.5%	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	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%	23.6%	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%	100%	2030
<b>Safeguarding the well-being of our planet</b> 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	2	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total	7.3%	11.0%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced	Development ongoing	1	10 or more	2030
Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	Development ongoing	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Development ongoing	Reduced by half (Compared with 2020)	2030
<b>Unicharm Principles</b> 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	1 (revised)	Zero	Every year
Practice of appropriate corporate governance	Number of serious compliance violations	Zero	Zero	Zero	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	22.5%	23.2%	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the "Growth through Work" section of the employee awareness survey	81.4% (Japan)	89.2%	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 (Japan)	4 employees (Japan)	Reduced by half (Compared with 2020)	2030

\* The 2021 result for "practicing sustainable lifestyles" was changed from number of cases (products and services) to percentage of products and services conforming to the SDGs Theme Guideline.

# Our Contributions to the SDGs

Key initiatives	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals	
<b>Safeguarding the well-being of individuals</b>																		
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			●	●		●		●			●	●	●		●			
<b>Safeguarding the well-being of society</b>																		
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			●					●				●						
<b>Safeguarding the well-being of our planet</b>																		
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							●	●				●	●	●	●			
<b>Unicharm Principles</b>																		
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

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.

## 2022 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. Only those products that fulfill these stage-gate criteria are put on the market. It is important that, by continuing to take advantage of this system, we remain fully committed to providing products and services that contribute to safeguarding the well-being of individuals in the years ahead.

In terms of our key initiatives for safeguarding the well-being of individuals, in 2022 we introduced our new *Lifree Easy-to-Walk-in Slim Diapers*, which offers additional convenience and comfort for day-to-day walking, as a part of our efforts to extend healthy life expectancy and improve quality of life (QOL). As for our other key initiatives, as a means to provide support for a society where gender and sexual orientation do not restrict people’s activities, we continued to offer corporate training programs and education on menarche and menstruation with a view to realizing a society where women can live their lives in the way they so wish. In terms of coexistence with partner animals (pets), we launched the GO WITH YOUR DOG Project, aiming to realize a society where partner animals (pets) and their owners can enjoy outings together as comfortably as possible. With respect to improvement of childcare, we introduced new mosquito-repellent products, helping to ensure healthy lifestyles for babies and the rest of their family. To improve public hygiene, we released new masks and wet wipes that reflect their diverse uses and needs, as a way of contributing to clean and comfortable environments.

## Extension of Healthy Life Expectancy and Improvement of QOL

### Background of Initiatives

As the percentage of the population aged 65 and over continues to increase year by year across the globe, Japan has become the world’s largest super-aging society. Improvements in medicine have enabled people to live longer lives on average while spurring greater interest in “healthy life expectancy”—the length of time for which people are able to live on their own without limitations due to health issues. Regardless of age, everyone wants to be able to lead an enriched social life in the way they so wish.

Unicharm offers products and services that provide care and support for various aging-related issues. By ensuring that people can lead active lives, no matter their age, through the appropriate use of such products, we will remain committed to extending healthy life expectancy.

### Key Initiatives / Case Studies

#### Lifree Easy-to-Walk-in Slim Diapers (Japan)

To enable users to walk more easily while wearing diapers, Unicharm released *Lifree Walking Assist Diapers*, a product that has gained the support of many customers since its debut in 2020. A customer survey was conducted, which found that those who used the product on a daily basis maintained higher levels of motivation for life and activities of daily living (ADL) compared with those who used it only when going out. In light of this result, the product was relaunched in April 2022 as *Lifree Easy-to-Walk-in Slim Diapers*, to underscore the product’s greatest feature of enabling users to walk easily so that it is used more frequently on a daily basis.

To ensure that it can be used regularly without any discomfort, *Lifree Easy-to-Walk-in Slim Diapers* was designed with a “pelvic support fit” structure, which alleviates the physical burden on legs and hips, while offering the feel of slim, soft, elastic, and breathable ordinary cloth underwear and allowing the legs to move forwards freely as the absorbent material adjusts in accordance with the movement of the legs.



“Pelvic support fit” structure: Supports the hips and surrounding area

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

## 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. Acknowledging this fact, at Unicharm, we promote awareness-raising activities and projects aimed at realizing a society where women are able to live their lives in the way they so wish, while providing products and services tailored to the local characteristics of each country and region by utilizing the know-how of our business activities that have been accumulated over the years. In so doing, we will help create a society where women throughout the world can shine.

## Key Initiatives / Case Studies

### #NoBagForMe Project (Japan)

The #NoBagForMe Project was introduced in June 2019 with the aim of realizing a society that enables as many women as possible to understand and make the right choices when it comes to menstruation care and to live their lives in the way they so wish.

In 2020, a corporate training program called "Education on menstruation for everyone" was developed to promote mutual understanding between the varying perspectives within the Company stemming from differences in gender and physical characteristics and conditions, by instilling proper awareness of the mechanisms of menstruation and women's health.

Meanwhile, in 2022 in addition to providing videos of the lectures, we introduced an instructor dispatch plan that was restructured so that it could be arranged to cover discussion themes tailored to the needs of participating companies and organizations. The training program and video content were provided to 158 companies and organizations in 2022.

Furthermore, in August 2022 Unicharm held the "Education on menstruation for everyone" program for around 50 junior and senior high school students who are members of the junior squad of FC Imabari, a J3 League professional soccer team in Japan, with which Unicharm has signed a top partner agreement. The training program was also held for approximately 250 members of Unicharm's management team in September 2022.



"Education on menstruation for everyone" for members of FC Imabari

## Education on Menarche and Menstruation (Worldwide)

Unicharm conducts lectures on menarche and menstruation for young women experiencing puberty, primarily in Asia, so that they are able to gain a proper understanding of menstruation and the way in which their bodies function. By extension, we aim to provide reassurance and peace of mind to these young women, even during menstruation, and help them lead healthy lives in the way they so wish.

In 2013, our local subsidiary in India launched an educational project in cooperation with local non-government agencies (NGOs) to educate students on the mechanisms of and the proper care to managing menstruation.

In 2022, lectures on menstruation were provided to students at more than 1,000 schools and universities in the Delhi Metro, Maharashtra, Rajasthan, and other areas. Approximately 483,000 students participated in this project over its 10-year period up to 2022.

We have also continued to provide such educational programs in Japan, China, Taiwan–Greater China, Indonesia, Myanmar, and Vietnam and promote efforts to raise awareness of menstruation through the information on our corporate website and the supply of educational materials and sanitary pad samples.

## ▶ Initiatives to Raise Awareness of Menarche and Menstruation Worldwide

Fiscal 2022 Results and Details	
India	<ul style="list-style-type: none"> <li>Educational programs on menarche and menstruation (including online lectures) held for approximately 101,000 students (1,200 schools) <b>1</b></li> <li>Educational sessions for both mothers and daughters held for approximately 1,800 mother–daughter pairs (74 times)</li> </ul>
Japan	<ul style="list-style-type: none"> <li>Information on menarche provided via First Body Navi website (in Japanese only) <b>2</b>  <a href="https://jp.sofygirls.com/ja/home.html">web https://jp.sofygirls.com/ja/home.html</a></li> <li>Around 180,000 menarche education sets provided in partnership with Nippon Calmic Ltd.</li> </ul>
China	<ul style="list-style-type: none"> <li>Sanitary pad samples and printouts for First Body Navi presented to 379 junior high school students in Ningxia</li> </ul>
Taiwan–Greater China	<ul style="list-style-type: none"> <li>Information provided via corporate website of local subsidiary</li> <li>9,250 sets of sanitary pad samples provided in cooperation with lingerie brand <i>Been Teen</i> to accommodate requests from healthcare teachers at elementary schools</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>78,484 users registered on Charm Girl's Talk menarche education website as of December 31, 2022</li> </ul>
Myanmar	<ul style="list-style-type: none"> <li>Resumption of menarche education program for 15,245 students (73 schools) <b>3</b></li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>Approximately 500,000 sets of sanitary pad samples provided to junior and senior high school students in Hanoi and other major urban areas and around 300,000 sets provided to industrial and suburban areas in the southern region of Vietnam</li> </ul>



## Coexistence with Partner Animals (Pets)

### Background of Initiatives

At Unicharm, we support organizations that work to prevent the culling of dogs and cats based on our belief in the importance of animal welfare. Through such initiatives and our supply of food, sanitary products, and services for dogs and cats, we aim to realize a society where people and their partner animals (pets) can 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 be regarded as members of their family. In light of this, we have remained devoted to helping maintain the health of partner animals (pets) and resolve their incontinence issues by providing delicious food that contains the necessary nutrients, as well as hygiene products and services that enrich the lives of people and their partner animals (pets) by creating stress-free and clean living environments, and enabling them to go out freely together. Going forward, we will continue to help realize a society where partner animals (pets) are welcomed not only by their families but also by people living in their communities.

### Key Initiatives / Case Studies

#### GO WITH YOUR DOG Project (Japan)

With the desire to realize a society where people and their partner animals (pets) can enjoy going out with more freedom and convenience, in April 2022 Unicharm teamed up with the tourism, food service, and a variety of other industries to launch the GO WITH YOUR DOG Project for its *Manner Wear* strong absorption diapers for partner animals (pets). Stickers were distributed to restaurants and business facilities that were in support of this project and the use of *Manner Wear* to indicate to customers that their establishments are dog friendly. In addition, we are rolling out a variety of other projects that enable people to enjoy outings with their dogs as comfortably as possible, such as a tour package, the first of its kind in Japan, that allows people to travel by plane with their dogs wearing *Manner Wear*, as well as corporate sponsorship of the GO WITH YOUR DOG MARATHON 2022, which allows people to experience the joys of sport together with their dogs.

Also, we have entered into a partnership agreement with Fighters Sports & Entertainment Co., Ltd., to provide an environment where people can enjoy watching baseball games with their dogs at the new ES CON FIELD HOKKAIDO baseball stadium located inside HOKKAIDO BALLPARK F VILLAGE, which opened in March 2023.



## Improvement of Childcare

### 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 provide products and services 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

#### MamyPoko Extra Dry Protect (Malaysia/Singapore)

#### ANTIMOS LENÇOS REPELENTE (Brazil)

Infectious diseases such as dengue fever are becoming a social concern in the regions of Southeast Asia, South Asia, and Latin America. As dengue fever is transmitted by mosquitoes, it is important to avoid mosquito bites. We hope to protect as many babies as possible from dengue fever through our products that come with mosquito-repellent features and our efforts to share information and raise awareness on infection-prevention measures.

For the Malaysian and Singaporean markets, in 2020 Unicharm introduced *MamyPoko Extra Dry Protect*, disposable diapers for babies that come with microcapsules containing lemongrass extract, which repels mosquitoes, on the tape of the diapers. The capsules are activated by rubbing them as the tape is put on and taken off, releasing the lemongrass extract and thereby repelling mosquitoes away from the disposable diaper. Natural ingredients are used for the lemongrass extract, making it safe even when it comes into contact with the baby's skin.



Meanwhile, for the Brazilian market, we released *ANTIMOS LENÇOS REPELENTE*, wet wipes containing a mosquito-repellent extract, in April 2022. As they are sheet-type mosquito repellents that leave very little residue and alleviate any concern over the chemical agent getting in the eyes or the mouth unlike mosquito-repellent sprays, *ANTIMOS LENÇOS REPELENTE* can be used safely not only by children but by all members of the family. These sheets come coated with a lemongrass scent and are designed to be effective in repelling mosquitoes from the moment the package is opened.



## Improvement of Public Hygiene

### Background of Initiatives

To address their diversifying usage and needs, Unicharm offers a lineup of masks that can be used comfortably throughout the year by everyone from children to adults. We are also introducing a new line of wet wipes in response to the changing awareness of consumers for cleanliness, helping ensure that they enjoy a hygienic and comfortable lifestyle. Demand for masks and wet wipes has also increased outside of Japan and, with this in mind, we are speeding up the development of such products on a global scale in an effort to help realize a more sanitary environment.

### Key Initiatives / Case Studies

#### Masks Tailored to Diverse Uses and Needs (Worldwide)

Masks are essential for preventing infection. Therefore, to ensure that they can be used comfortably year-round, Unicharm has continued to develop products that reflect its relentless pursuit of functionality and comfort and to address needs that vary according to use and scenario. For the Japanese market, we have an assortment of masks that come in a range of shapes and sizes so that they provide each user with optimal comfort and protection, including those that are specially designed for kindergarten- and lower elementary school-aged children. However, we found that for upper elementary school-aged children, who are in their growth phase, our masks for kindergarten- and lower elementary school-aged children were too small while those for adults were too big, requiring them to adjust the elastic ear loops on their own. To resolve this issue, in March 2022 we introduced *Ultra-Comfort Mask for Upper Elementary School Students*, ensuring that our lineup also caters to children aged 10 to 12 with a mask that fits perfectly on their faces as they continue to grow.

P.022 Innovations to Achieve “NOLA & DOLA”



Demand for masks is also apparent outside of Japan, as more and more people are now wearing masks as a way of preventing infections in the wake of COVID-19. Moving ahead, we will continue to expand and enhance our lineup of high-performance masks that deliver high added value to customers around the world and help ensure healthy lifestyles in the process.



#### Silcot Alcohol-Free Disinfectant Wet Wipes for Outdoor Use\* (Japan)

People have become increasingly keen to maintain cleanliness and sterilization has become a daily routine in their lives as a result of COVID-19. As most products used for sterilization purposes have some level of alcohol content, one in every two users suffers from skin irritation due to this new daily routine. A survey we conducted revealed there is a large number of people looking to use wet wipes that are alcohol-free, easy on the skin, and unscented while equaling the disinfection results of alcohol-type wet wipes. In September 2022, we addressed this need with the release of *Silcot Alcohol-Free Disinfectant Wet Wipes for Outdoor Use*, which are made of thick mesh sheets that can be used to wipe away the surrounding bacteria. As high concentrations of benzalkonium chloride are used in place of alcohol components, this product can also be used to easily remove bacteria outside of the home, despite its lack of alcohol content.

\* Wet wipes do not completely eliminate bacteria.





### Key Initiatives

## 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.

### Our Basic Approach and Strategy

Unicharm constantly provides products and services that aim to improve the safety, security, and satisfaction of consumers. To that end, it is essential that we take sustainability into account when procuring raw materials and developing products. At Unicharm, we share our philosophy with regard to safety, quality, and the environment with our suppliers and build a cooperative relationship with them through close-knit collaboration via two-way communication. In so doing, we aim to resolve social issues and contribute to sustainability throughout the entire value chain.

### 2022 Results

The pursuit of “innovations to achieve ‘NOLA & DOLA’,” one of our key initiatives for safeguarding the well-being of society, means creating products and services that free people from various burdens and enable finding enjoyment in life. We believe that creating such added value is about providing value to society and helping resolve its various issues.

As an example of our efforts in this area, in 2022 we improved our *Unicharm Face Visible Mask* to make it more comfortable to wear, helping enhance communication in today's world where it is common to wear a mask. As for our other key initiatives, from the perspective of practicing sustainable lifestyles, we continued with the operation of the SDGs Theme Guideline to continue to enhance the quality of our products and services. The guideline consists of three indicators: reducing input, increasing output, and contributing to the achievement of the SDGs. From the viewpoint of constructing value chains that take account of sustainability, we increased our line of factories with chain of custody (CoC) certification from the Programme for the Endorsement of Forest Certification Schemes (PEFC),\* an international forest certification scheme, as a means to procure forest resources and produce products that reflect our commitment to sustainability. With respect to improving customer satisfaction, we took measures to increase the ratio of products and services that have won the support of consumers or, in other words, acquired a leading market share. As for the provision of safe, reliable products, we acquired OEKO-TEX® STANDARD 100 certification, thereby further ensuring the safety and reliability of our products.

\* A forest certification scheme introduced in 1999. PEFC certification has been obtained by factories in over 50 countries and regions.

## Innovations to Achieve “NOLA & DOLA”

### Background of Initiatives

Our mission is to realize a cohesive society, where 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.

In the COVID-19 era, it is common to wear a mask to prevent the spread of viruses, making it 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 for people who are hard of hearing, many of whom communicate by reading the mouth movements of others. To address these challenges, Unicharm developed a mask that facilitates the reading of mouth movements and facial expressions while ensuring that users do not come into contact with droplets, working to continue to fulfill its responsibilities to society as a supplier of masks.

### Key Initiatives / Case Studies

#### Unicharm Face Visible Mask (Japan)

Aiming to create a mask that protects the user from droplets and provides clear visibility of the user's face, we released *Unicharm Face Visible Mask* in 2021. In addition to those who are hard of hearing, this mask is used to enhance communication in nursery schools, kindergartens, cram schools, and other educational settings, as well as nursing homes, the hospitality industry, and media organizations, where there is a need for language education and expressing one's emotions. The wide transparent film used on *Unicharm Face Visible Mask* allows 70%\* of the user's face to be seen. These masks are also 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 and can be washed and reused, ensuring high levels of comfort and hygiene for all users.

In October 2022, this product was revised to further reduce fogging and by adding a cloth to prevent the transparent film from coming into direct contact with the cheeks, ensuring greater comfort.

\* Degree of visibility of the facial area below the eyes



#### Honored at the 7th Consumer-Oriented Activities Awards, Hosted by the Association of Consumer Affairs Professionals (ACAP)

In February 2022, Unicharm was honored at the ACAP's 7th Consumer-Oriented Activities Awards in recognition of its *Unicharm Face Visible Mask*, which was developed and released to the market after learning about the difficulties faced by people who are hard of hearing and have speech impediments.

## Practicing Sustainable Lifestyles

302-5

### 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 2021 we commenced operation of 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 was established and is operated to constantly improve the quality of our products and services. To further clarify this commitment, we formulated the following indicators: reducing input, increasing output, and contributing to the achievement of the SDGs through our products and services.

#### (1) Reducing input

Contribute to reductions in environmental impact through less use of raw materials

#### (2) Increasing output

Ensure greater customer satisfaction by providing even more value through our products and services than in the past

#### (3) Contributing to the achievement of the SDGs

Play a key role in resolving environmental and social issues toward the achievement of the SDGs, while attaining indicators (1) and (2)

We have set forth as indicators reducing input by 10%, increasing output by 10%, contributing to the SDGs, for which we will adopt key themes for contributing to the achievement of the SDGs.

#### Examples of Key Themes for Contributing to the Achievement of the SDGs

- Expand our use of raw materials that can be procured in their country and region of production
- Promote the use of renewable raw materials and materials reproduced through the recycling of used products
- Embrace the challenge of realizing a plastic-free society
- Propose new recycling and reusing practices

Because the SDGs Theme Guideline began operating in January 2021, our disclosure of fiscal 2021 results was limited to simply the number of products that conformed to this guideline. In fiscal 2022, the second year of its operation, due to the increasing number of products conforming to the guideline, we disclosed the ratio of such products, which was 10.5%. Examples of products conforming to the guideline include *Lifree Feel-at-Ease Pad for Use with Daily Underwear*, 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 brand of dog food containing freeze-dried chicken breast strips and vegetables and underscores the importance of deliciousness, quality, and health.

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

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





## Construction of Value Chains That Take Account of Sustainability

### Background of Initiatives

The products and services Unicharm provides are closely connected to environmental matters, such as resource use and waste generation. When it comes to pulp, paper, and other forest-derived raw materials, which are widely used in our products, it is particularly important that we use sustainably sourced raw materials. For that reason, we established the Basic Policy of Procurement and the Unicharm Group Sustainable Procurement Guidelines to form strong partnerships with the suppliers of our raw materials. In addition, we have further clarified our approach to protecting biodiversity in our Forest-Derived Raw Materials Procurement Guidelines. By operating these guidelines effectively, Unicharm will work to build a value chain that takes account of sustainability.

P.102 Supply Chain Management

### 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 paper, we procure forest-certified materials and materials from well-managed forests, while also investigating the place of origin of our materials. In 2020, we acquired chain of custody (CoC) certification (management certification for fabricating and distribution processes) from the international forest certification system PEFC in Indonesia, Thailand, Japan, South Korea, Malaysia, and the U.S. Furthermore, in 2022 our Mie Factory in Japan became the latest factory to acquire CoC certification. Accordingly, as of December 31, 2022, 56.0% (14 out of 25) of our certification-eligible factories were CoC-certified and the ratio of PEFC-certified pulp was 72.3%.

To promote and expand awareness of our efforts to consumers, we have included PEFC-certified labels on the product packaging of disposable diapers for babies, such as *Moony Natural* and *Moonyman Natural* in Japan, *MamyPoko* in South Korea, and *MamyPoko Pants* and *PETPET Pants* in Malaysia, products produced at our CoC-certified factories.

In November 2022, we held the Forest Certification Joint Promotion Ceremony with the Sustainable Green Ecosystem Council (SGEC) and PEFC Japan and concluded a memorandum of understanding (MoU) for the joint promotion of sustainable forest use and protection.



Exchanging the MoU at the Forest Certification Joint Promotion Ceremony

#### ▶ Examples of product packaging featuring the PEFC-certified label *Moony Natural* and *Moonyman Natural* (Japan)



#### *MamyPoko* (South Korea)



#### *MamyPoko Pants* and *PETPET Pants* (Malaysia)



P.057 Expanding the Use of Certified Pulp (PEFC- and CoC-Certified)

## Improvement of Customer Satisfaction

### Background of Initiatives

The Unicharm Ideals declare that “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.” Meanwhile, as stated in the Beliefs & Pledges and Corporate Code of Conduct, “We pledge to earn the full support of customers by always doing everything we can.” Through the products and services it provides, Unicharm is constantly working to improve customer satisfaction and increase its leading market share.

### Key Initiatives / Case Studies

#### Increasing Our Leading Market Share by Improving Customer Satisfaction (Worldwide)

The vast array of products and services we offer are attracting greater demand in all regions of the world as an integral part of realizing clean and healthy lifestyles. Unicharm currently operates in roughly 80 countries and regions and boasts a market share of 23.6%.

Going forward, we will work to continue to win the support of customers by achieving higher levels of customer satisfaction through the products and services we provide.

### Japan

#### Products with Leading Market Share

##### Personal Care Business

- Adult incontinence care products
- Masks
- Sanitary pads
- Disposable baby diapers
- Baby wipes
- Personal cleansing wipes
- Cosmetic cotton

##### Partner Animal (Pet) Care Business

- Toilet-related products for dogs
- Toilet-related products for cats

### Asia

#### Products with Leading Market Share

##### Personal Care Business

- Adult incontinence care products
  - Taiwan–Greater China, Thailand, Indonesia, and Vietnam
- Sanitary pads
  - Taiwan–Greater China, Thailand, Indonesia, and Vietnam
- Disposable baby diapers
  - Thailand, Indonesia, Singapore, and Vietnam

### Other (Regions)

#### Products with Leading Market Share

##### Personal Care Business

- Disposable baby diapers
  - Saudi Arabia

##### Partner Animal (Pet) Care Business

- Animal healthcare products
  - United States

Note: Based on research by Unicharm

## Provision of Safe, Reliable Products

### Background of Initiatives

In light of many of Unicharm’s products coming into direct contact with the skin, we strive to provide products that customers can use with peace of mind. To provide safe and reliable products and services, we have established internal quality standards and are taking measures to ensure safety throughout the entire product life cycle, from the procurement of materials to product development, customer use, and disposal. At the product development stage, we conduct risk assessments that take account of various product uses and disposal methods as well as usage tests on products made of materials that are verified to be safe.

### Key Initiatives / Case Studies

#### Acquisition of OEKO-TEX® STANDARD 100 Certification (Worldwide)

At Unicharm, we are working to expand our line of products that have been accredited with the OEKO-TEX® STANDARD 100 certification, which attests to world-class levels of textile safety. OEKO-TEX® STANDARD 100 is an international safety certification for textile products given only to products that clear strict standards after analysis and testing for more than 350 types of harmful substances by authorized testing institutes that belong to the international consortium called OEKO-TEX®. To use the STANDARD 100 label, which assures high standards of safety, all of the raw materials used in the product must clear the specified safety criteria.

In Japan, our STANDARD 100-certified products include *Moony Natural*, *Moonyman Natural*, and *Moony* (tape-type) disposable baby diapers and *Silcot Premium Cotton* cosmetic cotton. In addition, our STANDARD 100-certified *Moony Natural Unbleached* (tape-type)\* disposable baby diapers were released for a limited time in August 2022. These products are sold in Taiwan–Greater China, Russia, and Australia and are a prime example of our efforts to continue to expand our line of safe and reliable products across the Group.

\* Sheet inside the diaper contains unbleached pulp

P.078 Quality Assurance





## Key Initiatives

# Safeguarding the well-being of our planet

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

Reducing impact on the global environment is becoming extremely pressing and companies are playing an increasingly important role in making a sustainable society a reality. Unicharm recognizes that "safeguarding the well-being of our planet" is imperative to the sustainable development of its business. With this in mind, we have declared, in detail, our environmental targets in Kyo-sei Life Vision 2030 and Environmental Targets 2030 and are working to achieve them through a Groupwide effort. By way of the hygienic and convenient products and services it provides, Unicharm aims to innovate new solutions for protecting and supporting the global environment.

## 2022 Results

Unicharm is working to reduce CO<sub>2</sub> emissions across the entire value chain, from the procurement of raw materials to production and disposal. In terms of addressing climate change (one of our key initiatives for safeguarding the well-being of our planet), because the majority of the CO<sub>2</sub> emissions generated directly from our business are classified as Scope 2 (electricity used in manufacturing, etc.), we have declared it a goal to convert to renewable energy\* for 100% of the electricity used in our business activities by 2030 and are making steady strides to that end. In 2022, 11.0% of our Group's energy use was in the form of renewable electricity, contributing to reductions of roughly 30,000 tons in CO<sub>2</sub> emissions. With respect to the development of eco-friendly products and expanding our line of recycling models (two of our other key initiatives for safeguarding the well-being of our planet), we continued to forge ahead with the recycling of used disposable diapers, an area in which we have been developing new technologies and conducting demonstration trials since 2015. Also, in June 2022 we began testing the use of *Lifree* disposable adult diapers, which use recycled materials as part of the absorbent paper, at nursing care facilities in Kagoshima Prefecture. As for reducing the amount of plastic materials used, in addition to designing slimmed-down products, we are developing products made from plant-derived materials, adopting thinner packaging made of paper, and switching to the use of paper materials for sales promotional items, through which we are reducing the use of petroleum-derived plastics.

\* Electricity generated from natural energy sources such as wind power, solar power, biomass, and small-scale hydropower

## Addressing Climate Change

### Background of Initiatives

With the effects of climate change increasing year after year, Unicharm recognizes that reducing CO<sub>2</sub> emissions is of the highest priority for addressing environmental issues. Therefore, to contribute to achieving the 2°C scenario outlined in the Paris Agreement, we received certification in June 2018 for our CO<sub>2</sub> reduction plans up to 2045 under the Science Based Targets initiative (SBTi). Currently, we are considering the adoption of the 1.5°C target.

### Key Initiatives / Case Studies

#### Shifting to Renewable Electricity

**Japan** In 2022, we converted to renewable electricity using FIT Non-Fossil Certificate With Tracking\* at five factories, including the Saitama Factory in March and the Mie Factory and three factories of Peparlet Co., Ltd., in Shizuoka Prefecture in April. As a result, virtually all of the energy used at these five factories (approximately 22 million kilowatts) will be in the form of renewable electricity, which will lead to reductions of roughly 9,500 tons in CO<sub>2</sub> emissions per year.

**China** In April 2022, our local subsidiary in China commenced solar power generation at the Tianjin Factory and the Jiangsu Factory. As a result, roughly 25% of the energy used at these factories will be in the form of renewable electricity, which we expect will lead to reductions of around 9,300 tons in CO<sub>2</sub> emissions per year.



**Indonesia** In July 2022, our local subsidiary in Indonesia completed the first phase of installations of solar power generators at the Karawang Factory and commenced power generation. As a result, around 11% of the energy used at this factory will be in the form of renewable electricity, which we expect will lead to reductions of around 7,200 tons in CO<sub>2</sub> emissions per year.



\* Non-fossil certificates that separate the non-fossil value of electricity generated from non-fossil sources, derived from solar, wind, hydroelectric, geothermal, biomass, and other renewable energy sources

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

301-2, 301-3, 306-2

## Background of Initiatives

With the advent of Japan's super-aged society, the use of disposable diapers continues to increase and in 2030 used disposable diapers are expected to account for around 7% of total household waste by weight. In March 2020, the Ministry of the Environment disclosed 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 CO<sub>2</sub> 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

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

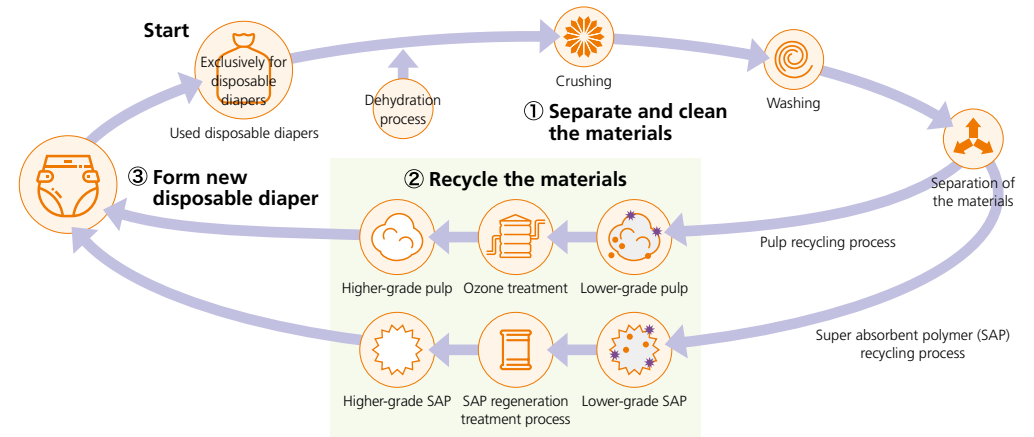
As the first phase of our Recycle for the Future (Reff) Project, which aims to create a new future through recycling, we are proceeding with the operation of our horizontal recycling system. Through this system, used disposable diapers are collected and recycled by washing and separating them, after 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.

As a part of this project, we conducted demonstration trials with Shibushi City and Osaki Town of Kagoshima Prefecture and, in June 2022, began testing the use of *Lifree* disposable adult diapers, which use recycled materials as part of the absorbent paper, at nursing care facilities in Kagoshima Prefecture. Our goal is to develop a recycling model that can be deployed not only in Japan but also overseas and implement it at over 10 municipalities by 2030.

**web** Notes for reflecting on the future of Unicharm's disposable diapers (in Japanese only)  
[https://note.com/unicharm\\_ref](https://note.com/unicharm_ref)



## ▶ Recycling of used disposable diapers



## ▶ Comparison between incineration and recycling of disposable adult diapers used by 100 people per year



Based on research by Unicharm

By expanding opportunities to enable as many people as possible to take part in the Reff Project, we hope to realize a future where the recycling of disposable diapers is a common practice in daily life. Therefore, in November 2022 we held a special class for fifth-grade students at Shibushi Elementary School in Shibushi City, Kagoshima Prefecture, in the hope that these children, who are the future of our society, would learn about the world's most advanced recycling technology and be inspired to think about the effective use of resources. In the special class, students were introduced to a technology for recycling used disposable diapers and took part in an arts and crafts workshop where they used paper clay made from pulp that was extracted and recycled from used diapers. Through this event, students were able to learn about the quality, safety, and environmental friendliness of pulp recycled from used diapers.



Special class in session



Works of fifth-grade students using paper clay made from recycled pulp

# Reduction of the Amount of Plastic Materials Used

## Background of Initiatives

Because marine plastic waste is not biodegradable, it remains in the ocean for long periods of time and poses various impacts on the natural environment and biodiversity. At Unicharm, we are committed to realizing a sustainable circular economy and fulfilling our responsibilities as a manufacturer that uses plastics. To these ends, in May 2022 Unicharm participated in the Plastic Circular Challenge 2025, organized by the World Wide Fund for Nature (WWF) Japan. In addition to our goal of reducing plastic use as set forth in Kyo-sei Life Vision 2030 and Environmental Targets 2030, we established the goal of reducing the amount of plastic used in sales promotional items by 50% compared with 2019 levels by 2025, accelerating our measures to reduce plastic waste.

**P.041** Our Commitment to Reducing Plastic Use through Participation in Plastic Circular Challenge 2025

## Key Initiatives / Case Studies

### CHARM Herbal Ansept+ Bio (Indonesia)

Since 2021, our local subsidiary in Indonesia has continued to introduce new environmentally friendly products in conjunction with World Environment Day. These products include *CHARM Herbal Ansept+ Bio*, sanitary pads made from materials containing biomaterials\* that were released for a limited time in 2022. For this product, we use biomaterials made from sugarcane pomace, which would otherwise be discarded, on the top sheet that makes contact with the skin, the backsheet film that comes into contact with the underwear, and the individual wrapping and packaging. Through the release of such products, Unicharm is reducing the use of petroleum-derived plastics and urging consumers in Indonesia to contribute to reductions in plastic waste.

\* Materials that use biomass plastic for a portion of their plastic components

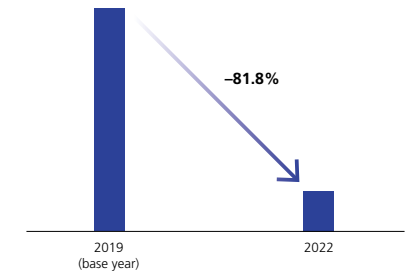


## Reducing Plastic Use in Sales Promotional Items (Worldwide)

Unicharm is promoting the use of less plastic for not only its products and packaging but also the sales promotional items used for retail product displays. We have declared the goal of reducing the amount of plastic used in sales promotional items by 50% compared with 2019 standards by 2025 and to zero by 2030 across the Group, and are proceeding with the measures necessary to those ends. More specifically, we are replacing the plastic used in display hooks and fixtures and point-of-purchase (POP) displays with paper materials and are developing racks made of paper.

As a result of these and other efforts, in 2022 the amount of plastic used in sales promotional items in Japan decreased by 81.8% compared with 2019 standards. Our best practices in Japan will be shared with our subsidiaries overseas with the aim of reducing plastic use across the entire Group.

## Amount of Plastic Used in Sales Promotional Items (Japan)



Sales promotional items made from paper

**P.041** Plastic Waste Reduction Measures



## Key Initiatives

## Unicharm Principles

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

### 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 growth and happiness of each employee can be made a reality through the promotion of diversity management and human resource development.

### 2022 Results

With respect to management practices that take sustainability into account (one of our key initiatives for the Unicharm Principles), we use the Sedex\*<sup>1</sup> platform to assess and monitor human rights risks along the value chain. In the case of one violation that was deemed a “serious human rights violation in the value chain,” we discussed the matter with the supplier and rectified the issue. As for the practice of appropriate corporate governance, we held compliance-related workshops, distributed email newsletters, posted information on the Company intranet, and took other measures to enhance compliance awareness throughout the Group. In regard to the promotion of diversity management, we expanded the scope of our Room L+ mentorship system, an initiative that helps female employees build networks, as well as introduced our Empower Mentor System as a way to provide individual support to female candidates of department head and director positions. These systems have strengthened our measures to promote more active roles for women. In terms of fostering the development of competent human resources, we monitored employee awareness by conducting surveys and implemented the online learning platform LinkedIn Learning as a way to reskill our employees. Regarding the construction of healthier workplaces and workplace safety systems, we took a range of actions to ensure and improve the health of employees, while providing training programs on ways to maintain mental health and well-being and monitoring them through stress checks. Through these and other measures, we continue to create a workplace environment where employees can work with peace of mind while maintaining their mental and physical well-being.

## Management Practices That Take Sustainability into Account

412-1

### Background of Initiatives

Unicharm 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 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.

### Key Initiatives / Case Studies

#### Utilizing the Sedex Platform to Promote Respect for Human Rights and Establish Better Working Environments (Worldwide)

As an AB (buyer/supplier) 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

In 2022, 40 out of 41 business sites responded to the Sedex Self-Assessment Questionnaire (SAQ). 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. In addition, Sedex Members Ethical Trade Audit (SMETA) audits\*<sup>2</sup> were held at six business sites and the issues identified as a result were confirmed as rectified.

##### (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, 2022, we have received cooperation from 76% of all material suppliers and contract manufacturers. Meanwhile, in October 2022 we held our medium- to long-term briefing session, at which we requested the understanding and cooperation of suppliers on the use of the Sedex platform.

\*1 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 74,000 business members in 170 countries and regions use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

\*2 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.

## Practice of Appropriate Corporate Governance

410-1

### Background of Initiatives

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 practice of “proper corporate management principles” stated in the Unicharm Ideals. Accordingly, the basic policy toward corporate governance is to achieve highly transparent, fair, prompt, and bold management through frank and proactive engagement that will gain the support of various stakeholders, create initiatives in response to ESG issues, and carry out the preservation and further development of an environment that enables appropriate decision-making by management without missing any opportunities.

### Key Initiatives / Case Studies

#### Initiatives to Raise Compliance Awareness (Worldwide)

To raise the awareness of executives and employees toward compliance with laws and regulations and prevent the occurrence of compliance problems, we hold workshops for directors and employees and offer compliance-related training curriculums for new employees. In addition, through the distribution of email newsletters and the posting of information on the Company intranet, we strive to enhance compliance awareness across the Group by continuing to widely share information on revised laws and compliance related to our business.

As a part of our initiatives to raise compliance awareness overseas, Unicharm’s local subsidiary in India conducted harassment training for roughly 700 employees in the sales department in 2021 and for around 940 employees in the staffing and production departments in 2022, with the intent of preventing workplace harassment. Meanwhile, in Japan, in conjunction with the enforcement of the amended Whistleblower Protection Act, we revised our whistleblowing system while enhancing its effectiveness by training employees and ensuring their awareness of workplace harassment.



Harassment training for production department employees in India

P.126 Compliance Education and Training

## Promotion of Diversity Management

405-1

### Background of Initiatives

Unicharm aims to be a company where employees from diverse backgrounds can demonstrate their individualities and abilities to the fullest by recognizing and respecting each other’s differences in nationality, race, religion, gender, sexual orientation, age, ancestry, and disability. To achieve this goal, we are working to create a workplace environment and a human resource system that allows employees to continue to play an active role at any stage of their lives, regardless of gender.

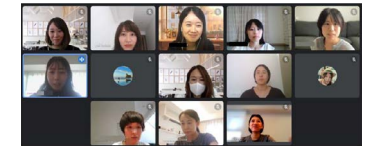
### Key Initiatives / Case Studies

#### Number of Women in Management Positions (Worldwide)

At Unicharm, we are working to increase the ratio of women in management and executive-level positions by providing various opportunities for female employees.

In Japan, we launched our Room L+ mentorship system in 2021 to help female employees build networks and overcome and resolve their career-related and personal concerns through mentorship programs and discussions. In 2022, we provided new venues for sharing information with the additions of the Maternity Leave Room L+ system for employees returning to work from maternity and childcare leave and the Development Room L+ system tailored to specific positions. Moreover, we also introduced the Empower Mentor System, which provides individual support to female candidates of department head and director positions as well as training for director candidates through one-on-one mentoring with executive officers and information exchange meetings.

As a result of these measures, 23.2% (14.4% in Japan, 29.2% overseas) of management positions were held by women as of December 31, 2022. We will continue to provide a number of opportunities to our female employees to increase the ratio of female managers across the Group to 30% by 2030 over the course of Kyo-sei Life Vision 2030.



Maternity Leave Room L+

#### Selection in the 2023 Bloomberg Gender-Equality Index

For the third consecutive year, Unicharm has been selected for the Bloomberg Gender-Equality Index, which recognizes companies that excel at disclosing gender-related information and gender-equality initiatives.



P.092 Diversity and Inclusion

## Fostering the Development of Competent Human Resources

404-2

### Background of Initiatives

To continue to ensure that our people are the driving force behind corporate value as stated in the Unicharm Group Global Human Resources Philosophy, we must nurture the employees who will shape the future of our company. To this end, we are enhancing our human resource policies to enable each employee to pursue their own dreams and aspirations while respecting their independence by allowing them to receive training anywhere and anytime and strengthening our training programs by drawing on the use of digital technology. In the process, we will develop employees into individuals who have the ability to help resolve the issues of society and the environment.

### Key Initiatives / Case Studies

#### Employee Surveys and Human Resource Development (Worldwide)

At Unicharm, we conduct employee surveys once a year at all Group companies to verify employee awareness and satisfaction toward work. The survey is translated into eight languages so we can receive responses from employees at our overseas subsidiaries and is conducted on an ongoing basis. It is used not only to motivate employees and facilitate organizational reform but also as a reference when considering various human resource and management policies. We aim to create a virtuous cycle in which employees develop through their work, which, in turn, leads to the growth of our business. For that reason, Unicharm has been monitoring the ratio of positive responses to the “Growth through Work” section of the employee survey, which was 89.2% in 2022.

To provide employees with a stepping stone for further growth, we also implemented LinkedIn Learning, an online learning platform that allows employees to study at their own pace and without being bound by time or location, at our business sites in Japan and 12 subsidiaries overseas. In 2022, a total of 16,463 courses were held, which were utilized by around 3,400 employees, who spent an average of 1.9 hours on their studies in the year. We will continue to provide information in such ways to help employees maintain their desire to continue learning and acquire new skills.

In Japan, the Scrum\* Leader On-the-Job Training (OJT) Workshop was established and held for the first time in 2022, which was attended by 245 scrum leaders. The workshop is an opportunity for scrum leaders to learn about how behavioral changes can lead to the simultaneous achievement of strategy execution and human resource development. Through daily OJT, we aim to have scrum members and leaders grow together and, going forward, this workshop will be expanded across the Group as mandatory training for new leaders.

\* The Company's smallest organizational unit referring to a group or section.

## Construction of Healthier Workplaces and Workplace Safety Systems

403-10

### Background of Initiatives

To fulfill our goal of realizing a cohesive society, it is essential that our employees are able to work in a vibrant and healthy manner. To this end, we are promoting a variety of health management initiatives, including employee health checks, balanced work-styles, and mental health awareness in order to create a workplace environment where employees can fully demonstrate their abilities while ensuring their physical and mental well-being.

### Key Initiatives / Case Studies

#### Creating a Workplace Environment Conducive to the Health and Well-Being of Employees (Japan)

We are working to maintain and help promote the health of our employees through a variety of measures, including health checks, physical fitness tests, and one-on-one stretching programs. Each month, Unicharm issues its Healthy Lab Newsletter, which covers seasonal health-related themes, offers advice and information on ways to maintain good health and mental well-being, and recommends moderate exercises to prevent a lack of physical activity. We will continue to promote such activities to enhance the health literacy of our employees so that they are able to maintain and improve their health on their own.

To advance one step further from managing employee health to preventing mental disorders and illnesses, Unicharm provides training programs on ways to maintain mental health and well-being as well as stress checks once a year. Whenever employees are identified as having high stress levels, they are strongly encouraged to consult with an industrial physician or a public health nurse immediately. In these ways, we strive to create a workplace environment where employees can work reassuringly while maintaining their mental and physical well-being.



Physical fitness test in session

#### Recognized for the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)

Unicharm was recognized by the Ministry of Economy, Trade and Industry (METI) in Japan for the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise category). This certification program is an initiative promoted by the METI to achieve a healthy and sustainable society and it recognizes companies that regard the management of employee health as a managerial responsibility and strategically take measures to maintain and promote the health of its employees.





# Environment



## 033 Environmental Management

033 Basic Environmental Policy and Environmental Targets

## 038 Waste and Resource Utilization

038 Recycling-Based Society  
041 Plastic Waste Reduction Measures

## 045 Climate Change

045 Zero-Carbon Society  
049 Disclosure Based on the TCFD Recommendations

## 055 Biodiversity

055 Biodiversity Conservation

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061 Water Recycling-Oriented Society

## 063 Environmental Data

# Environmental Management

## Basic Environmental Policy and Environmental Targets

2-12, 2-13, 2-23, 2-24, 3-1, 3-2, 3-3

### 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. Accordingly, as we expand operations globally with a focus on Asia, our role and responsibility in reducing environmental impact continues to increase year after year.

In order to pass on a beautiful Earth to future generations, we recognize that our role as a manufacturer of consumer goods is of major importance and we will contribute to the achievement of the Sustainable Development Goals (SDGs), the Paris Agreement, and other goals through our business, in accordance with the Unicharm Group Basic Environmental Policy.

We will also promote environmentally friendly manufacturing in all our business activities and provide products and services that bring comfort, excitement, and joy to people all over the world, thereby contributing to the realization of a sustainable society that protects the global environment and brings economic prosperity.

Under Environmental Targets 2030, formulated in May 2020, we set targets to achieve by 2030, based on our vision for 2050, for our response to three environmental issues: plastic waste, climate change, and deforestation. Meanwhile, in Kyo-sei Life Vision 2030, our medium- to long-term environmental goals announced in October 2020, we established initiatives under the theme of safeguarding the well-being of our planet and are taking the measures necessary to achieve these targets.

P012 Kyo-sei Life Vision 2030

P034 Environmental Targets 2030

### ▶ Unicharm Group Basic Environmental Policy

In order to pass on a beautiful Earth to future generations, we recognize that we must play a significant role as a manufacturer of disposable products. 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.

#### Basic Environmental Policy

##### 1. Development of Environmentally Friendly Products and Services

We design and provide consumers with products and services that reduce environmental impact (energy and resource conservation and waste reduction) to the extent possible at each stage of the supply chain, including concept planning, raw materials procurement, manufacturing and processing, distribution and sales, product use, and disposal and recycling.

##### 2. Response to Climate Change

With the aim of realizing a zero-carbon society, we work to prevent global warming by visualizing, accurately assessing, and reducing the amount of greenhouse gases along the value chain.

##### 3. Reduction of Waste and Use of Energy and Resources

In order to protect the global environment, we strive to develop technologies that are conducive to reducing waste and the use of energy and resources at the product development and design stages. We also make every effort to use resources and energy efficiently, reduce waste and emissions, and recycle in all of our activities along the value chain.

##### 4. Commitment to Local Communities and to Protecting the Natural Environment

When using forest and water resources in our activities along the value chain, we pay due consideration to biodiversity, strive to protect local communities and ecosystems, actively work to prevent wastewater and other forms of pollution, and act responsibly to ensure that we do not adversely impact these communities and the natural environment. If we were to realize that our business activities are having a negative impact on the environment, we would take corrective measures right away with the utmost priority.

##### 5. Compliance with Laws and Regulations

We will comply with relevant laws, regulations, and ordinances at all stages of the product life cycle, from the procurement of raw materials to the disposal of used products, while establishing voluntary standards of conduct and striving to protect the global environment.

##### 6. Strengthening of Communication with Society

We will contribute to the realization of a sustainable society by continuing to develop partnerships with suppliers and our various other stakeholders and becoming a company trusted by society.

#### Guidelines

##### 1. Development of Environmentally Friendly Products and Services

- We strive to procure and use raw materials that are attuned to local production for local consumption.
- We will reduce the use of petroleum-derived plastic in our raw materials.
- We will establish recycling systems for used products and introduce this system in an increasing number of countries and regions.

##### 2. Response to Climate Change

- We will accurately assess the amount of greenhouse gas emissions along the value chain, develop a plan to reduce them, and steadily put this plan into action.
- We will make active use of renewable electricity.

##### 3. Reduction of Waste and Use of Energy and Resources

- We will make effective use of energy and raw materials.
- We will strive to use fewer resources in our products (including packaging) and promote recycling.
- We will reduce waste from all activities along the value chain.

##### 4. Commitment to Local Communities and to Protecting the Natural Environment

- We strive to protect biodiversity and promote the development, use, and dissemination of technologies that contribute to sustainable use.
- We contribute to the protection and sustainable use of biodiversity at all stages of the value chain.
- We strive to use certified lumber and establish traceability to ensure that we do not contribute to forest destruction.
- We strive to monitor water risk and take appropriate measures when carrying out business activities in countries and regions with high water risk.
- We address water-related issues by making efficient use of water and preventing wastewater pollution.

##### 5. Compliance with Laws and Regulations

- We comply with environmental laws, regulations, and ordinances that pertain to the Company.
- We establish and comply with voluntary standards as necessary.
- We assess compliance with laws, regulations, ordinances, and voluntary standards regularly and take corrective action in the event that compliance is inadequate.

##### 6. Strengthening of Communication with Society

- We will promote activities to protect the Earth's ecosystem together with suppliers, customers, local communities, external organizations, specialists, and all other stakeholders by engaging in sincere dialogue.

## Environmental Targets 2030

In order to formulate Environmental Targets 2030, we coordinated with the World Wide Fund for Nature (WWF) Japan in April 2019 to hold open discussions on environmental activities with the persons in charge of the ESG and marketing departments, identified material environmental issues, and established fixed targets. Based on the suggestions received from these discussions, we deliberated on themes proposed by the ESG Committee upon which we formulated Environmental Targets 2030 in May 2020. We continue to promote internal discussions aimed at achieving our targets.

Suggestions from open discussions:

### (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:
  1. Approach to plastics pollution
    - Follow the 3Rs (reduce, reuse, recycle) in 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.
  2. Approach to responding to climate change
    - Take proactive steps toward the creation of a renewable energy society by announcing initiatives aimed at achieving a zero-carbon society by 2050 and through activities such as lobbying the government and electric power providers.

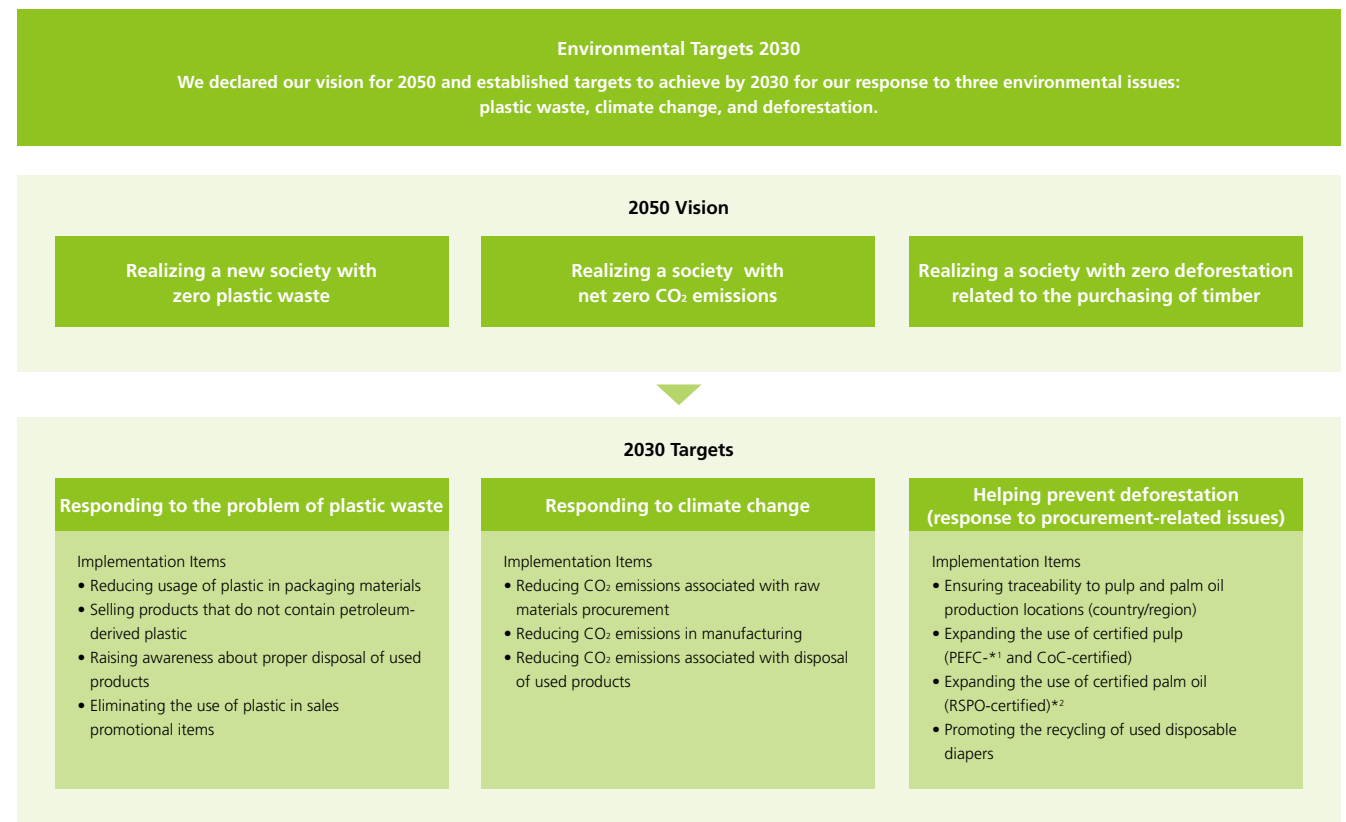
### 3. Approach to sustainable procurement of forest resources

- 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.

## Material Environmental Issues Identified by Unicharm for the Period Leading up to 2030

High Stakeholder Interest	<ul style="list-style-type: none"> <li>• Effectively utilizing water resources</li> </ul>	<ul style="list-style-type: none"> <li>• Effectively utilizing forest resources</li> <li>• Promoting environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>• Tackling the problem of plastic waste polluting the oceans</li> <li>• Responding to climate change</li> </ul>
	<ul style="list-style-type: none"> <li>• Responding to environmental air pollution (NOx/SOx)</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting measures to safeguard marine resources</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting a recycling society</li> <li>• Enhancing the quality of information disclosure</li> </ul>
	<ul style="list-style-type: none"> <li>• Complying with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting efficient production activities</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriately managing chemical substances</li> </ul>
Impact on Unicharm			High

## Environmental Targets 2030 (2050 Vision and 2030 Targets)



\*1 Programme for the Endorsement of Forest Certification

\*2 Roundtable on Sustainable Palm Oil

## Progress of Environmental Targets 2030

	Implementation Items	Base Year	2021 Results	2022 Targets	2022 Results	2023 Targets	2030 Targets	2050 Vision
Responding to the problem of plastic waste	Reducing usage of plastic in packaging materials	Per unit of sales	2019*1	-0.2%	-6.0%	-12.3%	-14.0%	-30%
	Selling products that do not contain petroleum-derived plastic	—	—	Development ongoing	Development ongoing	Development ongoing	Development ongoing	10 or more stock-keeping units (SKUs) sold
	Raising awareness about proper disposal of used products	—	—	38% (6 countries and regions)	45%	50% (8 countries and regions)	56%	Rolled out at all Group companies
	Eliminating the use of plastic in sales promotional items	—	2019	-8.9% (Japan)	-20.0%	-81.8% (Japan)	-30.0%	In principle, reduced to zero at all Group companies
Responding to climate change	Reducing CO <sub>2</sub> emissions associated with raw materials procurement	Per unit of sales	2016	9.7% (Japan)	-3.4%	-12.6% (Japan)	-14.3% (Japan)	-17%
	Reducing CO <sub>2</sub> emissions in manufacturing	Per unit of sales	2016	-26.9%	-28.0%	-35.2%	-38.6%	-34%
	Reducing CO <sub>2</sub> emissions associated with disposal of used products	Per unit of sales	2016	23.7% (Japan)	-5.2%	-11.6% (Japan)	-14.2% (Japan)	-26%
Helping prevent deforestation (response to procurement-related issues)	Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw materials*2	—	97.0%	98.0%	97.1%	98.0%	Completed
		Palm oil	—	77.2%	80.0%	72.2%	80.0%	
	Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories*3	—	52.0%	60.0%	56.0%	64.0%	100%
		Percentage of certified materials procured	—	76.0%	75.0%	72.3%	75.0%	
	Expanding the use of certified palm oil (RSPO-certified)	—	—	77.2%	80.0%	72.2%	80.0%	100%
	Promoting the recycling of used disposable diapers	—	—	Development ongoing	Development ongoing	2 <sup>4</sup>	2	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 Percentage of Unicharm factories that have acquired CoC (chain of custody) certification

\*4 In 2022, we operated recycling facilities in two municipalities, Shibushi City and Osaki Town of Kagoshima Prefecture (demonstration trials on the collection of used disposable diapers conducted in Higashiyamato City in 2020 and Machida City in 2021).

## 2022 Results

### Responding to the problem of plastic waste

- Reducing usage of plastic in packaging materials: We reduced the amount of plastic used in packaging materials by 12.3% (per unit of sales), compared with 2019 standards, by minimizing the laminated areas of packaging and using paper packaging instead.
- Selling products that do not contain petroleum-derived plastic: We continue to promote the development of products that are free of petroleum-derived plastic in the countries and regions in which we operate.
- Raising awareness about proper disposal of used products: The packaging used for Unicharm's products in eight countries and regions contains information on the proper way to dispose of used products. We also promote efforts such as conducting classes on waste separation and recycling for children, who will pave the way for the future of our planet.
- Eliminating the use of plastic in sales promotional items: We reduced the amount of plastic used in sales promotional items by 81.8%, compared with 2019 standards, by switching from plastic to paper materials for sales promotional items used in product displays, with priority placed on our business in Japan.

P.041 Plastic Waste Reduction Measures

### Responding to climate change

- Reducing CO<sub>2</sub> emissions associated with raw materials procurement: We reduced the amount of CO<sub>2</sub> emissions from our procurement of raw materials by 12.6% (in Japan, per unit of sales), compared with 2016 standards, by promoting the development of lighter, slimmer products and thinner packaging.
- Reducing CO<sub>2</sub> emissions in manufacturing: We achieved our 2030 targets ahead of schedule by reducing CO<sub>2</sub> emissions by 35.2% compared with 2016 standards by switching to renewable power sources.
- Reducing CO<sub>2</sub> emissions associated with disposal of used products: We reduced the amount of CO<sub>2</sub> emissions from the disposal of used products by 11.6% (in Japan, per unit of sales), compared with 2016 standards, by promoting the development of lighter, slimmer products and thinner packaging, in the same manner as our raw materials procurement activities.

P.045 Zero-Carbon Society

### Helping prevent deforestation (response to procurement-related issues)

- Ensuring traceability to pulp and palm oil production locations (country/region), expanding the use of certified pulp (PEFC- and CoC-certified), and expanding the use of certified palm oil (RSPO-certified): While we were unable to achieve our 2022 target for pulp, we expect to achieve the 2023 target through efforts such as the conclusion of a memorandum of understanding with the SGEC and PEFC Japan on the joint promotion of sustainable forest use and conservation. In addition, we were unable to achieve our 2022 target for palm oil due to an overall decline in the use of certified palm oil stemming from the increased use of smaller amounts of certified palm oil, which can be difficult to procure.
- Promoting the recycling of used disposable diapers: We operated recycling facilities in the two municipalities of Shibushi City and Osaki Town in Kagoshima Prefecture.

P.055 Biodiversity Conservation

## Management Structure

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 implementation of ISO 14001, which closely relates 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 preset 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.

The key initiatives established for safeguarding the well-being of our planet under Environmental Targets 2030 and Kyo-sei Life Vision 2030, which have been positioned as our key environmental targets, are translated into targets for each individual division and involve 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.

### Director Remuneration System Incorporating ESG Assessments

To ensure that directors and executive officers take the lead in implementing ESG strategies and achieving ESG targets, in 2020, ESG was incorporated into the evaluation criteria for

directors (excluding those who are Audit & Supervisory Committee members) and executive officers. ESG was also incorporated into the evaluation criteria for all employees in 2023.

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

### Environmental Management System Based on ISO 14001 Certification

Unicharm has acquired ISO 14001 certification, the international standard for environmental management, at all of its business sites in Japan and overseas and continues to promote environmental conservation activities by implementing and operating an environmental management system (EMS) based on this standard. As of December 31, 2022, 68.8% (76.9% in Japan, 63.2% overseas) of our business sites had acquired ISO 14001 certification.

**P.064** The Unicharm Group's ISO Certifications

### Environmental Audits for Preventing Environmental Risk and Enhancing Performance

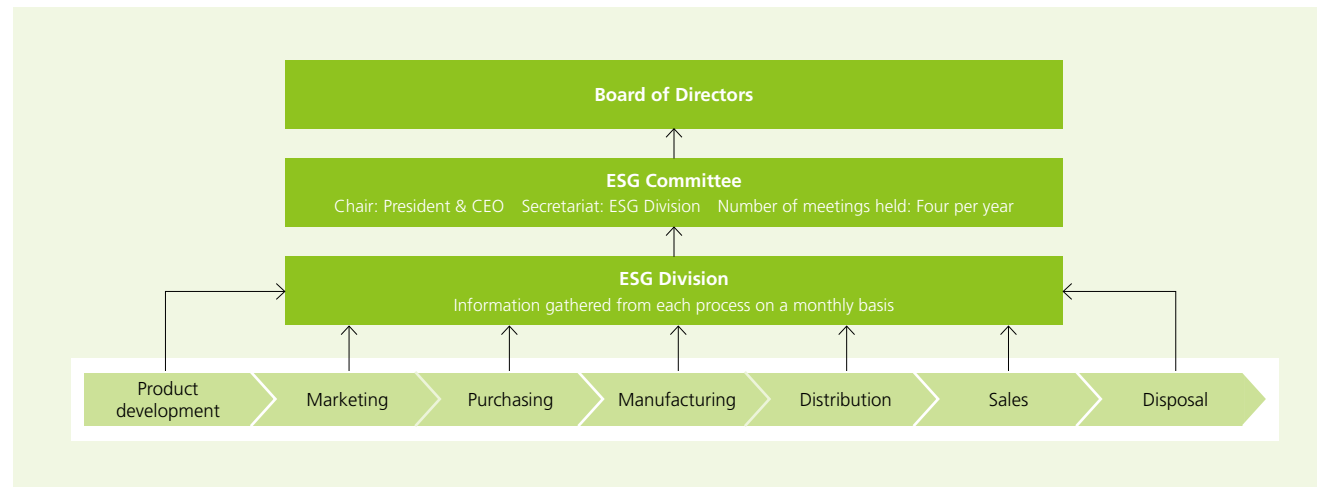
Unicharm conducts three types of environmental audits in order to eliminate environmental risks and enhance environmental performance, including target-focused audits such as: (1) regular audits in conformance with ISO 14001, (2) on-site confirmations at industrial waste processing partners, and (3) verification of compliance with laws and regulations.

### Results of Environmental Regulatory Audits

307-1

It has been confirmed that, in 2022, 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.010** ESG Promotion Structure

## Initiatives and Results

### Medium- to Long-Term Policy Briefing Session for Suppliers

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. In October 2022, we held our medium- to long-term policy briefing session for suppliers to raise awareness of the Basic Policy of Procurement, the Unicharm Group Sustainable Procurement Guidelines, and the Unicharm Group Policy on Human Rights, which declare our stance on issues related to human rights, labor, and the environment that can arise during procurement and on measures to ensure consistent quality. Through this briefing, we also asked for greater cooperation from suppliers on the GHG Emissions Visualization Project and Sedex as we proceed along the path to achieving Kyo-sei Life Vision 2030 and Environmental Targets 2030.

**P.045** GHG Emissions Visualization Project

### Environmental Education for Employees

To enhance the environmental awareness of employees, we provide environmental education through new employee training and other training programs, the Company intranet, and the sharing of information via email. Unicharm also holds workshops on a regular basis for employees to acquire the specific skills that are necessary for their respective duties.

## Stakeholder Engagement

Climate change and other environmental issues cannot be resolved through the efforts of Unicharm alone. For that reason, we promote and actively take part in the various measures and initiatives undertaken by companies, organizations, and governments.

In accordance with the Japanese government's declaration to achieve carbon neutrality by 2050, Unicharm is actively promoting measures to address climate change in order to achieve its 2050 vision of realizing a zero-carbon society.

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

- Actions by the Business Community on Long-term Global Warming Countermeasures up to 2050,
- Keidanren Carbon Neutrality Action Plan,
- Voluntary Action Plan for the Formation of a Recycling-Oriented Society,
- Japan Partnership for Circular Economy (J4CE), and
- Keidanren Declaration of Biodiversity and Action Policy.

**P.135** External Partnerships

## CDP

In an effort to actively disclose information to its various stakeholders around the world, Unicharm participates in and responds to questionnaires for the CDP, an international non-profit organization that conducts environmental surveys globally and discloses such information toward the realization of a sustainable society.



### CDP Rating

	2020	2021	2022
Climate Change	A-	A-	A-
Forests	B-	B	B
Water Security	B-	B	B

#### web CDP Questionnaire: Climate Change

[https://www.unicharm.co.jp/content/dam/sites/www\\_unicharm\\_co\\_jp/pdf/csr-eco/report/CDP\\_ClimateChange2022.pdf](https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/CDP_ClimateChange2022.pdf)

#### web CDP Questionnaire: Forests

[https://www.unicharm.co.jp/content/dam/sites/www\\_unicharm\\_co\\_jp/pdf/csr-eco/report/CDP\\_Forests2022.pdf](https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/CDP_Forests2022.pdf)

#### web CDP Questionnaire: Water Security

[https://www.unicharm.co.jp/content/dam/sites/www\\_unicharm\\_co\\_jp/pdf/csr-eco/report/CDP\\_WaterSecurity2022.pdf](https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/CDP_WaterSecurity2022.pdf)

### Selection as a CDP Supplier Engagement Leader

Unicharm was selected as a CDP 2022 Supplier Engagement Leader for ranking in the top eight percentile of companies assessed for supplier engagement on climate change in the Supplier Engagement Rating of the CDP Climate Change 2022 Questionnaire.



# Waste and Resource Utilization

306-1,396-3,306-4,306-5

## Recycling-Based Society

### Our Basic Approach and Strategy

Aiming to realize a recycling-based society, Unicharm is taking a variety of measures to reduce waste and make use of resources with an eye on reducing impact on the environment at each stage of the life cycle, from raw materials procurement to product development, manufacturing, distribution, and product use and disposal.

We work with suppliers to examine the use of biomaterials and recycled materials at the raw materials procurement stage, while combining and reducing the weight of raw materials and the thickness of packaging during product development. At the manufacturing stage, we strive to reduce product waste and recycle scraps (trim), while at the product sales stage, we work to alleviate environmental impact from sales promotional items. During product use and disposal, we promote awareness of proper disposal methods and the recycling of used disposable diapers. We also ensure that any waste that cannot be avoided is always disposed of in the proper manner. By continuing to engage in these and other efforts, Unicharm will help realize a recycling-based society.

### Selection as a Re-Style Partner Company (Japan)

Unicharm was selected as a Re-Style Partner Company by the Ministry of the Environment (MOE) in Japan with a view to realizing a recycling-based society. We continue to promote the 3Rs (reduce, reuse, recycle) activities among consumers such as by our participation in the MOE-sponsored Let's Choose! 3R Campaign.



限りある資源を未来につなぐ。  
今、僕らにできること。

### Management Structure

Unicharm reports on issues related to Environmental Targets 2030 and Kyo-sei Life Vision 2030 based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Four times a year, the ESG Committee, which is chaired by the president & CEO, shares the plans and progress of key issues concerning waste reduction and resource use and, upon approval from the Board of Directors, operates a PDCA cycle toward the achievement of our environmental targets.

P.010 ESG Promotion Structure  
P.036 Management Structure

### Environmental Audits

Environmental 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,
- (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.

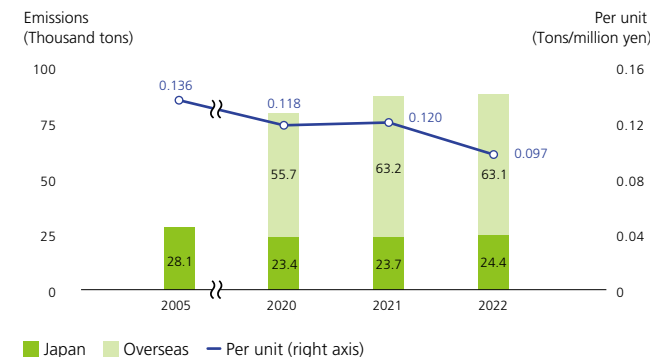
### Initiatives and Results

#### Minimizing Waste Emissions from Our Factories

In 2022, Unicharm's waste emissions amounted to 87,500 tons, an increase of 600 tons over the previous year. However, due to our higher net sales, waste emissions per unit of sales decreased by roughly 19%.

While we are working to minimize waste emissions from our factories through improvements in production technology, 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. Moreover, when selecting waste disposal contractors, we visit their factories to verify their method for disposing of waste.

#### Waste Disposal Volume

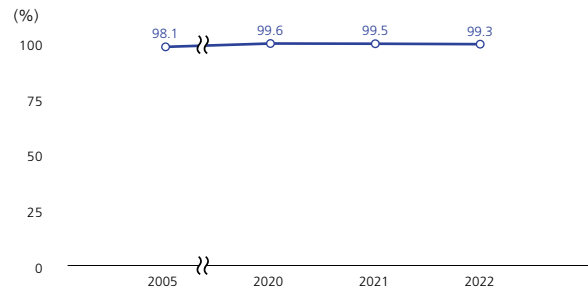


P.064 Waste Disposal Volume

### Promotion of Recycling at Production Sites

Unicharm is making a Groupwide effort to reduce production waste and recycle scraps (trim) from disposable diapers at production sites. In 2022, we attained a recycling rate of 99.3% at our production sites (four main factories) in Japan while maintaining the final landfill disposal rate at less than 1%, thereby achieving our target of zero landfill emissions at these sites for the 15th year in a row. As for production sites overseas, our subsidiary in Thailand has adopted use of equipment that crushes products not meeting specifications from the production process and recycles approximately 97% of all waste generated by the factory. In conjunction with our recycling efforts in Japan, we have achieved zero landfill waste at our production sites overseas.

#### ▶ 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.065 Recycling Rate

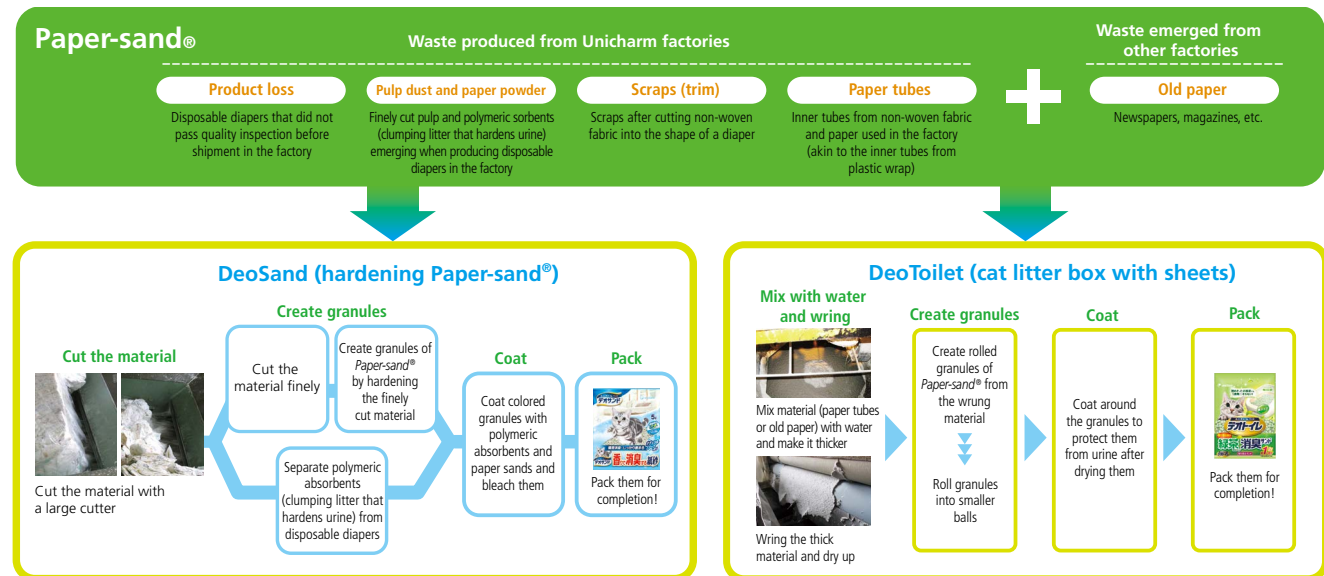
### Promoting the Reuse of Product Waste

301-2,301-3

Peparlet Co., Ltd., and Kinsei Products Co., Ltd., Unicharm's production subsidiaries of partner animal (pet) care products, are working to reduce waste by reusing the product waste generated by the Group's production of disposable diapers as raw materials for cat continence care product *Paper-sand*®. In 2022, 16,097 tons of waste was reused as raw material. We are consolidating Peparlet's production sites, which are scattered around the Fujieda region of Shizuoka Prefecture, and constructing a new factory in Shimada City, Shizuoka Prefecture, which is scheduled to be completed in August 2023. In addition to streamlining production and distribution processes, we will continue to focus on reusing and reducing product waste from all of the Group's production sites around the world.

### Promoting the Reuse of Paper Tubes from Rolled Materials (Japan)

At our production sites in Japan, paper tubes (the paper core of rolled materials), which were previously thermally recycled, are now returned to our suppliers for reuse.





### Reducing Waste through the Recycling of Used Disposable Diapers (Japan)

Unicharm's recycling system for used disposable diapers is one 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.

In June 2022, we began testing the use of *Lifree* disposable adult diapers, which use recycled materials for their absorbent paper layer, at certain nursing care facilities in Kagoshima Prefecture. Through these and other environmentally friendly products, it would be possible to eliminate 23 truckloads (two tons) of waste per year, if disposable adult diapers used by 100 people were recycled over the same period.



P.027 Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

### Promoting Awareness of the Benefits of Using Both Disposable Diapers and Absorption Pads

At Unicharm, we strive to reduce waste by promoting awareness of the benefits of using both tape-type and shorts-type disposable adult diapers (outer layer) and urine absorption pads (inner layer). For example, when using both, only the inner layer needs to be replaced after urinating, reducing waste by roughly 20% compared with using only the outer layer and having to replace it each time.

### Promoting Reuse through Refillable and Replaceable Products

Unicharm is committed to reducing waste through the supply of *Wave* cleaning products that use replaceable sheets, refillable baby wipe and wet wipe products, and other products that enable the container or the main unit to be reused repeatedly.

### Reducing Waste through the Removal of Outer Boxes

In March 2022, we began eliminating the outer boxes of cat litter boxes *Deo-Toilet Half Covered Litter Box* and *Deo-Toilet Fully Covered Litter Box*, reducing waste from cardboard boxes by around 29%. These litter boxes feature a two-layer design in which the urine passes through to the bottom layer where it is absorbed by a sheet. These cat litter boxes contribute to waste reductions of approximately 51% over a period of one month compared with the use of clumping sand.



The mechanism behind *Deo-Toilet*

### Simply Designed Packaging for Bulk Purchases (Japan)

Unicharm has released *Sofy Synchro Fit* (bulk option), packaged in environmentally friendly, simply designed boxes, exclusively online.



# Waste and Resource Utilization

306-1, 306-3, 306-4, 306-5

## Plastic Waste Reduction Measures

### Our Basic Approach and Strategy

As a manufacturer that uses plastic in its products and packaging materials, Unicharm recognizes 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. While plastic is an economical and durable material that is essential to realizing healthy lifestyles, it must be used, disposed of, and recycled in the proper manner. At Unicharm, we are committed to appropriately managing the entire value chain, from the raw materials procurement stage to the disposal of the product, reducing plastic use, promoting awareness of the proper method of product disposal after use, and recycling waste. In response to the problem of plastic waste, which was put forth as an issue to be addressed under Environmental Targets 2030, announced in May 2020, we declared



“realizing a new society with zero plastic waste” as our 2050 vision and laid out our 2030 targets.

In May 2022, we participated in the World Wide Fund for Nature (WWF) Japan's Plastic Circular Challenge 2025 and expressed our commitment to accelerating our response to the issue of plastic waste and setting targets, and we are working to achieve them by 2025.

### Our Commitment to Reducing Plastic Use through Participation in Plastic Circular Challenge 2025

Under Plastic Circular Challenge 2025, Unicharm has set out to achieve its target of reducing plastic use in sales promotional items at retail stores by 50% (compared with 2019 standards), and will reduce it to zero for the entire Group by 2030. We have also set and are working toward the achievement of new 2025 targets for reducing the use of plastic in packaging materials and promoting the sale of products that avoid the use of petroleum-derived plastic.



### Management Structure

At Unicharm, we report the progress of responses to environmental issues in accordance with Environmental Targets 2030 and Kyo-sei Life Vision 2030 based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Four times a year, the ESG Committee, chaired by the president & CEO, shares plans and progress on material issues related to our measures to overcome the problem of plastic waste and, upon approval from the Board of Directors, implements a PDCA cycle toward the achievement of targets.

- P010** ESG Promotion Structure
- P036** Management Structure

### ▶ Responding to the Problem of Plastic Waste under Environmental Targets 2030

Implementation Items		Base Year	2021 Results	2022 Targets	2022 Results	2023 Targets	2030 Targets	2050 Vision
Reducing usage of plastic in packaging materials	Per unit of sales	2019*	-0.2%	-6.0%	-12.3%	-14.0%	-30%	Realizing a new society with zero plastic waste
Selling products that do not contain petroleum-derived plastic	—	—	Development ongoing	Development ongoing	Development ongoing	Development ongoing	10 or more stock-keeping units (SKU) sold	
Raising awareness about proper disposal of used products	—	—	38% (6 countries and regions)	45%	50% (8 countries and regions)	56%	Rolled out at all Group companies	
Eliminating the use of plastic in sales promotional items	—	2019	-8.9% (Japan)	-20.0%	-81.8% (Japan)	-30.0%	In principle, reduced to zero at all Group companies	

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

## Initiatives and Results

### Reducing Usage of Plastic in Packaging Materials

We are working to reduce the amount of plastic used in packaging materials throughout the Group. We reduced plastic use in packaging materials by 12.3% (per unit of sales) compared with 2019 standards by promoting measures such as minimizing the laminated areas of packaging and adopting paper packaging.

#### ► Environmental Targets 2030: Reducing usage of plastic in packaging materials

2022 Results  
Base year: 2019  
(per unit of sales)  
**12.3%**  
reduction

### Use of Paper Packaging for MamyPoko Royal Soft Organic Cotton (Indonesia)

In August 2022, Unicharm's subsidiary in Indonesia released for a limited time, *MamyPoko Royal Soft Organic Cotton* disposable baby diapers, which come in paper packaging.



### Use of Paper Packaging for Sofy Unbleached Sanitary Pads (South Korea)

In March 2022, Unicharm's subsidiary in South Korea released *Sofy Unbleached Sanitary Pads*, which come in paper packaging, at retail stores throughout the country and certain online stores. The use of paper packaging has reduced plastic use by over 80% compared with conventional packaging.



### Use of Paper Hooks for Period Underwear Packaging (Japan)

The hooks that are used to display Unicharm's period underwear products at retail stores were changed from a plastic to a paper material, reducing the amount of plastic used in packaging by roughly 20%.



### Use of Less Plastic in Packaging of Wave Products (Japan)

In March 2022, Unicharm released for a limited time, *Wave Handy Wiper with Case* (approximately 70% less plastic) and *Wave Handy Wiper Extra Long* (approximately 80% less plastic) in packaging that uses less plastic than conventional packaging.



### Use of Paper Packaging for Trial Pack Diapers (Japan)

We use paper packaging for our *Moony Natural Newborn* (tape-type trial pack), which is available in baby stores.



### Reducing Plastic Use by Removing Handles from Online Products (Japan)

In October 2022, Unicharm released *Moony* and *Moonyman* products that were specifically designed for online purchase. As these products are only available online and therefore are delivered directly to customers' homes, we removed the handles on the packaging, contributing to an approximate 13% reduction in plastic use compared with products sold in retail stores. Moreover, because the products' specifications can be viewed online, we kept the product descriptions to a minimum, reducing the amount of ink used for printing. In addition, the packaging is perforated at the center to be able to split open into two halves, making it easier for customers to know how many diapers are remaining and to store it as is.



### Reducing Plastic Use by Resizing Cat Food Packaging (Japan)

In September 2022, Unicharm contracted the size of packaging for its *Silver Spoon* cat food, while keeping the content's volume the same, reducing plastic use in packaging by roughly 6%.



### Recycling Plastic Waste from Our Factories (Japan)

301-3

As a measure to reduce plastic use, Unicharm succeeded in reusing the scraps that remain from cutting fabric into diaper shapes as a raw material for packaging.

### Promoting Sales of Products That Avoid the Use of Petroleum-Derived Plastic

To promote sales of products that do not make use of petroleum-derived plastic, Unicharm is working to expand its lineup of products using plant-derived plastic.

In 2020, we released for a limited time, *Wave Handy Wiper Extra Long Type with Storage Case*, which comes with a storage case made of bioplastic derived from inedible agricultural by-products (rice husks), which are normally discarded as waste.

In 2021, we released limited quantities of *Silcot Alcohol-Free Disinfectant Wet Wipes*,\*1 for which the bottom lid of the container is composed of approximately 38% plant-derived plastic, and *Deo-Toilet*—a plastic molded litter box for adult cats weighing up to five kilograms, which uses 10% plant-derived plastic. In June 2022, Unicharm’s subsidiary in Indonesia released for a limited time, *CHARM Herbal Ansept+ Bio*, a sanitary product that uses biomaterials\*2 made of sugarcane pomace, which was previously discarded, for the top sheet, which touches the skin, the back sheet, which contacts the underwear, and the individual wrapping and packaging.

\*1 Wet wipes do not completely eliminate bacteria.

\*2 Materials for which a portion of the plastic component was replaced with biomass plastic

**P.028** Reduction of the Amount of Plastic Materials Used

### Environmental Targets 2030: Selling products that do not contain petroleum-derived plastic



### Raising Awareness about Proper Disposal of Used Products

As a manufacturer of consumer products essential to realizing healthy lifestyles, it is important that we ensure awareness of the proper way to dispose of products after use and promote recycling activities. In 2022, we promoted awareness of the proper method for disposing of products after use, such as by printing instructions on product packaging, in eight of the 16 countries and regions in which we operate.



### Environmental Targets 2030: Raising awareness about proper disposal of used products



### Lectures on Waste Separation at Elementary Schools (Indonesia)

Since 2019, Unicharm’s subsidiary in Indonesia has been helping raise awareness of proper waste disposal by conducting cleanup activities along rivers nearby its factories and installing trash cans, in addition to carrying out experiments on reducing the amount of landfill waste created by used disposable diapers through the use of black soldier fly larvae. In light of the increasing volume of waste resulting from economic growth and with the aim of promoting awareness of waste separation and recycling, we banded together with the Ministry of Education, Culture, Research and Technology in Indonesia to conduct lectures on the theme of waste separation at elementary schools in the Special Capital Region of Jakarta in September 2022 and nearby our Karawang Factory in December 2022.



### Family-Oriented Seminar on Diaper Recycling (Japan)

In July 2022, Unicharm held a seminar on the importance of recycling disposable diapers at the Children’s Trust Seminar held by Commons Asset Management Inc., which was attended by 17 children, ranging from the third grade of elementary school to the second grade of junior high school, and guardians.



### Special Classes at Shibushi Elementary School (Japan)

In November 2022, Unicharm collaborated with the Shibushi City Board of Education to conduct classes on the theme of promoting the horizontal recycling of disposable diapers at Shibushi Elementary School in Shibushi City, Kagoshima Prefecture.



**P.027** Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

Aiming to inspire those who will shape the future of our planet, Unicharm’s corporate website offers an illustrated guide to recycling disposable diapers, intended for elementary and junior high school students.

**web** <https://www.unicharm.co.jp/en/csr-eco/education.html>

### Reducing Plastic Use in Sales Promotional Items

Unicharm has set the goal of eliminating the use of plastic in sales promotional items throughout the Group by 2030 and is striving to reduce plastic use in sales promotional items for retail product displays. We are replacing the plastic used in display hooks and fixtures and point-of-purchase (POP) displays with paper materials and are developing racks made of paper, with priority placed on our business in Japan. As a result, in 2022 plastic use in sales promotional items in Japan amounted to 5.6 tons, an 81.8% decrease from 2019.

#### ► Environmental Targets 2030: Eliminating the use of plastic in sales promotional items



#### ► Plastic Use (Tons) in Sales Promotional Items (Japan)

	2019	2022
Display hooks	6.2	1.4
Fixtures	0.9	0.2
Racks	6.9	0.6
Others (including packaging materials)	17.1	3.4
<b>Total</b>	<b>31.1</b>	<b>5.6</b>

P.028 Reduction of the Amount of Plastic Materials Used



Sales promotional items made from paper

### Declaration on Reducing the Use of Plastic in Sales Promotional Items (Japan)

Unicharm has declared its commitment to reduce plastic use through a united effort with Shiseido Japan Co., Ltd., FineToday Co., Ltd., and Lion Corporation to gradually replace the plastic used in parts for sales promotional items at retail stores and on sales floors with paper materials. Through the commitment of each company to reduce plastic use in not only their products but also sales promotional items, we will leverage their strengths as leaders of the consumer products and cosmetics categories toward the realization of an environmentally friendly society and the development of the industry as a whole.

# Climate Change

## Zero-Carbon Society

302-4,302-5

### Our Basic Approach and Strategy

Unicharm recognizes that climate change is an issue that must be addressed with a matter of urgency. Therefore, in order to contribute to achieving the 2°C target\* in the Paris Agreement, we received certification in June 2018 under the Science Based Targets initiative (SBTi) for our CO<sub>2</sub> reduction plans up to 2045. We also endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019 and continue to report in accordance with its framework. Furthermore, we are looking to adopt the more challenging 1.5°C target announced at the 26th UN Climate Change Conference of the Parties (COP26) in place of the current 2°C target. To realize the zero-carbon society set forth in our 2050 vision of Environmental Targets 2030, we will work together with the Japan Climate Initiative (JCI), which we have been a member of since its establishment in 2018, and the Japan Climate Leaders' Partnership, a group of companies

aiming to realize a sustainable, zero-carbon society, which we joined in 2020. At the same time, we will strive to reduce CO<sub>2</sub> emissions from our various business activities and continue to actively encourage all parties involved in our supply chains to reduce their emissions throughout the product life cycle.



\* Limit the increase in global average temperature to under 2°C above preindustrial levels in accordance with the Paris Agreement reached in December 2015

**P049** Disclosure Based on the TCFD Recommendations

### GHG Emissions Visualization Project

305-5

In May 2022, we formulated our GHG Emissions Visualization Project with the aim of not only disclosing the GHG emissions from each Unicharm product but also providing a comprehensive visualization of our GHG emissions, including Scope 3 emissions, and strengthening the initiatives that were declared in response to climate change in Environmental Targets 2030 and Kyo-sei Life Vision 2030. For this project, we have teamed up with Wastebox, Inc., and obtained the support of Deloitte Tohmatsu Consulting LLC, a company with a wealth of knowledge and experience in providing comprehensive support for carbon neutrality. In 2022, we developed a data visualization platform for GHG emissions and collected data, serving as a benchmark for improving renewable energy efficiency and energy conservation. Under the slogan, "visualize, measure, and take action," we will begin making specific calculations, disclose GHG emissions for each Unicharm product, and promote measures aimed at reducing GHG emissions.

### ▶ Responding to Climate Change under Environmental Targets 2030

Implementation Items		Base Year	2021 Results	2022 Targets	2022 Results	2023 Targets	2030 Targets	2050 Vision
Reducing CO <sub>2</sub> emissions associated with raw materials procurement Scope 3, Category 1	Per unit of sales	2016	9.7% (Japan)	-3.4%	-12.6% (Japan)	-14.3% (Japan)	-17%	Realizing a society with net zero CO <sub>2</sub> emissions
Reducing CO <sub>2</sub> emissions in manufacturing Scope 1, Scope 2			-26.9%	-28.0%	-35.2%	-38.6%	-34%	
Reducing CO <sub>2</sub> emissions associated with the disposal of used products Scope 3, Category 12			23.7% (Japan)	-5.2%	-11.6% (Japan)	-14.2% (Japan)	-26%	

## Management Structure

P050 Governance

## Initiatives and Results

### CO<sub>2</sub> Emissions throughout the Supply Chain (Overall Picture of Scopes 1 to 3)

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

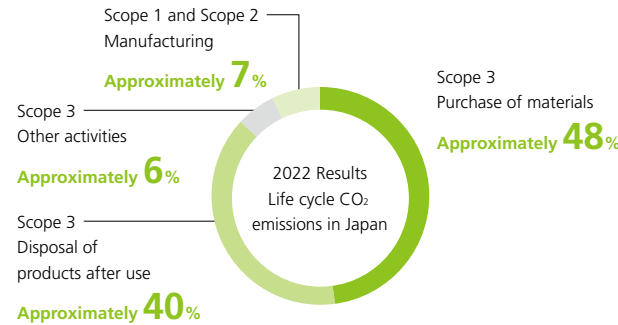
Unicharm calculates its CO<sub>2</sub> emissions according to the Greenhouse Gas Protocol,\* the standard for calculating greenhouse gas (GHG) emissions most widely used in the world today.

Based on this standard, we estimated life cycle CO<sub>2</sub> emissions in Japan to be approximately 48% for Scope 3 purchased materials, 40% for disposal after use, 6% for others, and 7% for Scope 1 and Scope 2 manufacturing in 2022.

We are working to build a platform for visualizing GHG emissions, including CO<sub>2</sub>, through the GHG Emissions Visualization Project, launched in May 2022. By having suppliers of raw materials provide primary information on GHG emissions for each material, we are not only able to accurately determine GHG emissions that vary by material specification but also incorporate the measures taken by suppliers to address climate change and improve productivity into the calculations. In this way, we aim to appropriately calculate GHG emissions, which vary depending on the materials used, the production method, and other factors, for each Unicharm product.

\* 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 over 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.

P045 GHG Emissions Visualization Project



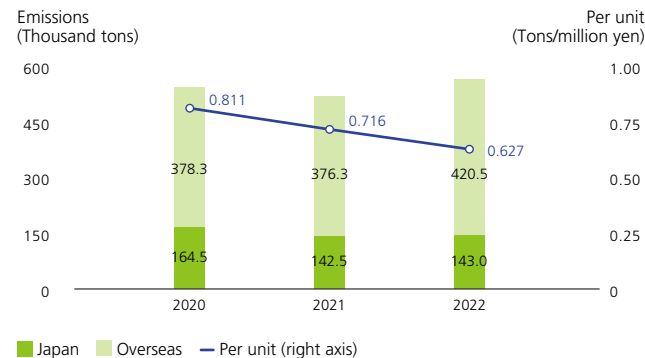
P065 CO<sub>2</sub> Emissions by Scope (Japan)

### CO<sub>2</sub> Emissions from Business Activities (Scope 1 and Scope 2)

305-1,305-2,305-5

For Scope 1 and Scope 2, we work collectively as a Group to reduce CO<sub>2</sub> emissions by conducting energy conservation activities four times a year with the persons in charge of promoting environmental activities at each business site to monitor the progress of annual plans. In 2022, CO<sub>2</sub> emissions (Scope 1 and Scope 2) amounted to 563,500 tons, which, in terms of per unit of sales, was a 12.4% decline from 2021 standards. We will continue to play an active role in reducing CO<sub>2</sub> emissions across the globe going forward.

#### Progress on CO<sub>2</sub> Emissions (Scope 1 and Scope 2)

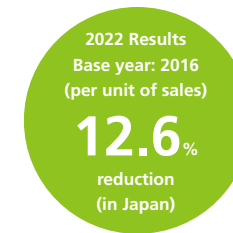


P066 Scope 1 and Scope 2 CO<sub>2</sub> Emissions

### Reducing CO<sub>2</sub> Emissions Associated with Raw Materials Procurement (Scope 3, Category 1)

The R&D Division and the ESG Division are discussing measures to reduce CO<sub>2</sub> emissions from raw materials procurement, which accounts for approximately 48% of all CO<sub>2</sub> emissions from the entire life cycle in Japan. In 2022, CO<sub>2</sub> emissions from raw materials procurement (Scope 3, Category 1) decreased by 12.6% (per unit of sales) compared with our base year of 2016, by promoting the development of lighter, slimmer products and thinner packaging.

#### Environmental Targets 2030: Reducing CO<sub>2</sub> emissions associated with raw materials procurement



P065 CO<sub>2</sub> Emissions by Scope (Japan)

### Communicating the Importance of Climate Change Measures to Suppliers

Because CO<sub>2</sub> emissions from Scope 3 purchased materials and the disposal of products after use account for around 88% of total emissions from the entire product life cycle, it is essential that we promote measures together with suppliers. In October 2022, we held our medium- to long-term policy briefing session, where we shared our policy on climate change with suppliers and requested their cooperation in ensuring sustainable procurement of resources.

P037 Medium- to Long-Term Policy Briefing Session for Suppliers

## Reducing CO<sub>2</sub> Emissions in Manufacturing (Scope 1, Scope 2)

Through the transition to renewable electricity and other measures, in 2022 CO<sub>2</sub> emissions from manufacturing declined by 35.2% (per unit of sales) compared with our base year of 2016.

### ▶ Environmental Targets 2030: Reducing CO<sub>2</sub> emissions in manufacturing



### Transition to Renewable Electricity

In 2022, we reduced CO<sub>2</sub> emissions by roughly 30,000 tons, as renewable electricity accounted for 11.0% of the Group's energy source. Five factories in Japan, the Saitama Factory in March 2022, the Mie Factory in April 2022, and three Peparlet factories in Shizuoka Prefecture essentially switched to renewable electricity for their entire energy use. This conversion will contribute to reductions of approximately 9,500 tons of CO<sub>2</sub> emissions per year.

In April 2022, we began using solar power at our Tianjin and Jiangsu factories in China, where renewable electricity now accounts for roughly 25% of their annual energy use. In the process, we aim to achieve around 9,300 tons in CO<sub>2</sub> reductions on an annual basis.



Meanwhile, in Indonesia, we commenced solar power generation at Karawang Factory No. 1 in July 2022 and transitioned to renewable electricity for around 11% of its annual energy use. Through this conversion, we aim to cut CO<sub>2</sub> emissions by roughly 7,200 tons per year.



### ▶ Status of the Transition to Renewable Electricity

Commencement of Operations	Factory Name	Percentage of Renewable Electricity Used	Amount of Electricity for 2022 (Million kWh/Year)
January 2017	Brazil (Jaguariúna Factory)	100%	13.23
September 2020	Japan (Kyushu Factory)	100%	11.89
October 2020	Thailand (Wellgrow Factory)	Approx. 10%	8.20
December 2020	Vietnam (Bác Ninh Factory)	Approx. 14%	5.15
February 2021	Japan (Itami Factory)	Approx. 4%	0.30
April 2021	Japan (Toyohama Works, Shikoku Factory)	100%	4.58
July 2021	Thailand (DSG Factory #2)	Approx. 21%	2.48
December 2021	United States (Hartz Pleasant Plain Factory)	100%	6.19
March 2022	Japan (Saitama Factory)	100%	4.22
April 2022	Japan (Mie Factory)	100%	6.89
April 2022	Japan (Peparlet's three factories)	100%	11.11
April 2022	China (Tianjin Factory)	Approx. 25%	5.06
April 2022	China (Jiangsu Factory)	Approx. 25%	4.41
July 2022	Indonesia (Karawang Factory No. 1)	Approx. 11%	0.93

## Reducing CO<sub>2</sub> Emissions from the Transportation Process

Unicharm has been working with business partners to improve transportation efficiency, promote modal shift, and enhance cargo loading efficiency by making corrugated cardboard smaller and streamlining pallet modules. These are some of the measures actively being pursued toward the reduction of environmental impact and the development of a sustainable logistics structure. The aforementioned initiatives not only enhance efficiency throughout the entire supply chain but also reduced CO<sub>2</sub> emissions from the transportation process by approximately 3% (per unit of sales) in 2022 compared with the previous year.

### Joint Transportation via Rail Freight Container

In 2021, Unicharm Products and Suntory Logistics, Ltd., a logistics subsidiary of Suntory Holdings Limited, began joint transportation via rail freight container over the route between Shizuoka Prefecture and Fukuoka Prefecture.



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 CO<sub>2</sub> emissions by a joint total of approximately two tons a year.

### Acquiring Eco Rail Mark Certification

Unicharm is promoting a modal shift as an initiative to reduce CO<sub>2</sub> 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.





## Joint Delivery of In-Store Promotional Materials

Unicharm has been working together with FineToday Co., Ltd., and Lion Corporation for the integration of logistics operations for promotional materials used at retail stores and on sales floors, conducting joint deliveries since 2019.

This collaborative effort enables the three companies to use the same packaging materials, bundle their deliveries, reduce the use of delivery trucks, conserve resources, and minimize environmental impact through reductions in CO<sub>2</sub> emissions. It also contributes to improvements in backyard operations by reducing the burden of receiving cargo and the storage space for promotional materials at retailers.

### Joint Receipt of Advanced Technology Award at the 23rd Logistics Environment Awards

Unicharm Products Co., Ltd., joined forces with Sumitomo Seika Chemicals Co., Ltd., Imoto Lines, Ltd., Hitachi Transport System, Ltd., and VANTEC CORPORATION to promote a modal shift from truck transportation to marine transportation and expand modes of logistics transportation. In July 2022, Unicharm Products and its four partner companies received the Advanced Technology Award at the 23rd Logistics Environment Awards\* in recognition of this effort and its contribution to sustainability going forward through reductions in CO<sub>2</sub> emissions and the work hours of truck drivers.

For our deliveries of disposable diaper materials from Hyogo Prefecture to Fukuoka Prefecture, we reduced CO<sub>2</sub> emissions by 61.8% (271 tons per year), driver operating hours by 59.0% (2,077 hours per year), and the time spent on loading and unloading export containers (875 hours per year) through a modal shift from truck transportation to marine transportation, the conversion of containers from their use in overseas exports to domestic material transportation, and the automated loading and unloading of overseas exports.

\* Organized by the Japan Association for Logistics and Transport to recognize organizations, companies, and individuals who contribute to the sound development of the logistics sector by promoting environmental conservation and raising environmental awareness. The Advanced Technology Award is given to businesses that play a key role in reducing environmental impact by utilizing advanced technology to address logistics needs for achieving better quality and efficiency and promoting digitalization.

## Reducing CO<sub>2</sub> Emissions from the Disposal of Used Products (Scope 3, Category 12)

We achieved an 11.6% reduction (per unit of sales) in CO<sub>2</sub> emissions from the disposal of used products compared with our base year of 2016, by promoting the development of lighter, slimmer products and thinner packaging.

### ► Environmental Targets 2030: Reducing CO<sub>2</sub> emissions associated with the disposal of used products



### Commendation of Initiatives Aimed at Establishing a Zero-Carbon Society

The Carbon-Free Challenge Cup, a program that Unicharm has sponsored for 13 consecutive years, commends 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.

In our role as a cosponsor of this program, we have established the Gentle Care for Life Award of Excellence.

In Carbon-Free Challenge Cup 2023, after judging presentations from 29 finalists, Hitachinaka City (Ibaraki Prefecture)

Maewatari Elementary School's project, "School Garden 'Forest of Fireflies': Preserve Our Living Species through Decarbonization," was selected for the Gentle Care for Life Award of Excellence in the Junior and Kids category.



## Reducing CO<sub>2</sub> Emissions through the Recycling of Used Disposable Diapers

Unicharm's recycling system for used disposable diapers is one 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. In June 2022, we began testing the use of *Lifree* disposable adult diapers, which use recycled materials for their absorbent paper layer, at certain nursing care facilities in Kagoshima Prefecture. Moreover, in contrast to incinerating used disposable diapers, recycling reduces CO<sub>2</sub> emissions by approximately 87%.

Unicharm endorses the GX League Basic Concept of the Ministry of Economy, Trade and Industry (METI) of Japan, which calls for companies to actively undertake green transformation (GX) by working toward carbon neutrality and transforming the overall economic and social system, aims for cooperation and discussions in the government, academic, and economic spheres, and acts as a forum for creating new markets.



# Climate Change

## Disclosure Based on the TCFD Recommendations

201-2

### Our Basic Approach and Strategy

We have examined the risks and opportunities associated with climate change and disclosed them in accordance with the key areas of the TCFD framework: governance, strategy, risk management, and metrics and targets.



### ► Overview

Recommendation	Recommended Disclosures	Disclosures	Compliance Status
Governance	Governance of organizational risks and opportunities	Explanation of the Board of Directors' supervisory framework for risks and opportunities	<ul style="list-style-type: none"> <li>Hold ESG Committee meetings on a quarterly basis</li> <li>Report to the Board of Directors</li> <li>Establish director targets in accordance with director remuneration</li> </ul>
		Explanation of management's role in assessing and managing risks and opportunities	
Strategy	Organizational impact	Explanation of the transition plan for realizing a low-carbon economy	<ul style="list-style-type: none"> <li>Establish targets and disclose results for Kyo-sei Life Vision 2030 and Environmental Targets 2030</li> <li>Formulate the GHG Emissions Visualization Project and develop and implement a GHG emissions reduction road map</li> <li>Establish targets and calculate results for Scope 1, Scope 2, and Scope 3 emissions</li> </ul>
		Explanation of short-, medium-, and long-term risks and opportunities	
		GHG emissions reduction targets	
		GHG emissions reduction activities	
Strategic resilience	Strategic resilience	Possibility of discussions on the potential impact of climate-related issues on financial performance (including revenue and cost) and financial position (including assets and liabilities) in scenario analyses	<ul style="list-style-type: none"> <li>Set targets for and promote transition to renewable electricity</li> <li>Promote visualization of raw materials with low CO<sub>2</sub> emissions by means of the GHG Emissions Visualization Project</li> </ul>
		Explanation of the organization's strategic resilience based on scenario analyses	
Risk Management	Status of risk identification, assessment, and management	Risk identification and assessment processes	<ul style="list-style-type: none"> <li>Convene the Crisis Management Response Committee and ensure management based on the Groupwide Crisis Communication Manual</li> </ul>
		Risk management process	
		Status of organizational risk integration and management	
Metrics and Targets	Climate change-related metrics	Assessment of climate change risks and opportunities and disclosure of metrics (indicators)	<ul style="list-style-type: none"> <li>Long-term targets: Achieve "three zeros" (zero plastic waste, zero CO<sub>2</sub> emissions, and zero deforestation) under Environmental Targets 2030</li> <li>Medium-term targets: Establish 2030 medium-term targets, Environmental Targets 2030, and Kyo-sei Life Vision 2030 as metrics for achieving long-term targets</li> </ul>
		Provision of plans and forward-looking metrics as necessary	
	Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions	Disclosure of Scope 1 and Scope 2 GHG emissions and Scope 3 GHG emissions and relevant risks	
	Climate change-related targets	Explanations on key climate-related targets concerning GHG emissions, water use, and energy use in accordance with anticipated regulatory requirements, market constraints, and other targets (and in accordance with climate-related targets of other industries when necessary)	
Disclosure of interim targets for the medium and long terms for the Company as a whole and each business division			

## Governance

The president & CEO is responsible for evaluating risks and opportunities related to climate change and for setting and enforcing CO<sub>2</sub> 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 meetings. 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. Moreover, in order to carry out and achieve ESG strategies and targets under the direction of directors and executive officers, ESG criteria have been incorporated into the evaluation indicators for directors (excluding those who are Audit & Supervisory Committee members) and executive officers. ESG criteria were also added as evaluation indicators for general employees in 2023.

**P.010** ESG Promotion Structure

**P.036** Management Structure

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

## Strategy

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.

## 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 materials 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.

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 global warming below an increase of 2°C. With our 2030 emissions reduction targets endorsed by the Science Based Targets initiative (SBTi), environmental consciousness has been promoted as part of the Company's product development strategy within the Marketing and R&D divisions, while plans incorporating both short- and long-term perspectives, including energy conservation activities and the adoption of renewable electricity, are being instituted as part of our strategy within the Manufacturing Division. We will continue to proceed with such measures to achieve the targets of Kyo-sei Life Vision 2030 by the year 2030 and Environmental Targets 2030 toward realizing our 2050 vision.

\* RCP (Representative Concentration Pathway) scenarios set out several "representative concentration pathways" and predict the future climate for each pathway as well as allow the formulation of various socioeconomic scenarios that would lead to each of these concentration pathways.

► Risks and Scenarios Envisioned by the Company Based on the TCFD Recommendations

	Evaluation Criteria	Assessed Financial Impact	Financial Consequences in 2030				Progress of Unicharm's Measures		
			2°C (Toward Realizing 1.5°C) Scenario	Degree of Impact	4.0°C Scenario	Degree of Impact			
Risks	Transition	Policies, laws, and regulations	Introduction of a GHG emissions trading scheme and implementation of raised carbon taxes	Higher factory operation costs due to the introductions of and increases in GHG emissions trading and carbon taxes	Higher operating costs due to introduction of carbon pricing and emissions trading	Major	Carbon pricing and other specific CO <sub>2</sub> emissions reduction measures will not be implemented	Minor	Established reduction targets in Kyo-sei Life Vision 2030 and Environmental Targets 2030 and implemented measures to reduce total consumption
			GHG emissions	Mandatory reporting of GHG emissions	Need for mandatory and accurate reporting of emissions	Major	Reporting will not become mandatory	Minor	Continued to visualize GHG emissions and develop specific reduction methods by proceeding with the GHG Emissions Visualization Project
			Introduction of plastic waste regulations	Compliance with regulations on petroleum-derived containers and packaging materials	Increase in product manufacturing costs due to tax enforcement	Major	Taxes will not be enforced	Minor	Established reduction targets in Kyo-sei Life Vision 2030 and Environmental Targets 2030 and implemented measures to reduce total consumption
		Increase in costs due to mandatory use of renewable plastic		Disparity between supply and demand in the market for renewable plastic, soaring prices of raw materials, and higher product manufacturing costs	Major	Cost remains unchanged as reporting is not mandatory and the supply-demand balance remains stable	Minor	Developed a technology that recycles plastic waste from our factories and promoted effective use of plastic by converting the scraps (trim) from our manufacturing processes into recycled pellets	
		Technology	Up-front costs associated with the transition to low carbon technology	Costs for visualizing GHG emissions	Allocation of resources for the development of a system for visualizing the transition to low-carbon technology	Major	Continued use of conventional technology due to the lack of need for visualizing the transition to low-carbon technology	Minor	Continued to visualize GHG emissions and develop specific reduction methods by proceeding with the GHG Emissions Visualization Project
		Market	Increase in energy prices	Change in retail price of electricity	Higher procurement costs associated with increased use of renewable electricity	Major	Transition on hold until renewable electricity costs decrease	Minor	Continued to proceed with measures to transition to the 100% use of renewable electricity for our business activities by 2030
	Physical	Market	Higher raw materials prices	Higher cost of naturally derived raw materials	Increased costs due to conversion from petroleum-derived materials to naturally derived materials	Major	Insignificant impact on costs due to the continued use of petroleum-derived materials	Minor	Established reduction targets for the use of petroleum-derived plastic under Kyo-sei Life Vision 2030 and implemented measures accordingly
				Increase in pulp procurement costs	Increased procurement costs resulting from higher demand for certified pulp associated with forest conservation efforts	Major	Insignificant impact on costs due to the use of non-certified pulp	Minor	Engaged in responsible procurement and procured product materials through emphasis on manufacturing and supply capabilities in accordance with the Basic Policy of Procurement and the Sustainable Procurement Guidelines
		Reputation	Changes in consumer behavior	Change in ethical awareness of consumers	Increases in ethical awareness and demand for low-GHG emissions products mainly among Generation Z consumers	Major	Continued awareness of the specific need for convenience	Minor	Appropriately disclosed information through the sustainability report, news releases, and other methods of disclosure
		Acute	Criticism toward other sectors	Reputation risk as a company that uses pulp and other forest resources	Use of certified materials as a criteria for determining a company's commitment to environmental actions	Major	Use of certified materials is not a criteria for determining a company's commitment to environmental actions	Minor	Established 2030 targets for 100% procurement of certified pulp (PEFC- and CoC-certified) and certified palm in Environmental Targets 2030 and disclosed annual progress of these targets
Chronic	Intensification of unseasonable weather	Increase in costs associated with flood damage	Suspension of operations due to supply chain disruptions resulting from major disasters related to large-scale typhoons and cyclones and weather anomalies	Major	Suspension of operations due to supply chain disruptions resulting from major disasters related to large-scale typhoons and cyclones and weather anomalies	Major	Conducted a medium- to long-term water risk assessment and related measures using the Water Risk Atlas (Aqueduct). Currently, water stress has been rated as "extremely high" at 41 of the Group's factories while an additional nine factories have been designated as having "high" water stress		
	Excess demand for water	Higher operating costs due to rising cost of using water	Suspension of operations due to unstable supply of forest-derived raw materials (including pulp and paper) arising from the depletion of water resources as well as discontinuation of product sales due to inadequate supply of water used to manufacture Unicharm's wet wipes and partner animal (pet) food	Major	Reduction in operations due to unstable supply of forest-derived raw materials (including pulp and paper) arising from the depletion of water resources as well as higher product prices and risk of unstable supply due to increased cost of using water to manufacture Unicharm's wet wipes and partner animal (pet) food	Moderate	Conducted a medium- to long-term water risk assessment and related measures using Aqueduct. Currently, water stress has been rated as "extremely high" at 41 of the Group's factories while an additional nine factories have been designated as having "high" water stress		

	Evaluation Criteria	Assessed Financial Impact	Financial Consequences in 2030				Progress of Unicharm's Measures	
			2°C (Toward Realizing 1.5°C) Scenario	Degree of Impact	4.0°C Scenario	Degree of Impact		
Opportunities	Resource efficiency	Efficient use of transportation	Potential for reductions to cost and CO <sub>2</sub> emissions through the efficient use of resources by promoting modal shift and increasing the transportation volume to reduce energy use and improve energy efficiency at production sites and in logistics processes	Major	Potential for reductions to cost and CO <sub>2</sub> emissions through the efficient use of resources by promoting modal shift and increasing the transportation volume to reduce energy use and improve energy efficiency at production sites and in logistics processes	Major	Reduced the number of vehicles required to transport disposable diaper materials by 50% through a modal shift from truck deliveries to marine transport with large-capacity, 40-foot containers	
		Efficient production and distribution processes	Potential for reductions to cost and CO <sub>2</sub> emissions through the efficient use of resources by engaging in activities to recycle waste from factories and switching to the use of compressed packaging	Major	Potential for reductions to cost and CO <sub>2</sub> emissions through the efficient use of resources by engaging in activities to recycle waste from factories and switching to the use of compressed packaging	Major	Made efficient use of resources by promoting activities to recycle waste from factories, reusing the remaining scraps from packaging materials as a raw material for packaging, and using absorbent materials in the components of other products	
		Use of recycling methods	<ul style="list-style-type: none"> <li>Expanded use of used disposable diaper recycling technology and increased opportunities to absorb costs</li> <li>Development of practical applications for our sophisticated used disposable diaper recycling technology</li> <li>Growing demand for products with minimal impact on the environment</li> </ul>	Greater endorsement of and demand for our products made of recycled pulp due to recognition among customers for our recycling of used disposable diapers	Major	Greater endorsement of and demand for Unicharm products made of recycled pulp due to recognition among customers of our recycling of used disposable diapers	Major	In Japan, established a system that recycles collected used diapers by washing and separating them and turning them into pulp that is equally as safe and hygienic as unused pulp. In June 2022, we began testing the use of <i>Lifree</i> disposable adult diapers, which use recycled materials for their absorbent paper layer, at certain nursing care facilities in Kagoshima Prefecture
		Reduction of water use and consumption	Design of environmentally friendly products and improvements to operational efficiency at factories	Greater emphasis on maintaining cleanliness and the resulting increase in demand for hygiene products will spur a growth in demand for wet wipes, as hands can be cleansed without the use of water	Major	Increasing demand for hygiene products resulting from greater emphasis on maintaining cleanliness	Moderate	Proceeded with efforts to recycle and purify water and reduce the water intake at our production sites based on our Groupwide target of reducing water intake by 1% from the previous year
	Energy sources	Use of renewable electricity	Realization of carbon neutrality by 2050 and cutting of energy costs	Ensured supply of renewable electricity by expediting the installation of solar power generators at factories throughout the Group	Major	Ensured supply of renewable electricity through the installation of solar power generators at factories throughout the Group	Moderate	Installed solar power generators at eight factories in Japan and six factories overseas
		Products and services	Development and expansion of lineup of low-carbon products and services	<ul style="list-style-type: none"> <li>Development of products with a view to reducing GHG emissions</li> <li>Increase in purchases due to the inclusion of GHG indicators</li> <li>Promotion of the use of environmentally friendly products and development of environmental labels</li> </ul>	Purchase of low-emission, environmentally friendly products will become the standard due to increases in ethical awareness, particularly among Generation Z consumers	Major	Purchase of low-emission, eco-friendly products will become the standard due to increases in ethical awareness, particularly among Generation Z consumers	Minor
	Development of new products and services through R&D and innovation		Expansion of market share through the development of new services and the design of environmentally friendly products	Potential for cost reductions and revenue growth through the development of new products and technologies due to an anticipated increase in demand for environmentally friendly products and services	Major	Potential for cost reductions and revenue growth through the development of new products and technologies due to an anticipated increase in demand for environmentally friendly products and services	Major	Continued to develop and market products conforming to the SDGs Theme Guideline, an internal guideline for contributing to sustainability
	Leveraging of ability to diversify business activities		Rollout of products that embrace our "NOLA & DOLA" corporate philosophy	Potential for the development of products that embrace our "NOLA & DOLA" corporate philosophy through the achievement of Kyo-sei Life Vision 2030 targets	Major	Potential for the development of products that embrace our "NOLA & DOLA" corporate philosophy through the achievement of Kyo-sei Life Vision 2030 targets	Major	Continued to develop and market products that embrace our "NOLA & DOLA" corporate philosophy through efforts to achieve the Kyo-sei Life Vision 2030 targets

	Evaluation Criteria	Assessed Financial Impact	Financial Consequences in 2030				Progress of Unicharm's Measures
			2°C (Toward Realizing 1.5°C) Scenario	Degree of Impact	4.0°C Scenario	Degree of Impact	
Opportunities	Products and services Adaption to changes in consumer preferences	<ul style="list-style-type: none"> <li>Favorable reassessment by consumers of the value of products with minimal impact on the environment</li> <li>Gaining of excellent position to secure a competitive edge for our products through a reputation for meeting customer expectations in a timely manner</li> </ul>	Expansion of the scope of environmentally friendly products made of certified materials will enable us to meet expectations for ethical consumption	Major	Expansion of the scope of environmentally friendly products made of certified materials will enable us to meet expectations for ethical consumption	Major	Continue to develop and market products that embrace our "NOLA & DOLA" corporate philosophy through efforts to achieve the Kyo-sei Life Vision 2030 targets
	Markets Tapping into new markets	<ul style="list-style-type: none"> <li>Promotion of the use of environmentally friendly products</li> <li>Promotion of the use of products made of certified materials</li> </ul>	Greater endorsement of our environmentally friendly products made of recycled pulp and certified materials	Major	Lack of potential for the diffusion of environmentally friendly products and products made of certified materials	Minor	Expand our lineup of environmentally friendly products and products made of certified materials in accordance with the SDGs Theme Guideline
	Resilience Participation in renewable electricity programs and adoption of energy-saving measures	<ul style="list-style-type: none"> <li>Reduction of electricity use</li> <li>Reduction of raw material use</li> </ul>	Accelerated transition to renewable electricity by working together with suppliers and incorporate GHG emissions visualization into our product development in a timely manner	Major	Transition to the use of renewable electricity by working together with suppliers and incorporate GHG emissions visualization into our product development	Moderate	Establish calculation rules and systems for the GHG Emissions Visualization Project and continue to collect primary data from suppliers

Definitions of Degree of Impact

Major: Impact on the Group's business and profits will likely be significant

Moderate: Impact on the Group's business and profits will likely be slightly large

Minor: Impact on the Group's business and profits will likely be insignificant

### 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 actively investing in the GHG Emissions Visualization Project to facilitate accurate assessments of GHG emissions, which vary according to the materials and production methods used, and enabling developers to appropriately select low-carbon materials by urging suppliers of raw materials to provide primary information concerning GHG emissions for each material.

P.045 GHG Emissions Visualization Project

## 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's *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.128 Business Risks

## Benchmarks and Targets

To develop a specific action plan for mitigating climate change, Unicharm endorsed the international SBTi in May 2017 and formulated a CO<sub>2</sub> reduction plan up to 2045 by conducting simulations. In June 2018, Unicharm became the 17th company in Japan to have its reduction plan certified for consistency with the 2°C target.

Working toward these targets, we have set specific long-term CO<sub>2</sub> 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). Furthermore, we are looking to adopt the 1.5°C target announced at COP26 in place of the current 2°C target.



### SBTi CO<sub>2</sub> 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 electricity. 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 electricity is not improved, we believe that operating costs could rise by 10%.

Unicharm has established a medium- to long-term vision and targets for climate change in its 2050 vision and Environmental Targets 2030. “Reducing CO<sub>2</sub> emissions associated with raw materials procurement” (Scope 3, Category 1), “reducing CO<sub>2</sub> emissions in manufacturing” (Scope 1 and Scope 2), and “reducing CO<sub>2</sub> emissions associated with disposal of used products” (Scope 3, Category 12), which account for a large proportion of CO<sub>2</sub> emissions over the product life cycle, have been set as our targets for climate change response. For Scope 1 and Scope 2, we run energy conservation activities for the workplace with promoters of environmental activities at each site four times a year, and implement and monitor the progress of annual plans. For CO<sub>2</sub> emissions from purchased materials that form the bulk of our Scope 3 emissions, we perform LCAs (life cycle assessments) to calculate CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

- P.046 CO<sub>2</sub> Emissions throughout the Supply Chain (Overall Picture of Scopes 1 to 3)
- P.046 CO<sub>2</sub> Emissions from Business Activities (Scope 1 and Scope 2)
- P.046 Reducing CO<sub>2</sub> Emissions Associated with Raw Materials Procurement (Scope 3, Category 1)
- P.048 Reducing CO<sub>2</sub> Emissions through the Recycling of Used Disposable Diapers

# Biodiversity

## Biodiversity Conservation

304-2

### Our Basic Approach and Strategy

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 paper, pulp, and other forest resources, which we use in large amounts, we have established the Forest-Derived Raw Materials Procurement Guidelines, and we procure materials from managed forests, strive to 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.

In Environmental Targets 2030, announced in May 2020, we declared “realizing a society with zero deforestation related to the purchasing of timber” as our 2050 vision for the key environmental issue “helping prevent deforestation (response to procurement-related issues),” with a view to conserving biodiversity. To that end, we have established goals to be achieved by 2030, ensuring the traceability of pulp and palm oil to their origin, transitioning to 100% use of certified materials, and promoting the recycling of used disposable diapers.

**P.104** Forest-Derived Raw Materials Procurement Guidelines

### Risks and Opportunities Related to Biodiversity

Our risks include (1) the possible instability of raw materials procurement (particularly pulp, paper, palm oil, and agricultural products), procurement costs, and operating rates due to negative impacts on biodiversity 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 can expect (1) the proactive utilization of certified sustainable materials to lead to a stable supply of raw materials and the reduction of costs and (2) sales to expand through the provision of products that focus on the importance of biodiversity in collaboration with retailers.

### ▶ Helping Prevent Deforestation (Response to Procurement-Related Issues) under Environmental Targets 2030

Implementation Items		2021 Results	2022 Targets	2022 Results	2023 Targets	2030 Targets	2050 Vision Targets
Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw materials*1	97.0%	98.0%	97.1%	98.0%	Completed	Realizing a society with zero deforestation related to the purchasing of timber
	Palm oil	77.2%	80.0%	72.2%	80.0%		
Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories*2	52.0%	60.0%	56.0%	64.0%	100%	
	Percentage of certified materials procured	76.0%	75.0%	72.3%	75.0%		
Expanding the use of certified palm oil (RSPO-certified)	—	77.2%	80.0%	72.2%	80.0%	100%	
Promoting the recycling of used disposable diapers	—	Development ongoing	Development ongoing	2*3	2	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 In 2022, we started operating recycling facilities in two municipalities, Shibushi City and Osaki Town in Kagoshima Prefecture (conducted demonstration experiments on the collection of used disposable diapers in Higashi-Yamato City in 2020 and Machida City in 2021).



## Management Structure

At the quarterly ESG Committee meetings chaired by the president & CEO, plans and progress on important biodiversity-related issues are shared and reported. Specific plans are reported in accordance with Environmental Targets 2030 and Kyo-sei Life Vision 2030, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We identify and review biodiversity problems and material issues through open discussions 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. The progress of these activities is shared and reported at ESG Committee meetings and reported periodically to the Board of Directors.

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.

P.010 ESG Promotion Structure

## Initiatives and Results

### Open Discussions with Other Experts

In 2019, we held a meeting with the World Wide Fund for Nature (WWF) Japan regarding 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 (the current state and future developments), and deforestation (circumstances and developments going forward surrounding pulp, paper, and palm oil), which were incorporated into the formulation of Environmental Targets 2030. 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.

P.034 Environmental Targets 2030

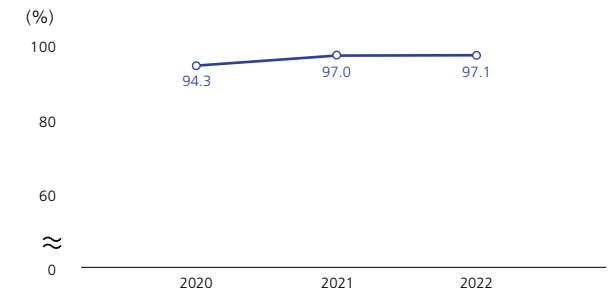
## Ensuring the Traceability of Forest-Derived Raw Materials to Their Origin

At Unicharm, we promote the procurement of sustainable forest-derived raw materials. In 2022, 97.1% of the Group's forest-derived raw materials (pulp, tissue, separators, and airlaid pulp) were traceable to their origin.

### ► Environmental Targets 2030: Percentage of forest-derived raw materials traceable to their origin



### ► Percentage of Forest-Derived Raw Materials Traceable to Their Origin



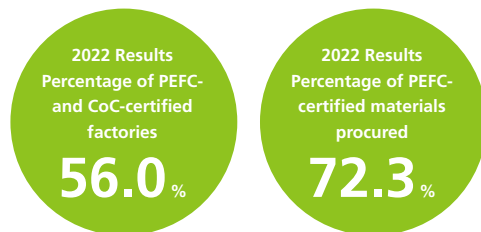
P.066 Forest-Derived Raw Materials

## Expanding the Use of Certified Pulp (PEFC- and CoC-Certified)

We are working on a Groupwide basis to acquire CoC certification under the Programme for the Endorsement of Forest Certification (PEFC). With the certification of the Mie Factory in 2022, 14 out of our 25 eligible factories have been CoC-certified. As of December 31, 2022, 56.0% of our factories were CoC-certified, while 72.3% of the pulp we procure was PEFC-certified. PEFC-certified labels have been included on the packaging of *Moony Natural* and *Moonyman Natural* (Japan), *MamyPoko* (South Korea), *MamyPoko Pants* and *PETPET Pants* (Malaysia), and other disposable baby diaper products produced at our CoC-certified factories around the world. Moreover, we endeavor to promote awareness of Unicharm's initiatives among consumers by posting information on our products containing pulp and paper made from appropriately managed forest-derived raw materials on social media and our corporate website.



### ► Environmental Targets 2030: Expanding the use of certified pulp (PEFC- and CoC-certified)



### ► List of CoC-Certified Factories

Year of Certification	Factory
2020	Indonesia (Karawang Factory No. 1 and No. 2, East Java Factory)
	Thailand (Wellgrow Factory)
	Japan (Fukushima Factory, Shizuoka Factory, Shikoku Chuo Factory, Shikoku Onohara Works, Kyushu Factory)
2021	South Korea (Gumi Factory)
	Malaysia (DSG Malaysia Factory)
	United States (Hartz Pleasant Plain Factory)
	Taiwan–Greater China (Junan Factory)
2022	Japan (Mie Factory)

P.024 Construction of Value Chains That Take Account of Sustainability

## Holding of Forest Certification Joint Promotion Ceremony with the SGEC and PEFC Japan

In November 2022, we concluded a memorandum of understanding (MoU) with the SGEC and PEFC Japan to jointly promote the following six measures concerning sustainable forest use and protection.



Forest Certification Joint Promotion Ceremony

1. Increase use and exposure of PEFC labels
2. Promote sustainable forest use along the supply chain
3. Conduct activities that contribute to the conservation of forest resources
4. Enhance awareness of the benefits of using PEFC-certified materials
5. Give full consideration to the use of PEFC-certified paper for paper other than that used for Unicharm products
6. Introduce PEFC-certified products through our corporate website, newsletters, and social media, and the intranet used by PEFC member companies

In addition, in October 2022, Unicharm took part in a tree-planting event held by the SGEC and PEFC Japan in an effort to “conduct activities that contribute to the conservation of forest resources.”



Tree-planting event

## Expanding the Use of FSC®-Certified Materials

Upon exchanging views with the Forest Stewardship Council (FSC®) Japan,\* in October 2017, we declared support for the Vancouver Declaration for the UN SDGs and FSC® Certification and are working to expand the use of FSC®-certified materials.

Since 2019, we have been switching to FSC®-certified materials for the paper packaging and cardboard used for masks, tampons, cosmetic cotton, cat food, and other products sold in Japan.



Paper packaging made from FSC®-certified materials

In 2021, Unicharm also released its *MamyPoko Premium Baby Wipes* made of FSC®-certified materials in Taiwan–Greater China.



\* An independent non-profit organization that operates an international forest certification system with the goal of expanding responsible forest management around the world

## Initiatives to Raise Awareness of FSC® Certification

In collaboration with the FSC® Japan, an NPO that promotes public awareness of the FSC®, Unicharm sponsored the FSC® Education Program “Safeguarding the Forest with the FSC® Label—Let’s try to learn, understand and put into action—,” held from December 2021 to March 2022, and the 3rd FSC® Award, held in April 2022. With the SDGs being increasingly incorporated into school curriculums in recent years, junior high and high school students are becoming more 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.



## Percentage of Office Paper Made from Certified Materials

We value the importance of environmental awareness when it comes to the paper used at our offices as well and, in 2022, 99.9% of the office paper we used was made from environmentally friendly materials (of which, 97.7% was 100% recycled paper and 2.2% was made from certified materials).

## Providing and Expanding Our Line of Products Using Plant-Derived Components

Unicharm is enhancing its development and supply of products using plant-derived components.

**P.043** Promoting Sales of Products That Avoid the Use of Petroleum-Derived Plastic

## Providing and Expanding Our Line of Organic Products

As a part of our initiatives to create environmentally friendly products, we are expanding the range of products containing organic cotton. Organic cotton is manufactured in a way that minimizes its impact on the environment, including soils and water quality.

In Japan, along with expanding our lineup of *Moony Natural* and *Moonyman Natural* disposable baby diapers and *Sofy Organic Cotton Sanitary Pads*, we released *Natural Moony* baby wipes, *Sofy Organic Cotton Ultra-Sound-Sleep Pants*, and other products using organic cotton in 2022.

### ▶ Number of Products Using Organic Cotton (Japan)

	Number of Products
2020	22
2021	23
2022	33



### MamyPoko Royal Soft Organic Cotton (Indonesia)

In August 2022 in Indonesia, Unicharm released *MamyPoko Royal Soft Organic Cotton*, a disposable baby diaper that uses organic cotton as part of the top sheet, which comes into contact with babies’ skin. This product uses only organic cotton certified with the Organic Content Standard (OCS) 100 of Control Union Certifications B.V., which certifies that the cotton is grown naturally without the use of any pesticides.



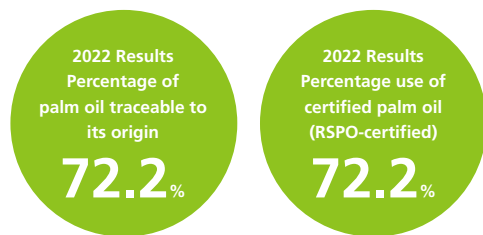
### Ensuring the Traceability of Palm Oil to Its Origin and Expanding the Use of Certified Palm Oil (RSPO-Certified)

At Unicharm, we promote the procurement of third-party certified palm oil. The amount of palm oil procured and the percentage of palm oil traceable to its origin for the palm oil used in Unicharm's partner animal (pet) food products are as follows. In 2022, Unicharm's procurement of RSPO-certified palm oil based on the mass balance system\* was 119 tons, while 72.2% of the palm oil used was traceable to its origin. 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.

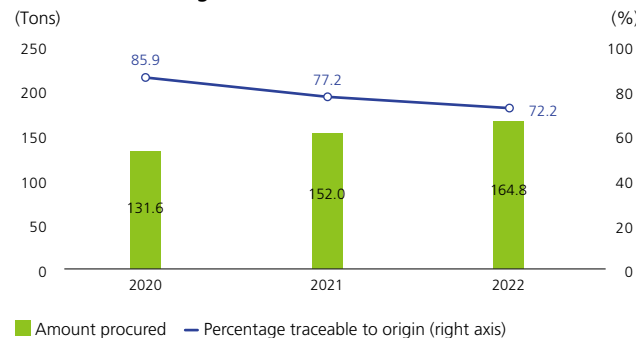


\* A certification model in which certified oil produced at certified farms is mixed with other uncertified oil during the distribution process. Although the certified oil physically contains uncertified oil, the certified farms and the amount of certified oil purchased are guaranteed.

#### ► Environmental Targets 2030: Ensuring the traceability of palm oil to its origin and expanding the use of certified palm oil (RSPO-certified)



#### ► Amount of Palm Oil Procured and Percentage of Palm Oil Traceable to Origin



P.107 Sustainable Palm Oil Procurement

### Recycling of Used Disposable Diapers

Unicharm's used disposable diaper recycling system is one where 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. In June 2022, we began testing the use of *Lifree* disposable adult diapers that use recycled materials as part of its absorbent paper at certain nursing care facilities in Kagoshima Prefecture. As of December 31, 2022, Unicharm operates used disposable diaper recycling facilities in Shibushi City and Osaki Town of Kagoshima Prefecture.

While wood is necessary to manufacture virgin pulp, a material used in disposable diapers, 100 trees could be preserved by recycling the disposable adult diapers of 100 people over a period of one year.



#### ► Environmental Targets 2030: Promoting the recycling of used disposable diapers



P.027 Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

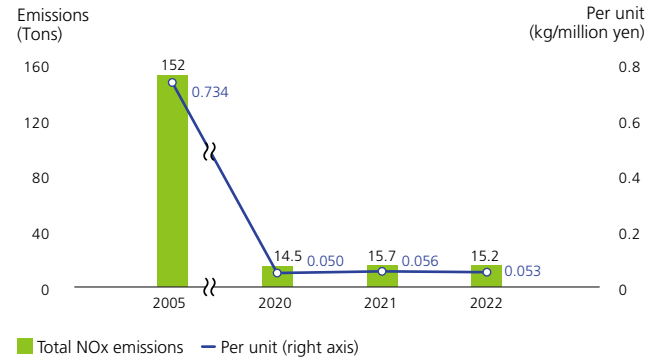
## Managing Chemical Substances in View of Their Impact on the Ecosystem 305-7

Unicharm is promoting measures to control the hazardous chemical substances from its factories by considering their impact on not only people but ecosystems as well. We have formulated guidelines and a dedicated department investigates toxicity and legal compliance.

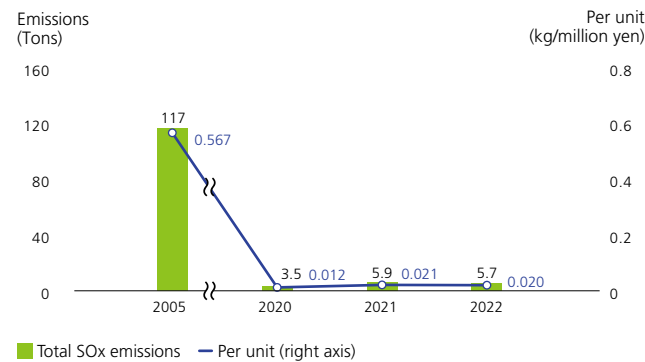
- We are working to reduce SOx (sulfur oxide) and NOx (nitrogen oxide) emissions, which are required to be measured as a response to air pollution, through means such as improving the operational efficiency of boilers and other equipment.
- With regard to toluene, a substance subject to the Pollutant Release and Transfer Register (PRTR) in Japan, we are gradually shifting to the use of toluene-free thinner.
- At Unicharm, there are no polychlorinated biphenyl (PCB)-containing transformers or condensers, as they were all disposed of in December 2020.

**P.067** Pollutant Release and Transfer Register (PRTR) Substances (Japan)

### ▶ Unicharm's NOx Emissions (Japan)



### ▶ Unicharm's SOx Emissions (Japan)



**P.066** NOx and SOx Emissions (Japan)

## Protection of the Ozone Layer (Japan) 305-6

We manage chlorofluorocarbons (CFCs) in compliance with laws and regulations and conduct regular inspections in an effort to protect the ozone layer.

**P.067** Ozone-Depleting Substances (Japan)

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

With respect to water quality, we strive to prevent pollution by adhering to voluntary standards, the Water Pollution Control Law, and the Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea. Biochemical oxygen demand (BOD) and chemical oxygen demand (COD) emissions are measured and evaluated for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations for which there were no violations in 2022.

Moreover, to prevent soil contamination and offensive odors, we conduct regular measurements according to in-house standards. In 2022, there were no accidents associated with soil contamination or offensive odors.

**P.067** Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) (Japan)

# Water Resources

## Water Recycling-Oriented Society

303-1

### Our Basic Approach and Strategy

Because most of the raw materials used in the products we provide are procured from suppliers, we use limited amounts of water during manufacturing. Regardless, water is an integral component of suppliers' pulp and paper manufacturing processes, and, therefore, we must effectively use the limited amounts of water resources available. To conserve water to the extent possible, we conduct water risk assessments on all of our business activities and take measures accordingly, reduce water intake at production sites, and recycle and purify water, in accordance with the Unicharm Group Basic Environmental Policy. In addition, we promote measures with the aim of reducing water intake by 1% each year.

### Risks and Opportunities Related to Water Resources

We perceive a risk of decline in operating uptime due to a destabilization in the 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 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 or 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.

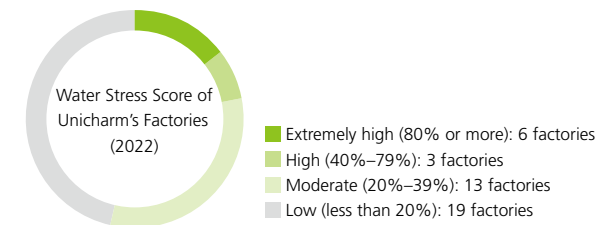
### Management Structure

At the quarterly ESG Committee meetings chaired by the president & CEO, plans and progress on important matters related to water resources are shared and, upon approval from the Board of Directors, a PDCA cycle is implemented toward the achievement of targets.

- P.010** ESG Promotion Structure
- P.036** Management Structure

### Identifying and Responding to Water Risks Using Aqueduct

Currently, our water stress is rated as being "extremely high" or "high" at nine of our 41 factories across the Group based on Aqueduct. Meanwhile, based on climate change and other future scenarios, 16 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 nonwoven fabric manufacturing factory in Indonesia (which has a high water risk), where a water circulation with approximately 90% water reuse has been achieved and water discharge volume and quality (tested value) are regularly reported to the local government. In addition, we plant trees to protect water resources, conduct cleanup activities along rivers, such as underbrush clearing, and promote awareness of the proper methods for disposing of products after use.



## Initiatives and Results

303-3

### Reducing Water Usage

303-3

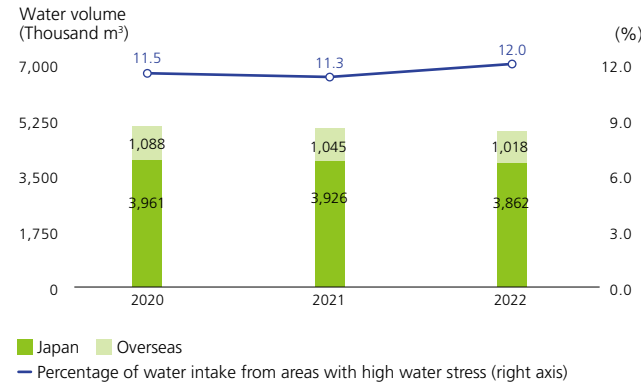
We are working to reduce water use with the goal of achieving at least a 1% reduction each year. Our water intake in 2022 was 4,881,000 m<sup>3</sup>, a 1.8% reduction in water use from the previous year.

Note: Actual values have been reflected in place of the estimated values used for certain factories.

#### Water Use

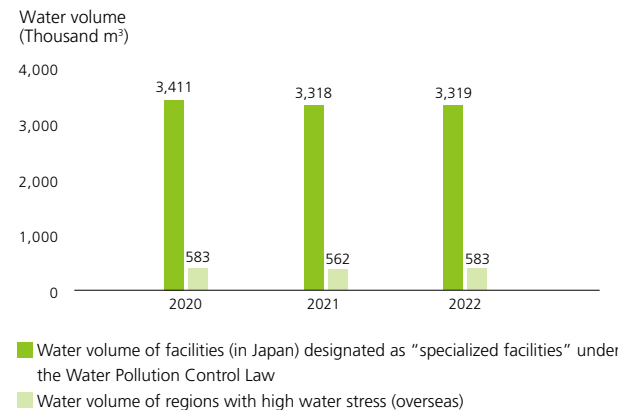


#### Water Intake



P.067 Water Use (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.067 Water Use by Source (Water Intake) (Japan) /  
Water Use by Source (Water Intake) (Overseas)

#### Promoting Water Recycling

To make effective use of the limited water resources available, we are reducing water intake by recycling the water used at our factories. At our nonwoven fabric and paper manufacturing factories, we recycle the water used in manufacturing processes. Moreover, we have recycled roughly 90% of the water used at our nonwoven fabric manufacturing factory in Indonesia.

#### Measures to Reduce Water Use and Eliminate Wastewater Emissions

At Unicharm’s Kyushu Factory in Japan, the air conditioning system was changed from a water-cooling system to an air-cooling system, thereby reducing water use and eliminating wastewater emissions. We will promote this conversion to an air-cooling system at other factories, coordinating with the timing of upgrades to their air conditioning systems.

#### Water Consumption and Wastewater Discharge Emissions

303-2,303-4,303-5

At Unicharm, the volume of wastewater is measured at certain sites and, therefore, the following formula is used for the overall report: water intake = wastewater volume + water consumption volume (factory consumption + product consumption). Water consumption volume consists of factory consumption from the *Paper-sand*<sup>®</sup> manufacturing process and evaporation of cooling water at factories and product consumption, generated from the manufacturing processes of wet wipes and partner animal (pet) food.

Wastewater, which is generated mainly from the manufacturing processes of water-absorbent paper and partner animal (pet) foods, amounted to 4,189,000 m<sup>3</sup> in 2022. Wastewater is discharged upon undergoing treatment to meet government-stipulated wastewater treatment standards.

Wastewater 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 2022. In addition, applicable factories provided legally required reports to the government as appropriate. Moreover, there were no accidents associated with soil contamination or offensive odors.

# Environmental Data

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

## Environmental Management

### ► Sites receiving third-party assurance (100% of sales)

All business locations inside Japan (however, headquarters, sales offices, and Unicharm Mölnlycke have assurances only for fuel, electricity, and CO<sub>2</sub>)

Unicharm Corporation (sales offices, R&D, Itami Factory, Mie Factory, and Saitama Factory), Unicharm Products Co., Ltd. (Fukushima Factory, Shizuoka Factory, Shikoku Factory, and Kyushu Factory), Unicharm Kokko Nonwoven Co., Ltd. (Non-Woven Manufacturing Group of Toyohama Manufacturing Team, Kawano Manufacturing Team, Kokko Manufacturing Team, Processed Products Manufacturing Group of Toyohama Wet Wipe Manufacturing Team, and Kawano Food Packaging Manufacturing Team), Cosmotec Corporation, Unicharm Mölnlycke K.K., Peparlet Co., Ltd., and Kinsei Products Co., Ltd.

### Overseas (manufacturing locations only)

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

Indonesia: PT Uni-Charm Indonesia Tbk (Karawang Factory and East Java Factory), PT Uni-Charm Nonwoven Indonesia

Thailand: Uni-Charm (Thailand) Co., Ltd. (Wellgrow Factory) and DSG International (Thailand) Public Co., Ltd.

India: Unicharm India (Sri City Factory and Neerana Factory)

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

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

United States: The Hartz Mountain Corporation (Hartz Pleasant Plain Factory)

South Korea: LG-Unicharm Co., Ltd. (Gumi Factory)

Saudi Arabia: Unicharm Gulf Hygienic Industries Ltd. (Riyadh Factory)

Egypt: Unicharm Middle East & North Africa Hygienic Industries Company S.A.E. (Ramadan Factory)

Brazil: UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA. (São Paulo Factory)



Myanmar: Unicharm Myanmar Company Limited

Malaysia: Disposable Soft Goods (Malaysia) Sdn. Bhd.

### Policies and standards

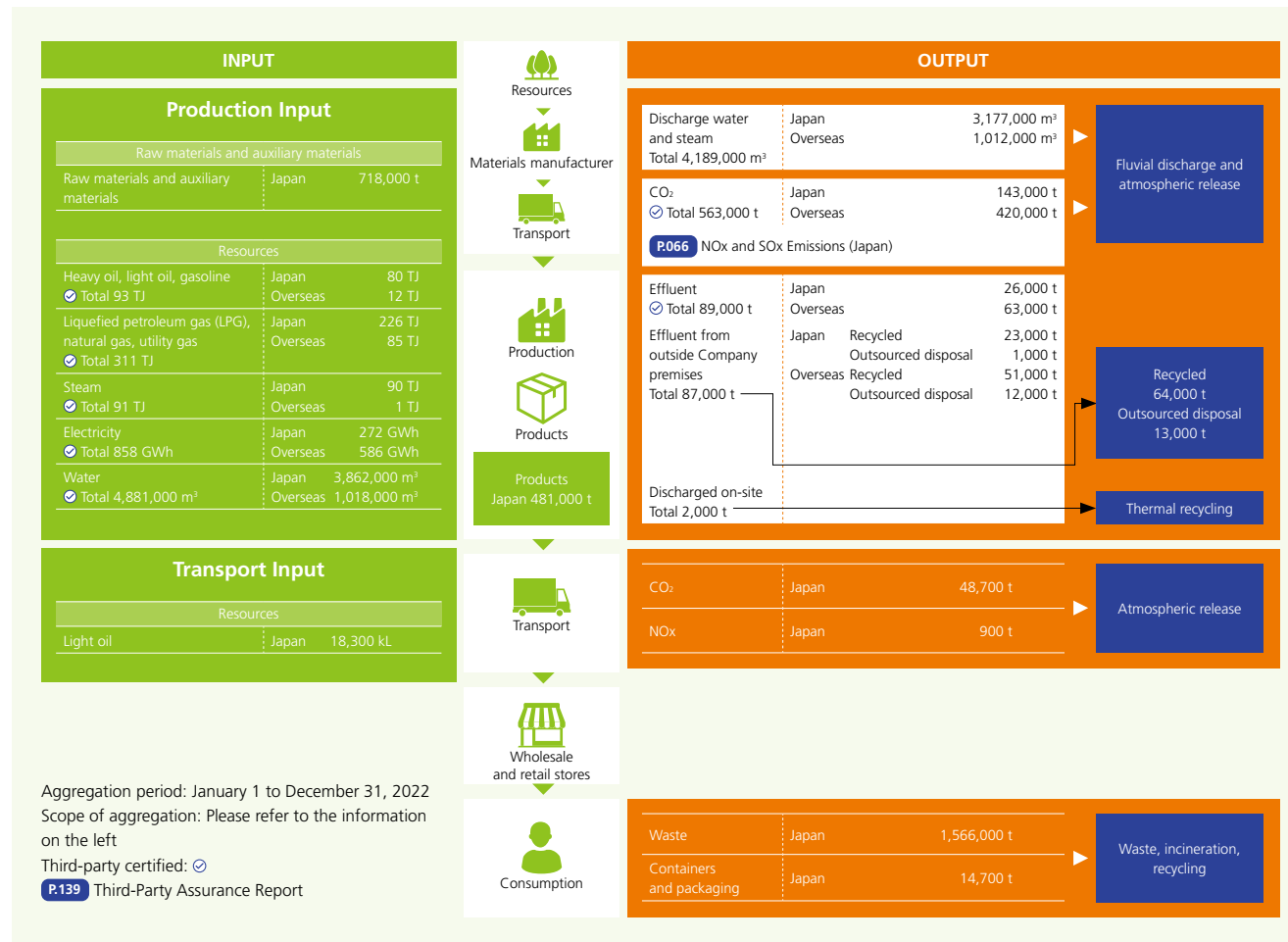
Aggregation is based on Company rules concerning the management of environmental information in accordance with relevant environmental laws and regulations, including the Act on Rationalizing Energy Use, the Act on Promotion of Global Warming Countermeasures, and the Waste Management and Public Cleansing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

### Notes

- CO<sub>2</sub> emissions in Japan are calculated based on the 2021 emission factors under the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures. The overseas portion is calculated based on the emission factors of the Institute for Global Environmental Strategies (IGES) 2021 emission factors: 1.031 for China, 0.811 for Indonesia, 0.572 for Thailand, 0.990 for India, 1.031 for Taiwan-Greater China, 0.661 for Vietnam, 0.911 for South Korea, 0.654 for Saudi Arabia, 0.579 for Egypt, and 0.619 for Malaysia (t-CO<sub>2</sub>/kWh) The United States and Brazil use 100% renewable electricity while Myanmar uses 100% private power generation.
- 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 .
- Scope 3 emissions third-party assurance within Japan is denoted using the .

## ► Energy/Material Flow from a Life Cycle Perspective

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



## ► Violations of Environmental Laws and Regulations

It was confirmed that, in 2022, 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.



## Resources Used in Product Development

		Unit	2020	2021	2022
Raw materials and auxiliary materials	Japan	Thousand tons	493	493	718
	Overseas				
Heavy oil, light oil, gasoline	Japan	TJ	89.4	93	80
	Overseas		8.2	9	12
	<b>Total</b>		☑ 97.6	☑ 102	☑ 93
Liquefied petroleum gas (LPG), natural gas, utility gas	Japan	TJ	237.0	238	226
	Overseas		117.4	107	85
	<b>Total</b>		☑ 354.4	☑ 345	☑ 311
Steam	Japan	TJ	80.9	77.7	90
	Overseas		—	—	1
	<b>Total</b>		☑ 80.9	☑ 77.7	☑ 91
Electricity	Japan	GWh	274	273	272
	Overseas		432	449	586
	<b>Total</b>		☑ 706	☑ 721	☑ 858
Water	Japan	Thousand m <sup>3</sup>	3,961	3,926	3,862
	Overseas		1,088	1,045	1,018
	<b>Total</b>		5,049	4,970	☑ 4,881
Light oil used for transport	Japan	Thousand kL	18.0	18.3	18.3

## Total Product Weight (Japan)

	Unit	2020	2021	2022
Total product weight	Thousand tons	491	491	481

## The Unicharm Group's ISO Certifications

(As of December 31, 2022)

Name of Certified Group Company	ISO 14001	ISO 9001	ISO 13485	ISO 45001
Unicharm Corporation and Unicharm Products Co., Ltd.	○	○	○*	
Unicharm Kokko Nonwoven Co., Ltd.	○	○	—	○
Cosmotec Corporation		○	—	
United Charm (Taiwan–Greater China) Co., Ltd.	○	○	—	○
Uni-Charm (Thailand) Co., Ltd.	○	○	○	○
PT. UNI-CHARM INDONESIA Tbk (Factory 1)	○	○	○	
PT. UNI-CHARM INDONESIA Tbk (Factory 2)	○	○	○	
PT. UNI-CHARM INDONESIA Tbk (Factory 3)	○	○	○	
Unicharm Consumer Products (China) Co., Ltd.	○	○	—	
Unicharm Consumer Products (Jiangsu) Co., Ltd.	○	○	—	○
Unicharm Consumer Products (Tianjin) Co., Ltd.	○	○	—	○

Name of Certified Group Company	ISO 14001	ISO 9001	ISO 13485	ISO 45001
Unicharm Gulf Hygienic Industries Ltd.	○	○	—	○
LG-Unicharm Co., Ltd.	○	○	—	
Unicharm India Private Limited		○	—	
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.

—: Not acquired

## Waste and Resource Utilization

### Waste Disposal Volume

		Unit	2020	2021	2022
Japan		Thousand tons	23.4	23.7	24.4
Overseas	Thailand		7.7	8.0	7.6
	China		17.9	19.5	19.0
	Indonesia		7.8	8.3	8.1
	India		4.8	6.5	8.0
	Vietnam		5.8	6.0	5.8
	Taiwan–Greater China		0.9	0.8	0.8
	United States		1.4	4.4	4.0
	South Korea		1.7	1.6	1.5
	Saudi Arabia		3.7	3.9	4.1
	Egypt		1.2	1.5	1.7
Myanmar	0.001		0.010	0.011	
Brazil	1.4		1.2	1.2	
Malaysia	1.4	1.5	1.3		
<b>Total</b>		<b>55.7</b>	<b>63.2</b>	<b>63.1</b>	
<b>Total</b>		<b>79.1</b>	<b>86.9</b>	<b>87.5</b>	
Per unit	Tons/million yen	0.118	0.120	0.097	

### ▶ Recycling Rate

	Unit	2020	2021	2022
Japan*	%	99.6	99.5	99.3

\* Material + thermal results from four key Japanese sites

## Climate Change

### ▶ Energy Use

		Unit	2020	2021	2022
Japan			3,018	3,035	3,029
Overseas	Thailand	TJ	1,122	1,071	988
	China		1,139	1,223	978
	Indonesia		1,446	1,510	1,482
	India		392	401	629
	Vietnam		467	412	331
	Taiwan-Greater China		92	86	76
	United States		72	67	62
	South Korea		128	127	132
	Saudi Arabia		556	582	591
	Egypt		123	140	164
	Myanmar		5	5	7
	Brazil		130	123	132
	Malaysia		113	125	118
	<b>Total</b>			<b>5,785</b>	<b>5,872</b>
<b>Total</b>		<b>8,803</b>	<b>8,907</b>	<b>8,719</b>	
Per unit	TJ/million yen	0.013	0.012	0.010	

### ▶ CO<sub>2</sub> Emissions by Scope (Japan)

Scope	Category	Unit	2020	2021	2022	Remarks
Scope 1	Direct emissions		24.7	24.8	21.8	
Scope 2	Indirect emissions from energy sources		139.8	117.7	121.2	
Scope 3	1 Purchased goods and services	Thousand tons	1,065.0	959.0	948.6	Method of calculation was revised to avoid double counting of emissions reductions between product manufacturers and raw material suppliers
	2 Capital goods		41.0	68.0	12.6	
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2		3.0	22.0	19.0	
	4 Upstream transportation and distribution		48.0	48.0	48.7	
	5 Waste generated in operations		1.1	1.2	1.2	
	6 Business travel		0.1	0.1	0.4	
	7 Employee commuting		1.7	1.9	2.0	
	8 Upstream leased assets		0.7	0.8	0.8	
	9 Downstream transportation and distribution		—	—	28.4	
	10 Processing of sold products		0.0	0.0	0.0	Does not apply to any work process
	11 Use of sold products		0.0	0.0	0.0	
	12 End-of-life treatment of products after use		817.0	841.0	791.2	Method of calculation was revised to avoid double counting of emissions reductions between product manufacturers and raw material suppliers
	13 Downstream leased assets		0.0	0.0	0.0	
	14 Franchises		0.0	0.0	0.0	Does not apply to any work process
	15 Investments		0.0	0.0	0.0	
<b>Total for Scope 3</b>		<b>1,977.6</b>	<b>1,942.0</b>	<b>1,852.9</b>		
<b>Total for Scopes 1, 2, and 3</b>		<b>2,142.1</b>	<b>2,084.5</b>	<b>1,995.9</b>		

## ► Scope 1 and Scope 2 CO<sub>2</sub> Emissions

		Unit	2020	2021	2022
Japan		Thousand tons	164.0	142.0	143.0
Overseas	Thailand		57.0	54.0	57.0
	China		83.0	74.0	83.0
	Indonesia		115.0	121.0	119.0
	India		36.0	37.0	62.0
	Vietnam		16.0	15.0	22.0
	Taiwan–Greater China		7.0	7.0	8.0
	United States		3.0	3.0	0.0
	South Korea		7.0	7.0	12.0
	Saudi Arabia		41.0	43.0	39.0
	Egypt		5.0	6.0	10.0
	Myanmar		0.3	0.3	0.5
	Brazil		0.0	0.0	0.0
	Malaysia		8.0	9.0	8.0
	<b>Total</b>		<b>378.3</b>	<b>376.3</b>	<b>420.5</b>
	<b>Total</b>		<b>542.3</b>	<b>518.3</b>	<b>563.5</b>
Per unit	Tons/million yen	0.811	0.716	0.627	

## ► Procurement of Renewable Electricity

		Unit	2020	2021	2022
Japan		kWh	3,076,493	15,853,916	34,274,222
Overseas	Thailand		0	9,957,556	10,678,188
	China		19,619,579	19,812,584	23,143,030
	Indonesia		0	0	927,099
	India		0	0	0
	Vietnam		0	5,159,022	5,146,197
	Taiwan–Greater China		0	0	0
	United States		0	540,607	6,187,714
	South Korea		0	0	0
	Saudi Arabia		0	0	0
	Egypt		0	0	0
	Myanmar		0	0	0
	Brazil		13,023,228	12,374,215	13,229,604
	Malaysia		0	0	0
	<b>Total</b>		<b>32,642,807</b>	<b>47,843,985</b>	<b>59,311,832</b>
	<b>Total</b>		<b>35,719,300</b>	<b>63,697,900</b>	<b>93,586,054</b>
Percentage of renewable electricity use	%	4.1	7.3	11.0	

## Biodiversity

### ► Forest-Derived Raw Materials

		Unit	2020	2021	2022
Amount of third-party certified forest-derived raw materials procured	Japan	Tons	128,393	117,606	155,378
	Overseas		262,869	273,667	299,731
	<b>Total</b>		<b>391,262</b>	<b>391,273</b>	<b>455,109</b>
Percentage of paper and pulp traceable to place of origin	Japan	%	99.1	100.0	100.0
	Overseas		92.2	96.0	95.7
	<b>Total</b>		<b>94.3</b>	<b>97.0</b>	<b>97.1</b>

Notes: 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

### ► PEFC and CoC Certifications

		Unit	2020	2021	2022
Percentage of CoC-certified factories	%	50.0	52.0	56.0	
Percentage of PEFC-certified pulp procured		—	76.0	72.3	

### ► Palm Oil

		Unit	2020	2021	2022
Amount of palm oil procured	Tons	131.6	152.0	164.8	
Amount of certified palm oil procured		113.1	117.3	119.0	
Percentage of raw materials traceable to place of origin	%	85.9	77.2	72.2	
Percentage of certified palm oil procured		85.9	77.2	72.2	

### ► NO<sub>x</sub> and SO<sub>x</sub> Emissions (Japan)

		Unit	2020	2021	2022
NO <sub>x</sub>	Tons	14.5	15.7	15.2	
NO <sub>x</sub> per unit	kg/million yen	0.050	0.056	0.053	
SO <sub>x</sub>	Tons	3.5	5.9	5.7	
SO <sub>x</sub> per unit	kg/million yen	0.012	0.021	0.020	

### ► Polychlorinated Biphenyl (PCB) Storage Situation: None

### ▶ Pollutant Release and Transfer Register (PRTR) Substances (Japan)

	Unit	2020	2021	2022
Toluene	Tons/year	16.7	43.1	43.2
Ethylene oxide	kg/year	13.7	18.8	95.8
Dioxin	mg-TEQ/year	0.00002	0.08500	0.29000
Methylnaphthalene	Tons/year	—	0.1	0.1

### ▶ Ozone-Depleting Substances (Japan)

Substance	Business Site	Use	Unit	2022
Halon (Class 1)	Unicharm Products Shizuoka Factory	Fire retardant		1.6
	Unicharm Products Shikoku Factory (Kagawa)			0.07
	Unicharm (other development sites in Kagawa)			0.0001
HCFC (Class 1)	Unicharm Products Fukushima Factory	Refrigerant	Tons	2.6
	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

### ▶ Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) (Japan)

	Unit	2020	2021	2022
BOD	Tons	18.2	23.0	14.4
COD		19.4	20.5	9.8

## Water Resources

### ▶ Water Use (Water Intake)

	Unit	2020	2021	2022
Japan	Thousand m <sup>3</sup>	3,961	3,926	3,862
Overseas		1,088	1,045	1,018
<b>Total</b>		<b>5,049</b>	<b>4,970</b>	<b>4,881</b>
Water volume in areas with high water stress as a percentage of total water volume	%	11.5	11.3	12.0

### ▶ Water Use by Source (Water Intake) (Japan)

	Unit	2020	2021	2022
Surface water (rivers, lakes, and ponds)	Thousand m <sup>3</sup>	163	155	157
Groundwater		832	931	889
Other water sources		2,966	2,840	2,816
Of these, locations that have specified facilities under the Water Pollution Control Law				
Surface water (rivers, lakes, and ponds)	Thousand m <sup>3</sup>	5	7	6
Groundwater		440	471	497
Other water sources		2,966	2,840	2,816
<b>Total</b>		<b>3,961</b>	<b>3,926</b>	<b>3,862</b>

### ▶ Water Use by Source (Water Intake) (Overseas)

	Unit	2020	2021	2022
Surface water (rivers, lakes, and ponds)	Thousand m <sup>3</sup>	1,079	1,036	1,011
Groundwater		9	8	8
Other water sources		0	0	0
Of these, areas with high water stress				
Surface water (rivers, lakes, and ponds)	Thousand m <sup>3</sup>	583	562	583
Groundwater		0	0	0
Other water sources		0	0	0
<b>Total</b>		<b>1,088</b>	<b>1,045</b>	<b>1,018</b>

### ▶ Wastewater and Steam

	Unit	2020	2021	2022
Japan	Thousand m <sup>3</sup>	3,171	3,135	3,177
Overseas		1,080	1,035	1,012
<b>Total</b>		<b>4,251</b>	<b>4,170</b>	<b>4,189</b>

# Society



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# Innovation Management

## Product Development

### Our Basic Approach and Strategy

Unicharm's basic development policy declares that we must continue to create new value through technology innovation. Based on this policy, Unicharm constantly carries out research on nonwoven fabrics, super absorbent polymers, and pulp and paper, and develops and upgrades processing technologies for these materials, always engaging in activities with innovation in mind. We are also strengthening our measures to shorten the lead time from the start of product development to product release.

Unicharm's product development consists mainly of the development of personal care products and partner animal (pet) care products. When developing personal care products, we uncover new product ideas by considering all stages of life and evolve them into actual products based on our mission of bringing ideas to life by turning unpleasant experiences into comfortable ones. In terms of our partner animal (pet) care products, we strive to cater our development to specific breeds and age groups with the goal of helping ensure the well-being of dogs and cats and enabling them to live in harmony with their families and society at large. In both areas of development, we value the importance of on-site interaction and, therefore, Unicharm's team of developers visit our customers' homes around the world to identify needs and turn ideas into products by repeatedly developing and verifying hypotheses. Once product specifications are determined, we work together with a number of relevant departments, including production equipment and material procurement, to ensure quality for mass production.

In recent years, we have had to refrain from visiting customers in person and conducting interviews due to the effects of COVID-19. However, we are taking new initiatives to continue our global R&D activities even under such circumstances.

An example of such an initiative is the development of the Digital Scrum System. Using this system, we can make virtual visits to customers' homes through an online platform that offers vivid sounds and images to help identify their lifestyles and usage patterns. Also, the ability to remotely observe changes in daily living environments, including those of partner animals (pets), at any time of the day helps us gain new insight into our customers. Moreover, the Digital Scrum System has facilitated product improvements and facility upgrades at our manufacturing sites overseas through the provision of technical guidance and instructions. We will continue to thoroughly monitor our customers' lifestyles and usage patterns, discover the true needs behind them, and continue to take on new challenges in a timely manner without fearing failure or being content with the status quo.

### Management Structure

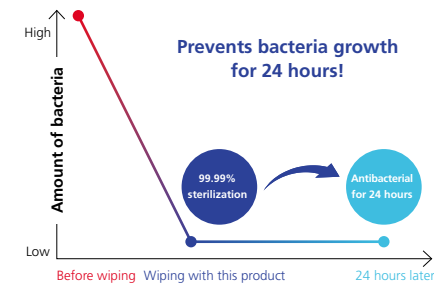
At Unicharm, we have been developing new products and revamping existing ones through R&D&E (research, development, and engineering), an R&D structure that spans our five product categories (wellness care, feminine care, baby care, *Kirei* care, and partner animal (pet) care) and closely coordinates research into products that provide new value to customers, the development of materials and technology necessary for proposing new value, and the engineering of equipment to produce these. Furthermore, for Unicharm, which continues to expand business on a global scale, it is essential that we roll out products based on the characteristics of each country and region. Accordingly, we have established satellite offices of the R&D Division at major overseas subsidiaries and created a structure that facilitates the local development of products tailored to the needs of each country and region.

### Initiatives and Results

#### Silcot 99.99% Sterilization Antibacterial Plus Wet Wipes (Japan)

In response to the growing emphasis on maintaining cleanliness, in October 2022 Unicharm released its *Silcot 99.99% Sterilization Antibacterial Plus* wet wipes, containing a plant-derived antibacterial agent that inhibits the growth of bacteria for 24 hours by simply wiping surfaces. The antibacterial agent consists of glyceryl caprylate, glyceryl undecylenate, and glyceryl ricinoleate, and these wet wipes can be used safely even on dining tables.

#### Sterilization\*1 and antibacterial\*2 effects



\*1 Does not eliminate all bacteria

\*2 Inhibits the growth of bacteria on surfaces wiped with wet wipes.

### BabyJoy Olive and SOFY Olive (Saudi Arabia)

In Arab regions, many believe that olive oil can be gentle on the skin. Based on this belief, in 2021 we released *BabyJoy Olive*, a disposable baby diaper coated with olive oil, which moisturizes the top sheet, an area of the diaper that directly contacts the skin. In addition, we conducted interviews with women in Saudi Arabia and found that olive oil, which is also mentioned in the Quran, is used to deal with skin problems in delicate areas. In view of this, in May 2022 we released *SOFY Olive*, a sanitary pad that comes with olive oil on the top sheet, by drawing on the knowledge accumulated to date through our development of disposable baby diapers.



### Silcot Vitamin C PLUS+ Moisturizing Cotton (Japan)

Skincare has been gaining increased attention in recent years due to the rising number of skin-related concerns arising from wearing masks during the COVID-19 era. In light of this, in October 2022 Unicharm released its *Silcot Vitamin C PLUS+ Moisturizing Cotton*, a cotton sponge coated with ascorbyl glucoside and trisodium ascorbyl palmitate phosphate, vitamin C derivatives used in many skin care products, and niacinamide (vitamin B3). Also, this product has been designed to leave very little lotion on the cotton sponge.



### Moony and Moonyman Diapers Featuring Additive-Free\* and Mildly Acidic Sheets (Japan)

In October 2022, Unicharm released *Moony* and *Moonyman* diapers (excluding *Super Big* types) with additive-free, mildly acidic top sheets, which come into contact with babies' skin. In addition, all *Moony* products were tested for allergens and certified with the OEKO-TEX® STANDARD 100, the world's leading standard for safety. Also, to prevent leakage of soft stools during a baby's early stages of life, the loose stool stoppers attached to the back area of the diaper are now also attached to the leg areas for newborn (birth to 5,000 grams), small, and medium sizes.



\* Free of petroleum-derived oil, fragrance, latex, and synthetic coloring

P025 Provision of Safe, Reliable Products

### AllWell Brand of Healthy Cat Foods (Japan)

In 2020, Unicharm addressed the increasing health-related concerns over cats with the release of its *AllWell* brand of healthy cat food, helping maintain the health of cats by offering seven functions that center on reducing regurgitating. We also found that cat owners who prefer dry cat food feel that their cats eat too quickly and are highly concerned about their cats' immune systems and kidneys. Accordingly, in September 2022, Unicharm introduced three new types of *AllWell* cat food: for cat owners who are concerned about their cats eating too quickly, for the support of healthy immune systems,\* and for the maintenance of healthy kidneys in adult cats.

\* Contains antioxidants to help maintain physical health and a healthy immune system



### Cat Food That Addresses Growing Needs for Peace of Mind (Japan)

There is a growing demand for cat foods that are made of quality ingredients and offer peace of mind. With wet foods in particular, cat owners are placing more emphasis on additive-free products. With this in mind, in 2022 Unicharm released its additive-free series of *Silver Spoon Pouch* and *Silver Spoon Three-Star Gourmet Pouch* cat food, containing no seasonings or coloring. Meanwhile, in response to the increasing focus on products containing domestically produced ingredients, we released *Silver Spoon Three-Star Gourmet Snacks Nippon Select*, which contains carefully selected ingredients from all across Japan, and *Silver Spoon Three-Star Gourmet Pouch 100% Domestic Bonito Flakes*, a product developed in tandem with Hagoromo Foods Corporation consisting entirely of domestically produced bonito flakes. Furthermore, in 2022 we released *Silver Spoon Domestic Tuna in*, containing fine raw bonito generated from the processing of tuna caught in Japan.



Additive-free series



Products containing domestically produced ingredients

# Innovation Management

## Digital Transformation (DX)

### Our Basic Approach and Strategy

Centered on its processing and molding technology for non-woven fabrics and absorbent materials, Unicharm is aiming to provide new value from the perspective of “NOLA & DOLA” (Necessity of Life with Activities and Dreams of Life with Activities). Providing this new value means pursuing value that is truly sought after by customers, contributing to better quality of life for customers around the world. However, as values continue to diversify, fulfilling the individual needs of each customer is no easy task. By visualizing the data generated from the various information accumulated over the years to identify consumer insights, we strive to develop products and services that capture the hearts of customers. We aspire to provide customers with the best possible product at the most suitable time and location and deepen their interest in our products by understanding not only the customer’s situation but also the circumstances of when and where these products are needed. At Unicharm, these are the kinds of measures we take to continue to provide incremental value so that our products and services continue to be used at all stages of life by everyone, from newborns to the elderly, and partner animals (pets).

### Management Structure

In January 2021, the DX Promotion Division was established, enabling us to systematize DX-related projects by centrally managing their progress. Also, a DX alliance has been formed by the representatives of Group companies, with the DX Promotion Division at the helm, to promote DX through a concerted Groupwide effort, including managing the progress of their respective initiatives and developing employees into DX specialists.

### Initiatives and Results

#### Kyushu Factory: Unicharm’s First Smart Factory

Based on the concept of integrating wisdom and technology, the Kyushu Factory, the Group’s first-ever smart factory, began operations in 2019. Established with the aims of enabling all employees to work by streamlining tasks, 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. In addition, we have “automated”\* the movement and supply-related tasks of materials and other heavy items by adopting driverless vehicles and robots and implemented operational data diagnostics that draw on artificial intelligence (AI) to detect irregularities and predict malfunctions along the production line, thereby reducing workload and enhancing work efficiency.

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

### Adult Diaper Counseling Service

To continue to improve the quality of responses to customer inquiries for selecting the most appropriate disposable adult diaper, in 2017 Unicharm unveiled its Adult Diaper Navi service employing chatbot\* AI technology. Furthermore, in 2021 we launched the Adult Diaper Counseling Service, which combines LINE’s chat-based diagnostic feature and Bodygram, an AI technology that enables measurements to be made automatically through data read by smartphones, as a means to ensure that customers choose the right product and size when it comes to disposable adult diapers. By enabling caregivers to select the appropriate product and size of disposable adult diapers at the touch of a button on their smart screen, Unicharm is contributing to a better nursing care setting overall.

\* A computer program that can have human-like interactions (or a system incorporating this function)



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



## A Smartphone App That Helps Women Overcome Concerns over Changes in Physical Conditions and Menstruation

Unicharm is working to develop and provide informative content that helps women overcome their concerns over changes in their physical condition and menstruation. In 2021, Sofy smartphone app was launched to complement our preexisting Sofy First Body Navi, a website offering useful information that helps educate users on menarche, and the Sofy Girl app, which helps users deal with their worries over their first menstruation experience and puberty. The Sofy app is designed for use by anyone, including adults who are dealing with menstruation disorders, as it offers advice on concerns over menstrual cramps, premenstrual syndrome (PMS),\* and other causes of discomfort based on a diagnosis of 24 types of physical conditions under the supervision of a physician. The Sofy Girl and Sofy apps have been downloaded by approximately 1.5 million users as of December 31, 2022.

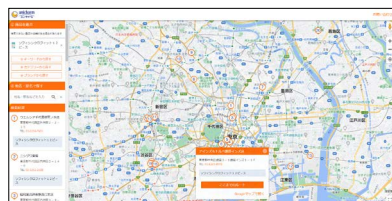
\* Emotional and physical symptoms such as irritation, stomach pains, and headaches that are experienced before a period

**web Sofy Girl app (in Japanese only)**  
<https://www.sofy.jp/ja/app/sofygirl.html>

**web Sofy app (in Japanese only)**  
<https://www.sofy.jp/ja/app/sofy.html>

## Launch of the Store Locator System Service

In August 2022, Unicharm introduced the Store Locator System as a means for customers to, at any place and any time using their location information, immediately look up stores in their vicinity that sell Unicharm products.



Store Locator System Service

## Online Moony-Chan Classroom

To offer support for mothers and fathers with concerns over childbirth and childcare, Unicharm introduced its online Moony-Chan Classroom in 2020, which has been live streamed on 10 occasions as of the end of 2021. In 2022, we provided video content on five themes that were particularly well received. In this way, we continue to provide informative content by drawing on the advantages of video, which can be viewed with friends and family members at any place and any time.



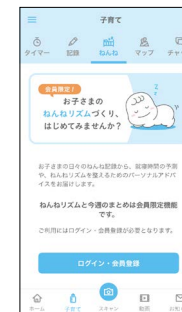
Moony-Chan Classroom

**web Moony-Chan Classroom (in Japanese only)**  
<https://jp.moony.com/ja/campaign/school.html>

## Supporting Childcare through a Focus on Babies' Sleep Rhythms

Sleep is essential to maintaining the health and ensuring the development of babies. Recognizing this fact, Unicharm conducted joint research on sleep with Professor Mitsuo Hayashi of the Graduate School of Humanities and Social Sciences at Hiroshima University and Professor Masako Ohira of the Faculty of Education at Shiga University. Through this research, we found that establishing an environment conducive to lifestyle patterns and sleep is paramount to nurturing babies' ability to fall sleep on their own, and this result was presented at the 47th Annual Meeting of the Japanese Society of Sleep Research held from June to July 2022.

Based on these results, we developed content to support childcare based on a unique algorithm that keeps track of babies' daily sleep patterns. This content, which helps improve childcare by identifying babies' sleep patterns, was also used in the Team Moony Point Program app.



## Joint Research to Help Ensure the Well-Being of Cats

In April 2022, Unicharm formed a capital and business alliance with RABO, Inc. The purpose of this alliance is to speed up the development of products and services that help bring happiness to cats on a daily basis by merging RABO's cat activity data, which is one of the largest in the world spanning over 8.0 billion cases, and Unicharm's long-cultivated technologies for cat food and care products. Combining Unicharm's *Deo-Toilet* cat litter box and RABO's *Catlog Series* devices, we will continue to engage in joint research and development to help ensure the well-being of cats and enhance their quality of life.



## 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). Approximately 33,000 users have registered for this service as of December 31, 2022. Through the sharing of experiences and ideas between people with dogs and cats of similar breeds and ages, the service enables dog and cat owners to gain insights from each other and helps them lead happier and more peaceful lives with their partner animals (pets).



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

# Innovation Management

## Intellectual Property

### Our Basic Approach and Strategy

Unicharm focuses on the development of products, services, and technology useful to the realization of the philosophy of “NOLA & DOLA.” Therefore, it strives to ensure its continued superiority in business by steadily applying and acquiring intellectual property (IP) rights through these R&D activities. The responsibility for planning and implementing intellectual property strategies is shouldered principally by the Intellectual Property Division.

The Intellectual Property Division centralizes the management of the Unicharm Group’s intellectual property assets and formulates and executes intellectual property strategies linked to its business and development strategies with the aim of putting in practice a landscape in which intellectual property is useful for management decision-making. Specifically, Unicharm has applied for and secured trademarks that protect its brands in more than 160 countries around the world and is also protecting its rights to proprietary packaging.

Along with raising the quality of our intellectual property rights, we are also working to establish and strengthen our intellectual property portfolio. To this end, our efforts include actively using the Japan Patent Office’s Patent Prosecution Highway Program and acquiring trademark rights through accelerated review applications in Japan and overseas. Furthermore, we influence international policy on intellectual property through active dialogues with patent offices in Japan and Asia. Meanwhile, Unicharm also takes a firm stance on protecting its intellectual property rights, including filing lawsuits to tackle infringement or unauthorized use. Its Intellectual Property Division cooperates closely with the marketing and R&D divisions as well as overseas subsidiaries, and works with local government agencies to eliminate unauthorized and counterfeit products in Japan and overseas, such as in Asia.

### Management Structure

Independent of the R&D Division and business divisions, the Intellectual Property Division manages cross-divisional matters regarding intellectual property in both Japan and overseas. Through regular meetings with the relevant divisions and subsidiaries, the Intellectual Property Division devises countermeasures after holding consultations on how best to secure intellectual property to establish competitive advantages for Unicharm. Coupled with these efforts, we have established the Digital Transformation (DX) Group within the Intellectual Property Division to promote digital transformation. Comprising human resources with both intellectual property and digital knowledge, the DX Group specializes in handling digital-related themes for the entire Unicharm Group. With the responsibility for promoting themes in the area of digital transformation, the DX Group provides comprehensive support to the front lines, from verifying contracts with IT vendors and checking open-source software to registering patents.

### ► The Three Components of the Intellectual Property Division’s Purpose: Mission, Vision, and Value

Purpose		Contributing to Achieving the SDGs
<b>Mission</b> Mission and Goal	<b>Realizing a Cohesive Society</b> →	The Intellectual Property Division will underpin the ongoing growth of Unicharm’s corporate value and contribute to the realization of a cohesive society by enhancing the value of the Company’s intellectual property to maximize customer lifetime value.
<b>Vision</b> Priority Business Domains	<b>Implementing “NOLA &amp; DOLA”</b> →	In addition to respecting Unicharm’s intellectual property, the Intellectual Property Division will strengthen the Company’s foundations for creating, protecting, and utilizing intellectual property that supports the maximization of customer lifetime value and maximizes the value of intellectual property in relation to products and services to achieve “NOLA & DOLA.”
<b>Value</b> Value Basis	<b>Promoting Management with Resonance</b> →	Making use of the intellectual property regimes of various countries and regions and its specialist capabilities in intellectual property, the Intellectual Property Division will promote proposal-based and proactive intellectual property activities that generate business success through Unicharm’s intellectual property rights and data.

## Initiatives and Results

### Making Active Use of Intellectual Property

At Unicharm, we actively use intellectual property to protect our high-value-added products and services. One of the most important areas of focus is the intellectual property mix, which provides multifaceted protection of products and services with multiple intellectual properties, including patents, utility models, designs, and trademarks. We have two targets in this area. The first is deterring entry into premium products, namely acquiring patents for new technologies to prevent other companies from imitating us and to differentiate between products. The second is deterring the development of lower-priced copies of products. As our brand power is particularly strong in Asia, where lower-priced imitations modeled on the appearance and selling points of our own products appear on the market, we utilize our trademarks, designs, and utility models to minimize any potential damage to our sales.

We also employ the aforementioned IP landscape to analyze and understand the positioning of our intellectual property in comparison with that of other companies. Objectively viewing the strengths of our intellectual property, we communicate this information to senior management, business divisions, and the R&D Division.

Unicharm has achieved industry-leading application rates for global patents of 85% (in 2019) and Japanese patents of 82% (in 2021).

### In-House Training Programs

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 Charter of Actions 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, and misleading representations.

### Invention Reward Program

Unicharm has established the Invention Reward Program to recognize and provide incentives for product inventions that contribute to increases in business profit. The purpose of this program is to inspire and encourage employees to play an active role in inventing new products and serve as a mechanism for sparking extraordinary inventions. A reward ceremony for this program has been held annually over its 19-year history since 2004.

### Hands-Free Commute: Protecting Business Models with Patents

A subscription-based model for disposable diapers that helps alleviate the burden on both parents and childcare workers, Hands-Free Commute has been introduced in several childcare facilities throughout Japan. Under Hands-Free Commute, the Company developed a system that monitors data on the number of disposable diapers and baby wipes at nursery schools and automatically orders new stock when inventories run low. Also, together with BABY JOB Inc., our business partner, we have acquired several business model patents in relation to the Hands-Free Commute system. This system has been adopted at 2,860 childcare facilities as of December 31, 2022.



# Customer Satisfaction

## Responsibility to Our Customers (Consumers)

### Our Basic Approach and Strategy

102-16

At Unicharm, we have always regarded customer satisfaction as a top priority and contributed to the betterment of quality of life through our business activities while continuing to provide products and services that transform discomfort into comfort. The

Customer Communication Center (CCC), which serves as the point of contact for inquiries, is committed to responding sincerely in a prompt, fair, and impartial manner to the valuable opinions we receive from our customers, in accordance with the Customer Communication Center Vision and the Complaint Correspondence Policy, and its basic policy is to engage in

communication that spurs increases in customer satisfaction. Also, in 2017 Unicharm issued its Self-Declaration of Consumer Orientation to declare its ongoing commitment to enhancing customer satisfaction.



### Self-Declaration of Consumer Orientation

#### 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 the quality management system (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.
- II. If the situation must be remedied, all relevant departments work together following the QMS (ISO 9001) procedures on 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. Ensurance of corporate governance: A system for reporting customer feedback to top management without fail or 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 a serious review of feedback received from customers.

##### II. Proactive initiatives involving all employees: Fostering of 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 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: Dissemination of 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.

Date of Establishment: January 16, 2017  
Revised: January 1, 2021  
Takahisa Takahara  
President & CEO  
Unicharm Corporation

Please refer to the following sections for more details on our initiatives.

I. Ensurance of corporate governance

II. Proactive initiatives involving all employees

**P.077** Main Initiatives of the CCC

III. Swift response through systematic collaboration between relevant departments

**P.076** ISO 10002 Complaint Response Management System

**P.079** ISO 9001 Quality Management System

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

**P.077** Measures to Enhance Customer Satisfaction (Japan)

**P.077** Main Initiatives of the CCC

V. Improvement and development based on consumer and social needs

**P.077** Main Initiatives of the CCC

**P.038, P.041** Waste and Resource Utilization

## ▶ 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 Unicharm products because they are 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, treating others’ matters as our 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 problems with our products or services will be reported to the president & CEO and steps will be taken immediately to remedy them.
- 2 If our products or services must be revised based on 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 measures 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 (CCC) 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.

### ISO 10002 Complaint Response Management System

We are building a response system that is compliant with the ISO 10002 complaint response management system (MS), an international standard for complaint response management. In addition to Japan, Unicharm issued its declaration of self-conformity with the ISO 10002 complaint response MS at the CCCs of its overseas bases in China, Taiwan–Greater China, Thailand, Indonesia, Australia, and other countries, and aims to do so in India and Vietnam going forward. Upon declaration, we verify that the system is being operated properly through regular audits and information exchanges by our CCC in Japan.

## Initiatives and Results

### CCC Initiatives

In 2022, the center received approximately 52,000 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. The feedback is also used to continue to improve the quality of responses by the CCC.



### Training Sessions for Employees Using Feedback from Customers

We conduct employee training at the CCC to reinforce quality and customer-oriented approaches. In 2022, a training session was carried out for 923 participants, including new employees and R&D, marketing, and factory staff, in which they reviewed recordings of actual feedback from customers. We will employ such measures to continue to enhance our customer-oriented approach on a Groupwide level and supply products that truly satisfy our customers.

### Activities of Overseas CCCs

We hold meetings once every six months involving our CCC in Japan and our CCCs in China, Taiwan–Greater China, Thailand, Indonesia, Australia, India, Vietnam, and South Korea. At these meetings, a variety of issues are raised, shared, and resolved together as a way of improving the quality of customer responses across the Group.

## Measures to Enhance Customer Satisfaction (Japan)

### • Adult Diaper Counseling Service: Providing Support for Selecting the Most Suitable Disposable Adult Diaper

P.071 Adult Diaper Counseling Service

### • Launch of the Store Locator System Service

P.072 Launch of the Store Locator System Service

### • Airing of TV Commercials with Closed-Captioning

To ensure that the information we provide is communicated effectively to people who are hard of hearing, we are switching to TV commercials with closed-captioning for all Unicharm commercials aired in Japan (scheduled to be completed by December 2023).



TV commercial with closed-captioning

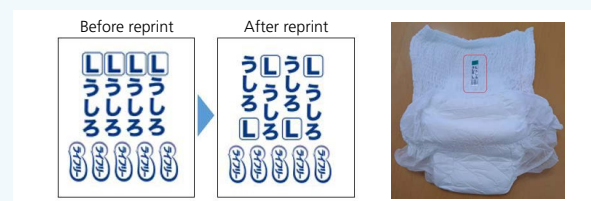
## ► Main Initiatives of the CCC

Main Initiatives	Contents
1. Responder training	For staff who deal firsthand with inquiries from customers, we organize training programs led by external instructors and other informative workshops in order to improve the quality of responses.
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 continue to strengthen our product development, such as improving existing products and developing new products.
3. Information dissemination	Customer feedback is shared internally in real time using our FAIN centralized customer information management system, or the SMILE system. Members of the CCC actively participate in debriefing sessions with the R&D and marketing departments and product package confirmation meetings (communication assurance meetings) to continue to improve products from a customer standpoint.
4. Training by the CCC	The CCC organizes training sessions for new employees, the R&D and marketing departments, and factory workers, which were attended by 923 employees in 2022. Through this training, the CCC provides opportunities to learn about ways to improve the quality of responses and the significance of incorporating customer feedback into our product development based on the main initiatives covered in 1 to 3 above.
5. Strengthening of 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 management system 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 meetings led by the CQO are held to monitor the progress toward goals and discuss and give approval on whether consumer-oriented management is being appropriately promoted.

## Examples of Products Reflecting Customer Feedback

### Size Tags on Disposable Adult Diapers

In response to feedback from a customer saying that the size "L" displayed on the post-processing tape of *Lifree* disposable adult diapers for rehabilitation appears as "LL" when lined up side by side, we repositioned and reprinted the "L" to prevent misinterpretation.



## Words of Appreciation from Customers

### Ultra-Comfort Mask for Sensitive Skin

"Because I have sensitive skin, wearing a mask was so difficult that it got in the way of my daily life. Then, I came across *Ultra-Comfort Mask for Sensitive Skin*. When I tried it, it felt comfortable as there was no stinging or irritation."



### Lifree Easy-to-Walk-in Slim Diapers

"I use *Lifree Easy-to-Walk-in Slim Diapers* when I go out for walks. I can walk easily as these diapers firmly support my pelvis and the inseam fits perfectly. Thanks to this product, now I can enjoy going out."



P.018 Extension of Healthy Life Expectancy and Improvement of QOL

# Quality

## Quality Assurance

416-1

### Our Basic Approach and Strategy

At Unicharm, 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. In keeping with this belief, which is set forth in the Unicharm Ideals, we are committed to continuously improving the quality of our products by always thinking from our customers' point of view. Since many of our products used by customers come into direct contact with their skin, we believe it is important to not only enhance quality and safety but to also use proper labeling, in order to provide correct information that allows them to use our products with peace of mind.

### Policy on Animal Testing

From an animal welfare perspective, Unicharm is eliminating animal testing as a means to verify and prove the impact of chemical substances on health and the global environment. We no longer conduct experiments on animals, including outsourced testing, to check the safety of our products, nor do we plan to in the future. This is in exception of cases where Unicharm was held accountable toward society on safety issues or met with demands from local administrations in certain countries and regions. Whenever animal testing is unavoidable, we will minimize its use based on the 3R Principle for animal experiments established by the Central Institute for Experimental Animals (CIEA): the "replacement" of animals with alternative testing methods, the "reduction" of the number of animals used, and the "refinement" of animal experiments to alleviate the pain and distress of animals.

### Policy on Management of Chemical Substances

To provide safe products and services that are of the high standards it sets for itself from a customer and environmental perspective, Unicharm is committed to ensuring safety throughout the entire product life cycle, from material procurement to product development, manufacturing, customer use, and disposal.

In addition, we conduct comprehensive product risk assessments, including chemical analyses, as we believe it is our corporate social responsibility to be accountable to customers for the safety of our products. The Unicharm Group uses its Material Safety Guidelines to minimize the impact of chemical substances in our products on the human body and the environment, and applies a policy for managing chemical substances that ultimately eliminates all harmful impacts found in the raw materials we use.

In defining harmful substances, we broadly gather information from a global perspective, such as from the databases of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and the European Chemicals Agency (ECHA), and identify approximately 4,000 chemical substances from potentially harmful substances classified as a substance of very high concern (SVHC), as well as toxic pigments, preservatives, modifiers, and surfactants, and create a list of target substances for reduction. While the target reduction substances are being determined, the information we receive from material suppliers on the substances found in their materials is used to conduct product risk assessments to measure the toxicity of chemical substances.

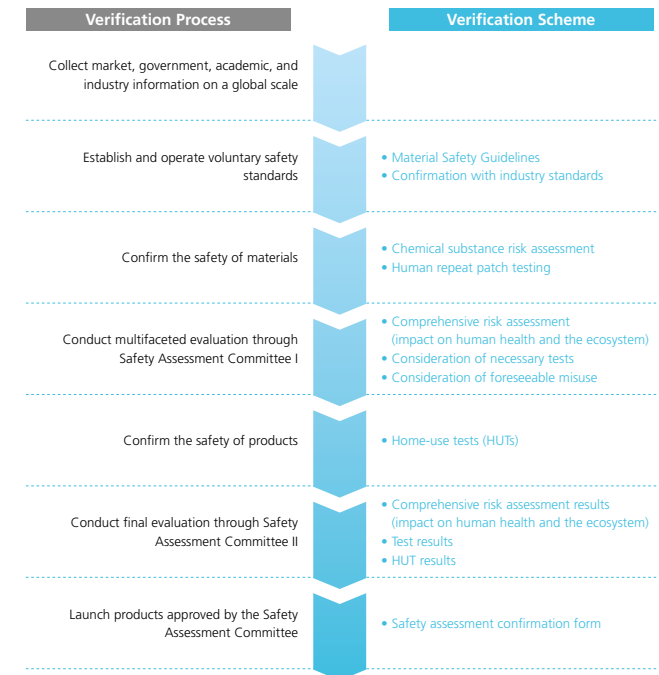
**web** List of Example Target Reduction Substances

[https://www.unicharm.co.jp/content/dam/sites/www\\_unicharm\\_co\\_jp/pdf/csr-eco/quality/quality\\_material\\_list.pdf](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 (in Japanese only)

[https://www.unicharm.co.jp/content/dam/sites/www\\_unicharm\\_co\\_jp/pdf/csr-eco/quality/quality\\_toxicity\\_risk.pdf](https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/quality/quality_toxicity_risk.pdf)

### Safety Confirmation Workflow



### Reference Information Examples

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

## Management Structure

At Unicharm, our quality management system is verified for compliance and effectiveness to ensure the highest levels of quality and, to that end, is audited internally and externally, primarily by the Global Quality Assurance Department under the direction of the chief quality officer (CQO). While taking corrective and preventive measures, the Global Quality Assurance Department, the Pet Care Manufacturing Division's Quality Assurance Department, Unicharm Products Co., Ltd.'s Quality Control Department, and the Customer Communication Center jointly conduct management reviews on a regular basis and report the results to the CQO, which are reflected in our ongoing efforts to enhance quality on a Companywide basis.

### ISO 9001 Quality Management System

Certain business sites in Japan and overseas have obtained ISO 9001 certification, the international standard for quality management systems, and operate a quality management system based on this standard.

Relevant business sites in Japan and overseas have acquired ISO 13485 certification, the international standard for quality management systems specific to medical devices.

As of December 31, 2022, 87.5% (84.6% in Japan, 89.5% overseas) of Unicharm's business sites were ISO 9001-certified while 100% of its relevant business sites were ISO 13485-certified.

P.064 The Unicharm Group's ISO Certifications

## Initiatives and Results

### Safety Initiatives

To ensure that our products that come into direct contact with the skin can be used by our customers with peace of mind, Unicharm conducts quality gate checks at each stage of the product life cycle, from material procurement to product development, manufacturing, customer use, and disposal, in accordance with the Unicharm Management System Basic Regulations.

At the product development stage, a gate function is established by the Safety Assessment Committee to assess the risks associated with products based on their various uses and methods of disposal. For products confirmed as safe for customer use, a safety assessment confirmation form is issued.

In addition, those products using materials that have been confirmed as safe are then tested for actual use.

### Global Safety Initiatives

Safety initiatives are essential in all countries and regions where we operate. For that reason, we have been operating a Groupwide safety confirmation system, led by our local subsidiaries in China, South Korea, Taiwan–Greater China, Thailand, Indonesia, and Vietnam. Meetings attended by the representatives of each country and region, as well as periodic one-on-one meetings, are held to share insights and information on safety initiatives.

In addition, we visit suppliers, testing partners, and government institutions around the world as a means to strengthen communication with them.

### Partner Animal (Pet) Food Safety Initiatives

Only those ingredients that have been confirmed as safe in accordance with the standards and specifications for pet food ingredients set by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and a questionnaire on ingredients complying with Company regulations are used in our partner animal (pet) food. The standards and specifications established by the MAFF are used to verify the progress of the measures undertaken against foreign substances, pesticide residues, and microbial contamination during the raw materials production stage. We also visit the manufacturers of these raw materials on a periodic basis to confirm the status of quality control.

Moreover, to ensure that they comply with the standards and thresholds stipulated in the MAFF's Pet Food Safety Act, our products are regularly inspected for safety by an external agency and assessed by means of analytical and feeding tests based on the standards for general nutrition food set by the Pet Food Fair Trade Association.

Furthermore, we develop formulation and production methods that are tailored to specific dog and cat breeds and characteristics and the intended use of food; conduct shelf-life tests to ensure that quality is preserved up to best-before dates; and take measures to maintain the deliciousness of dog and cat food, such as through the use of oxygen absorbers and barrier films and aluminum metalized films.

Product packaging labels, meanwhile, are checked from the vantage point of our customers by multiple departments to ensure that they meet the relevant laws and regulations, including the Pet Food Safety Act, the Pet Food Fair Competition Code, the Act Against Unjustifiable Premiums and Misleading Representations, and the Containers and Packaging Recycling Law, as well as scientific evidence.

### Operation of Chemical Substance Management System

In 2017, Unicharm introduced a system that keeps track of information on the chemical substances contained in its products, enabling the Company to strengthen its relationships with material suppliers and manage chemical substances more efficiently. As of December 31, 2022, this chemical substance management system is operated in six countries and regions, including Japan. We will continue to gradually expand our network for this system and develop a framework that enables the local representatives who are in charge of the increasing volume of imports and exports to comply with the regulations of the countries and regions in which our products are sold and swiftly conduct inspections on chemical substances in our products, thereby providing customers with even greater levels of safety and peace of mind.

品名	成分名	濃度	単位	規格	検査項目	検査結果	検査日	検査場所	検査員
ペットフード	小麦粉	10.0	%	小麦	グルテン	合格	2022/12/31	東京	山田太郎
ペットフード	大豆	5.0	%	大豆	グルテン	合格	2022/12/31	東京	山田太郎
ペットフード	鶏卵	2.0	%	鶏卵	グルテン	合格	2022/12/31	東京	山田太郎
ペットフード	牛肉	3.0	%	牛肉	グルテン	合格	2022/12/31	東京	山田太郎
ペットフード	魚油	1.0	%	魚油	グルテン	合格	2022/12/31	東京	山田太郎

Chemical substance management system



## Providing Chemical Substance Information

417-1

Based on our chemical substance management policies and standards, it has been confirmed that there are no safety issues concerning the chemical substances in our products. In addition, these chemical substances are disclosed on product packaging in accordance with laws and industry standards, enabling customers to confirm such information firsthand and use our products with peace of mind.



Example of product information on packaging

### Raising Consumer Awareness of Chemical Substances in Raw Materials

For the third consecutive year, *Sofy Unbleached Sanitary Pads*, a brand of sanitary pads sold by a local subsidiary in South Korea, won the Grand Prize in the Women's Hygiene category at the 2022 Consumers' Choice Awards, sponsored by the South Korean Ministry of Trade, Industry and Energy. *Sofy Unbleached Sanitary Pads* use cotton that is not chemically bleached in the layer that wraps around the absorbent material, and have continued to be well received as a sanitary pad that provides users with even greater peace of mind since their release in 2020. In addition, our lineup of unbleached products has expanded to include period underwear and panty liners, in consideration of the concerns of our customers over chemical substances.

#### P.025 Provision of Safe, Reliable Products



2022 Consumers' Choice Awards ceremony

## Quality Management Initiatives in Manufacturing

Unicharm provides information it receives from customers on product defects to its production sites and promotes quality management initiatives through the Unicharm Total Management Strategic System (UTMSS). Using this system, phenomena at production sites are viewed in terms of the three "gen" principles—*genba* (actual place), *genbutsu* (actual item or product), and *genjiten* (actual time)—and actions are taken to eliminate the true causes of product defects.

By standardizing, maintaining, and monitoring manufacturing conditions, we aim to improve the consistency of our product quality by minimizing the variations stemming from individually performed tasks.

At least once a month, a presentation ceremony involving all the Group's factories is held, and the team that achieved the highest results through the UTMSS is recognized as the most outstanding team at the annual Global Production Award. Through these initiatives, we continue to take measures toward improvements, instill best practices throughout the Group, and share frameworks with our factories overseas.

In addition to the UTMSS improvement measures, Unicharm's production sites in Japan are forging ahead with digital transformation to realize a workplace that is free of product defects.

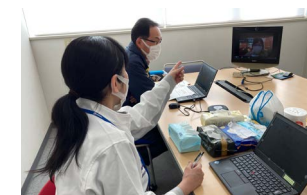
For instance, cameras, electronic measurement devices, and other digital technologies are now being used in product inspections that were formerly conducted manually, which has led to improvements in the frequency and accuracy of inspections.

By strengthening our production management system in this way, we continue to improve the consistency of our product quality and the efficiency of our production activities, thereby reducing product defects and maximizing customer satisfaction.

## Measures to Ensure Appropriate Product Labeling

417-1

In its marketing communications (product packaging, website announcements, and advertising materials), Unicharm has created its own voluntary standards based on the Pharmaceutical & Medical Devices Act, the Premiums and Representations Act, the Containers and Packaging Recycling Law, and the industry standards set by the Japan Hygiene Products Industry Association, in order to provide correct information to its customers. In addition to confirming compliance with these standards, we are working on a Groupwide basis to realize the most optimal and accurate labeling possible, by verifying whether the information we provide will lead to misunderstanding or misuse on the part of customers. Our voluntary standards in response to changes in our internal and external business environment, including the diversification of advertising media and changes in consumer awareness due to market changes, are then shared with the relevant departments through training and other means. Additionally, at the product design stage and the packaging design stage, communication assurance meetings serve as a gate check on labeling. At the product design stage, we verify that the information on product labels is based on scientific evidence, while at the packaging design stage, we confirm whether the labeling is appropriate from the viewpoint of our customers through the participation of members from our Customer Communication Center.



Communication assurance meeting

# Human Rights

## Respect for Human Rights

2-24,407-1,408-1,409-1,410-1,412-1,412-2

### 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

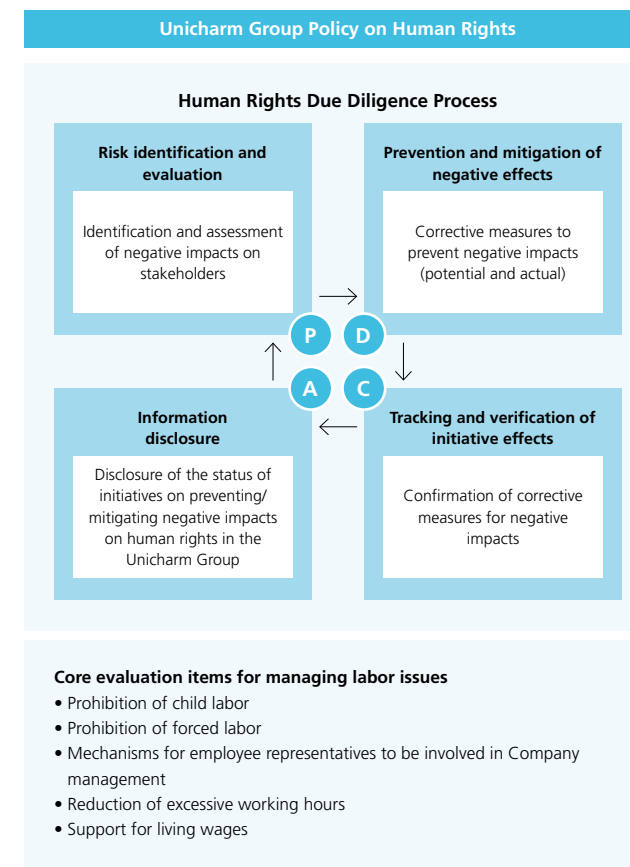
The Unicharm Group Charter of Actions stipulates that the Group does not tolerate any form of child labor. Meanwhile, with respect to our suppliers, the Unicharm Group Sustainable Procurement Guidelines specify that the Group forbids the employment of children under the minimum employment age, as a part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

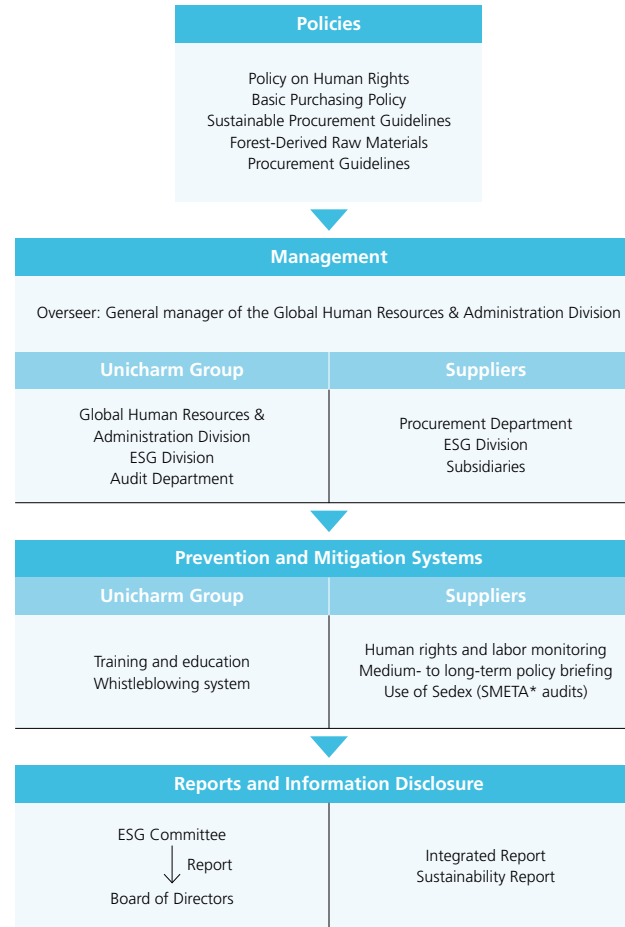
In keeping with the Unicharm Group Policy on Human Rights, we will help realize a cohesive society (social inclusion). The Unicharm Group stands behind the realization of a society where human rights are respected as a fundamental right granted to all people. We will work to help realize a cohesive society 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

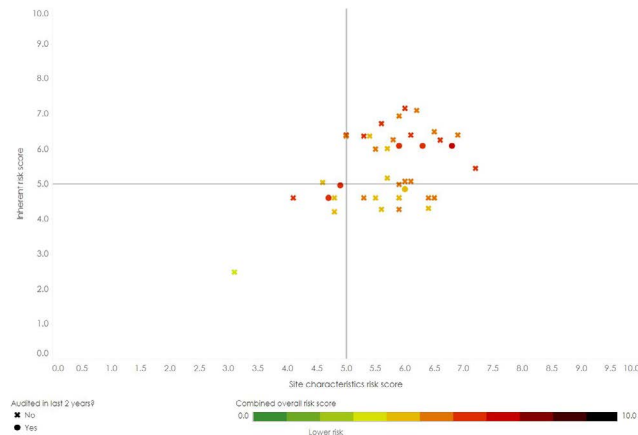
## Initiatives and Results

### 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"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Received advice on advancing human rights due diligence</li> </ul>
2020	<ul style="list-style-type: none"> <li>Joined Sedex as an AB member to expand the building of a sustainable supply chain</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Used the Sedex platform for respecting human rights and improving the work environment</li> <li>Gained an understanding of global trends and urgent issues related to business and human rights</li> <li>Obtained information on preventing/countering human rights abuses from the examples of practical efforts implemented by other companies</li> </ul>
2021	<ul style="list-style-type: none"> <li>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)</li> <li>Participated in Sedex's JANZ (Japan, Australia, and New Zealand) Conference 2021</li> <li>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)</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
2022	<ul style="list-style-type: none"> <li>Participated in forums on business and human rights and human rights due diligence held by the United Nations Development Programme (UNDP)</li> <li>Participated in subcommittee activities of Global Compact Network Japan</li> <li>Held discussions on human rights risk assessment through the ESG Committee</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>

## 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.

# Human Resources

## Utilization and Development of Human Resources

404-1,404-2,404-3

### Our Basic Approach and Strategy

Unicharm maintains a basic policy on human resources of enabling each employee to pursue three aspects of wealth: aspirational wealth, economic wealth, and wealth of both mind and body.

We believe that operating policies that strike a good balance between each of these types of wealth is of vital importance. Employees who are wealthy in terms of their aspirations aim to contribute extensively to society as a whole through their work while having an ambitious and broad outlook. Utilizing My Career Vision & Career Plan, a framework created by Unicharm, the Company has encouraged employees to consider how they can contribute to society and what actions they can take through their own personal growth and work over the medium and long terms of three years and 10 years, respectively. In addition, to help employees fulfill their personal goals, we enhance their appetite for learning and growth by expanding the scope of our training programs.

In pursuit of economic wealth, we have endeavored to foster and strengthen engagement with employees in several ways, such as through establishing and maintaining a consistently industry-leading compensation system while also introducing a restricted share-based remuneration plan to serve as a medium-to long-term incentive for employees.

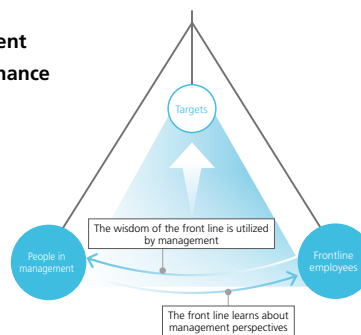
For wealth of mind and body, we ensure that our employees maintain good health through various measures, such as providing health checkups once a year. In addition, through training programs on mental health awareness and stress checks to monitor the mental health of our employees, we do our utmost to provide an environment where they can work in good health, both mentally and physically, and with peace of mind. Unicharm will continue to engage in these and other measures along its path to becoming a company with a rewarding workplace environment where diverse human resources are able to utilize their individual strengths to the fullest and work vigorously. At the same time, we will remain

devoted to investing in our human resources and enhancing our corporate value in the process.

### Management with Resonance: 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 perspectives, viewpoints, and time frames 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 within 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

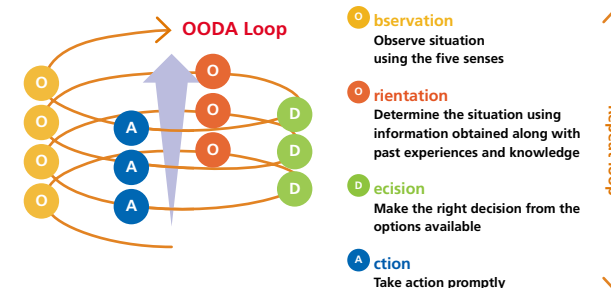


### Operation of the OODA Loop Methodology

Since 2003, Unicharm has been operating the Schedule–Action–Performance–Schedule (SAPS) management model through which employees work to achieve goals using their own initiative by actively operating a PDCA cycle, enhancing the strengths of both employees and the organization. However, in the current "new normal" environment, where the business landscape is constantly changing, it became necessary to establish a model that flexibly accommodates such changes to the business environment. Recognizing this need, we replaced the SAPS management model with the Observe–Orient–Decide–Act (OODA) Loop methodology in 2019.

With the OODA Loop methodology, we quickly grasp unexpected changes by observing current business conditions and appropriately orient ourselves to the situation and reach a decision, and then take action. This cycle is repeated while constantly reviewing approaches and making fundamental changes. The OODA Loop methodology enables our employees to respond quickly to changes in the business environment, orient themselves to the situation, make decisions, and take actions that lead to results.

#### Philosophy of the OODA Loop Methodology



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

## Correlation between Management and Human Resource Strategies

At Unicharm, we aim to resolve social issues and achieve sustainable growth by realizing a sustainable cohesive society through our business activities based on our purpose (raison d'être) of contributing to the achievement of the Sustainable Development Goals (SDGs). To that end, we are focused on strategically developing our human resources through the practice of management with resonance. With management with resonance, employees deeply embrace The Unicharm Way and work together as an organization to resolve issues and achieve goals by formulating plans on their own initiative using the Objectives–Goals–Issues–Strategies–Measures–Action Plan (OGISM (A))\* table, while advancing such plans autonomously using the OODA Loop methodology. To instill this methodology throughout the Group, we utilize KYOSHIN, a Groupwide human resource development platform, and take thorough steps to ensure that leaders and members can grow together by strengthening communication.

\* A format that compiles the necessary components of planning by streamlining them in the following order: Objectives (targets to be achieved within the period) → Goals (numerical targets) → Issues → Strategies → Measures (determination criteria) → Action Plan

## Management Structure

Under the direction of the executive officer in charge of human resources, the Global Human Resources & Administration Division takes the lead in reporting regularly to management on the global development of resonant personnel who can demonstrate Best Practice-ship, Ownership, and Partnership (BOP-Ship)—one of Unicharm's strategies under the 11th Medium-Term Management Plan. Upon management approval, our human resource development strategies and measures are formulated and implemented throughout the Group, in conjunction with the human resource managers of the relevant divisions and the human resource departments of Group companies and affiliates.

## Initiatives and Results

### A Development Program Founded on The Unicharm Way

The Unicharm Way, a compilation of the values, action guidelines, and important statements from management to be shared throughout the Group, is embraced by 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 organization. In 2021, this statement of corporate ideals, which was previously only available in the form of a booklet, became accessible through a Company smartphone app offered in nine languages, including English and Japanese. This app has enabled all of our employees to immerse themselves in The Unicharm Way at any place and any time. By ensuring that management with resonance is practiced throughout the Group, we are developing, through quality, standardized on-the-job training, resonant personnel who practice our unique management model while deeply embracing The Unicharm Way, resolving issues and achieving goals by formulating plans on their own initiative using the OGISM (A) table, and advancing such plans autonomously using the OODA Loop methodology.

- P.008** The Unicharm Way
- P.086** Operation of the OODA Loop Methodology



## My Career Vision & Career Plan

We introduced a system in which each employee creates their own career vision and career plan every year and receives career-related advice and support from their supervisor in order to realize their personal goals. We encourage our employees to envision where they want to be in three and 10 years from now, backtrack from there and think proactively about what skills they need to acquire now, and then take action.

### KYOSHIN Human Resource Development Platform

Ensuring that employees receive appropriate guidance from their supervisors is essential to their development. To enhance the leadership skills of supervisors across the Group, Unicharm has been utilizing the KYOSHIN human resource development platform since 2021. The use of KYOSHIN has enabled us to minimize variations in the leadership skills of supervisors and establish a system that allows us to track the development of each employee around the world. Using KYOSHIN, we set semi-annual 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.

### Scrum Leader On-the-Job Training (OJT) Workshop

In Japan, the Scrum Leader On-the-Job Training (OJT) Workshop was established and held for the first time in 2022, which was attended by 245 scrum leaders. This workshop is an opportunity for leaders to learn about how behavioral changes can lead to the simultaneous achievement of strategy execution and human resource development. Through daily OJT, we aim to have scrum members and leaders grow together and, going forward, this workshop will be expanded across the Group as mandatory training for new leaders.



## Reskilling

In a VUCA (volatile, uncertain, complex, and ambiguous) world marked by drastic changes to both our business and the environment thereof, keeping up to date with the latest information has become more important than ever to creating new value. Basic training for digital human resources was introduced in 2022 to build a foundation for developing all employees into individuals who can resolve business issues using digital technology. Around 680 employees participated in training courses on Microsoft Excel and PowerPoint as well as DX fundamentals. Moreover, to enable each employee to advance their careers by studying at their own pace without being bound by time or location, an online learning platform, LinkedIn learning, was adopted in Japan and at 12 overseas subsidiaries. In 2022, a total of 16,463 study courses were held, attended by approximately 3,400 employees, who each spent an average of 1.9 hours on their studies per year. We will continue to provide valuable information through these courses to ensure that employees remain deeply committed to their studies and to acquiring new skills and knowledge.



Basic training for digital human resources in session

### Award for Excellence at the 4th Platinum Career Awards

At the 4th Platinum Career Awards, sponsored by Mitsubishi Research Institute, Inc.'s Initiative for Co-Creating the Future (ICF), Unicharm received an award for excellence in recognition of its efforts to support the career development of employees through self-directed learning.



## Program for Realizing the Career Visions of Young Employees

An in-house internship program has been established to enable young employees to gain a deep understanding of the roles and responsibilities of those already working in departments they hope to be transferred to in the future and understand the required skills and background by allowing them to directly experience working in these departments. We have also introduced a career challenge program so that employees can voluntarily request transfers toward the achievement of their personal growth and career plan. Employees can apply to the recruiting departments through the Company's intranet by updating their My Career Vision & Career Plan, outlining the goals and objectives they hope to achieve through the transfer, and taking stock of the skills and knowledge required.

	2020 Results	2021 Results	2022 Results	2023 Results	Coverage
Number of employees participating in the in-house internship program	20	32	26	30	Unicharm Corporation
Number of employees participating in the career challenge internship program	12	17	26	25	

## Brothers & Sisters Program

The Brothers & Sisters Program is where a "brother" or "sister" is assigned to new graduate employees who are in their third year of employment or less and mid-career employees who are in their first year of employment to provide work-related support and help them adjust to the workplace culture. This program provides employees with a setting in which they can discuss their concerns with their direct supervisors, who also gain a sense of personal and professional growth by contributing to the development of their subordinates. From January 2023, each brother and sister has been receiving compensation in the amount of ¥15,000 per month for their role in the program.

## Strengthening Employee Engagement through the Reading Session of Integrated Report

At Unicharm, we regard each employee as an important stakeholder and, in view of this, we have been holding the Reading Session of Integrated Report in scrum teams throughout the Group every year since 2021. We aim to create innovation and achieve sustainable growth through this workshop by ensuring that each employee is aware of, supports, and is increasingly motivated to take action in line with the specific efforts being undertaken by the Company to realize a cohesive society.

	2021 Results	2022 Results
Percentage of scrum teams holding Reading Session of Integrated Report* (%)	100.0	100.0

\* Held since 2021

## The Unicharm Awards

The Unicharm Awards is held once a year as a means for all employees to recognize those employees and teams that achieved remarkable results by practicing management with resonance and applying on-site wisdom to management. Held via video conferencing with Group companies around the world, the Unicharm Awards serves as a venue for both the presenters and the audience to learn from each other by enabling them to benchmark the presentations of the teams representing various countries and regions and gain specific knowledge. In 2022, presentations were made by 16 representative teams, with the *Unicharm Face Visible Mask* project team in Japan taking home the Gold Prize, the *Sofy Charcoal Fresh* project team in Thailand winning the Silver Prize, and the *SOFY Olive* project team in Saudi Arabia receiving the Bronze Prize.



A presentation being made at the Unicharm Awards

## Succession Planning

Unicharm is in the process of establishing a succession plan to develop management candidates into leaders who will guide the next generation and take on key strategic positions that are deemed essential to executing various strategies.

	2020 Results	2021 Results	2022 Results	Coverage
Succession preparedness rate (%)	203.3	208.3	201.6	Unicharm Corporation employees
Number of employees participating in the Strategy Secretary to CEO program	6	7	6	Unicharm Group

## System for Fostering and Nominating Successors

- (1) Each executive officer conducts interviews with prospective directors and executive officers on a regular basis based on each candidate's career vision and career plan, and the results are used to create and update the human resource skills matrix.
- (2) The president & CEO conducts interviews with each executive officer on a quarterly basis, determines, in an objective manner, the targets to be achieved by the responsible department and each executive officer, evaluates performance, and provides guidance and training. The outside directors also meet with each executive officer at least once a year to confirm the status of and issues related to business execution, offer advice from a broad perspective, help resolve issues, and provide guidance and training so that they gain a higher perspective as a manager.
- (3) The operational status of the above schemes is reported regularly to the Nomination Committee for discussion and deliberation.
- (4) The Board of Directors nominates candidates for directors and executive officers based on the results of discussions by the Nomination Committee.
- (5) As a human resource development program directly supervised by the president & CEO, the Global 15 Project has been implemented to identify and develop candidates for directors and executive officers over the medium to long term, with approximately 15 department managers participating over the three-year term, during which a total of 18 meetings are held to acquire general knowledge through hands-on training. In addition, the Strategy Secretary to CEO program is held for mid-career employees in their 30s, whereby they are transferred to the Business Planning Office to serve as secretaries to the president & CEO for a two-month period to learn about the mindset and behavior of managers through OJT.

By establishing a forum for executive officers to discuss key Groupwide strategies with directors, including outside directors, the Company seeks to provide guidance and training through outside directors and substantiate discussions by the Nomination Committee, the members of which include outside directors.

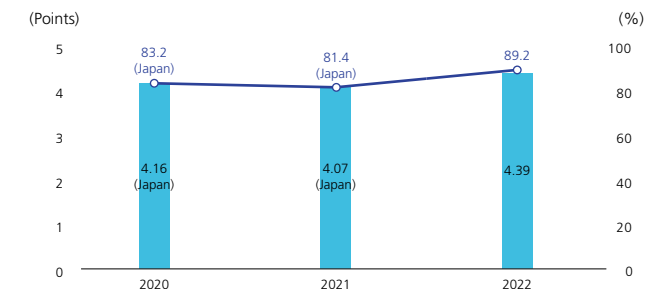
## Employee Survey

We conduct an employee awareness survey once a year at all Group companies in order to verify employees' satisfaction, fulfillment, and attitude toward work. The surveys, which are translated into eight languages in order to receive responses from our employees based overseas, are conducted on an ongoing basis to invigorate employees and organizational reforms, but are also used as a reference when considering various personnel and management initiatives. In addition, we aim to establish a virtuous cycle in which employees develop through their work, which, in turn, leads to the growth of our business. Accordingly, the percentage of positive responses for the "Growth through Work" section of the employee awareness survey was 89.2% in 2022.

	2020 Results	2021 Results	2022 Results	Coverage
Percentage of employees who responded to the employee awareness survey (%)	100.0	100.0	100.0	Unicharm Group*
Percentage of positive responses for the "Growth through Work" section of the survey (%)	83.2 (Japan)	81.4 (Japan)	89.2	
Average score on a five-point scale on the level of satisfaction section of the employee awareness survey (%)	4.16 (Japan)	4.07 (Japan)	4.39	

\* Results for 2022 cover all Group companies

## Results of Employee Awareness Survey

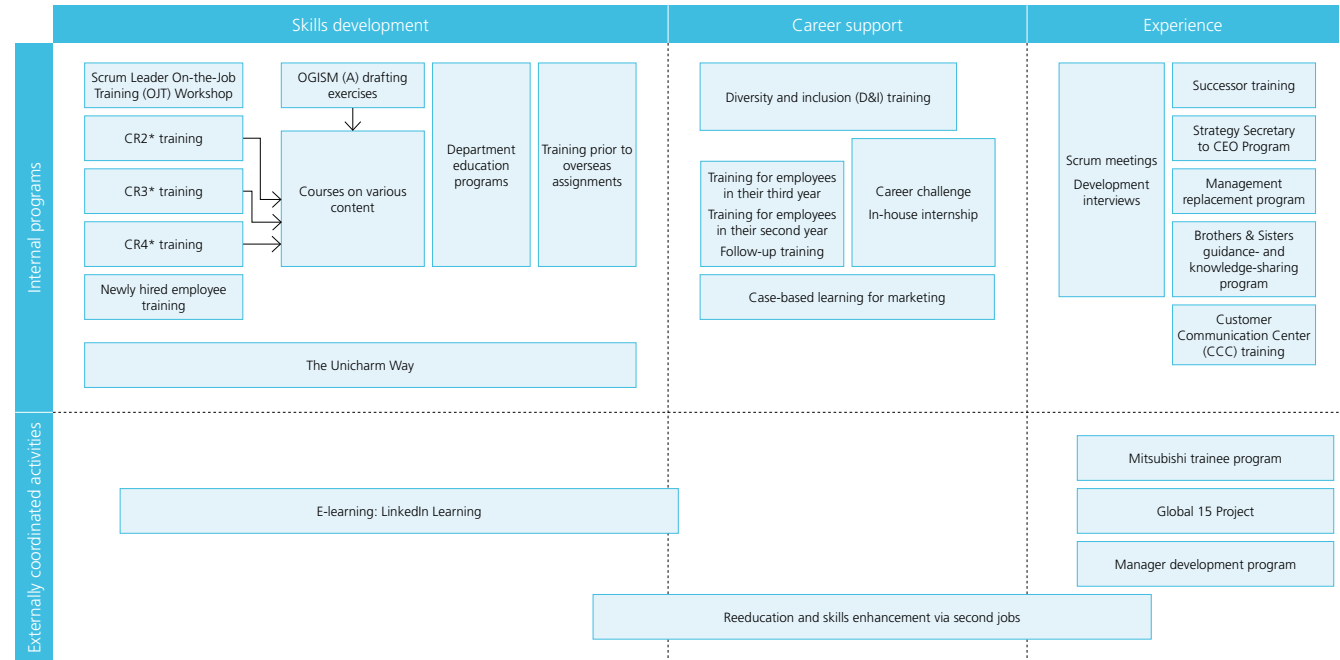


■ Employee satisfaction (average score on a five-point scale) (left)  
— Percentage of positive responses for the "Growth through Work" section (right)

### Skills-Enhancing and Career Planning Support Programs

The growth of our employees is essential to the growth of our company. At Unicharm, we are expanding our training programs and systems so that each employee continues to learn and grow toward the realization of their career vision. Our training programs include training according to levels and roles and mandatory professional development training, as well as training toward career advancement through self-directed learning and leader development training. We foster a corporate culture of continuous growth not only through the training programs we offer but also through a culture of self-directed learning.

### ► Skills-Enhancing and Career Planning Support Programs (2022)



\* Competency ranking (CR) / Internal qualification standard

► Our Distinctive Skills-Enhancing Training Programs (Excerpt)

Title	Target	Summary	Number of participants in 2022
Training for newly hired employees	New employees	Deepening understanding of the Unicharm Spirit while experiencing the Company's history and nurturing a customer-oriented mindset Building a vision of youth leadership and developing their own 10-year career plans	41
Second-year follow-up training	Second-year employees	Looking back on their path of entering the Company, undergoing training and being assigned to a specific department in their first year with Unicharm, reviewing their own issues with the actual work, and understanding the mindset, behavior, and approach expected of second-year employees Recognizing their own issues as well as their root causes and deciding on a specific action plan to overcome them	50
Third-year follow-up training	Third-year employees	Looking back on the first two years of their working experience at Unicharm, reviewing their current mindset and skills, and understanding the roles, mindsets, actions, and approaches required for employees in their third year and translating them into an action plan Evolving My Career Vision & Career Plan for linking the growth of each individual and that of the Company	54
CR-based training	Qualified employees and employees who correspond to these 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 vision and career plan based on their thoughts of the leadership vision and their self-evaluations. Education on harassment is also provided by using specific examples and discussing prevention and solutions for various scenarios.	118
Training program for employees posted overseas	Employees posted overseas	Considering the high level of responsibility during overseas assignments, this program develops and fosters an independent professionalism, higher-level leadership for instructing subordinates, and 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.	30
Training for new leaders	Person in charge of new leader training	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.	26

► Time and Costs Allocated to Skills-Enhancing Training Programs

	2020 Results	2021 Results	2022 Results	Coverage
Total training hours allocated to employee skill development	24,045	45,018	49,824	Unicharm Corporation
Total training costs allocated to skills-enhancing training (thousand yen)	40,000	42,000	84,000	
Training hours per employee	16	31	35	
Training costs per employee (yen)	27,285	28,669	58,618	

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 My Career Vision & Career Plan 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.

	2020 Results	2021 Results	2022 Results	Coverage
Percentage of employees who regularly receive assessment reviews for career development (%)	100.0	100.0	100.0	Unicharm Corporation (%)

# Human Resources

## Diversity and Inclusion

401-3,405-1,405-2

### Our Basic Approach and Strategy

In accordance with the Unicharm Group Charter of Actions, we aim to be a company where diverse human resources acknowledge and respect each other's differences in nationality, race, religion, gender, sexual orientation, age, ancestry, and disability, and are able to demonstrate and utilize their individuality and abilities to the fullest.

### Management Structure

Under the direction of the executive officer in charge of human resources, the Global Human Resources & Administration Division and the persons in charge of human resource strategies in each functional division, business division, and subsidiary work in tandem to promote diversity and inclusion, the results of which are reported regularly to management for approval, with the aim of establishing a workplace environment where diverse employees are accepted and able to demonstrate their full potential.

### Initiatives and Results

#### Promotion of Women's Empowerment

At Unicharm, we are working to establish a workplace environment and a human resource system that enables our employees to constantly play an active role at any stage of their lives, regardless of gender. We are also strengthening our efforts to ensure that women are able to take on significant roles, such as through social events for young employees. In 2021, we launched our Room L+ mentorship system as a way to help female employees build networks as well as overcome and eliminate their career-related and personal concerns by sharing them in mentorships and discussions. In 2022, our new Maternity Leave Room L+ and Development Room L+ were also established, providing a venue to exchange information before returning from maternity leave or in accordance with the type of profession. We also introduced our Empowerment System, in which we provide individual support to women in department head positions or who are candidates for executive positions, as well as promote the development of executive officer candidates

through information exchange meetings and one-on-one mentorships with executive officers who are not in charge of developing personnel. As a result of such efforts, 23.2% (14.4% in Japan, 29.2% overseas) of our management positions were held by women as of December 31, 2022.

In support of the aims of the Women's Empowerment Principles, Unicharm has signed a statement to act in accordance with the principles, has become a member of 30% Club Japan to promote diversity initiatives and increase the percentage of women on corporate boards, and is strengthening efforts to promote the advancement of women across the Group.

In support of

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**

Established by UN Women and the  
UN Global Compact Office



	2020 Results	2021 Results	2022 Results	2023 Targets	2030 Targets	Coverage
Percentage of female employees (%)	37.4	36.8	35.8	–	–	Unicharm Group
Percentage of female managers (%)	23.0	22.5	23.2	30	30	
Percentage of female executive officers (%)	3.6	3.7	3.4	3.4	30	
Number of female executives (Japan)	2	2	2	2	2	
Number of female executives (overseas)	16 (9.9%)	14 (8.6%)	12 (7.9%)	(10%)	(30%)	

## Hiring Employees of Diverse Nationalities and Promoting Them to Management Positions

202-2

At our Group subsidiaries around the world, executive and management positions are held by locally hired employees who were born and raised in those countries and regions. Meanwhile, in Japan we also hire employees and promote them to managerial roles regardless of their nationality or race. We strive to create a system and foster a corporate culture in which all of our employees across the Group can engage and flourish regardless of nationality or race.

	2020 Results	2021 Results	2022 Results	2023 Targets	2030 Targets	Coverage
Percentage of locally hired employees in management positions (general manager and above) (%)	43.0	45.5	52.2	55	80	Unicharm Group's overseas subsidiaries

## Hiring Experienced Personnel and Promoting Them to Management Positions

We actively recruit individuals with a wealth of experience and skills who are experts in their field. Employees who join the Company as experienced professionals are actively promoted to management positions upon determining their respective abilities and aptitude. We also promote the rehiring of employees who have left the Company for family or other reasons.

	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Number of mid-career hires	48	47	43	55	Full-time employees of Unicharm Corporation
Percentage of mid-career hires in management positions (%)	26.6	29.1	29.1	—*	

\* Numerical targets have not been established because our diversity goals are currently being met.

## Expanding Our Recruitment of People with Disabilities

We actively employ highly motivated individuals, regardless of disability, and aim to provide them with a workplace where they can demonstrate their abilities and fulfill their ambition for growth. 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. We strive to provide an appropriate workplace environment where each individual can demonstrate their talents in accordance with the characteristics of their disability, such as by installing slopes and handrails, enabling them to move freely and safely by removing obstacles, and giving due regard to providing work instructions by means of email or chat. Moreover, at Unicharm's satellite office in Mito City, Ibaraki Prefecture, employees with disabilities are engaged in scanning and other duties.

	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Average annual employment rate of people with disabilities (%)	2.2	2.2	2.1	2.3	Unicharm Corporation

In May 2021, Unicharm became a member of The Valuable 500, an international initiative that promotes the active participation of people with disabilities, and continues to strengthen its efforts in this area.



## Creating a Workplace for People of All Ages

We have introduced the Re-Create System, in which employees in their 50s can apply for transfer to other departments by reflecting on their career to date and identifying what they would like to do, what they can do, and what they must do going forward. Moreover, 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. Those who wish to continue working can remain employed as an "industry professional." Compensation is determined in accordance with the roles and responsibilities of their position, in which they can draw on their past experiences and existing skills and knowledge while making the most of their newly acquired skills and knowledge, ensuring that their compensation appropriately reflects the nature of their positions. When determining the compensation of industry professionals, we also refer to market assessments of their potential abilities. Also, the hiring of retirement-age personnel does not have any impact on our recruitment of young employees.

	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Rehiring rate of retired employees (%)	83.8	84.0	92.9	—	Unicharm Corporation
Hiring rate of retired employees seeking reemployment (%)	100.0	100.0	100.0	100.0	

## Expansion of Regional Employment through Respect for Different Cultures and Religions

Through its business activities, Unicharm is contributing to the expansion of employment opportunities in the various countries and regions in which it operates. By providing employment opportunities while respecting the characteristics and cultures of these countries and regions, we are uncovering potential human resources. In Saudi Arabia, women were prohibited from sharing a room or speaking with men outside of their families due to cultural and religious reasons, which severely limited their employment opportunities and placed many restrictions on their activities. In light of such circumstances, in 2012 Unicharm established a factory exclusively for women to provide them with employment opportunities while respecting the local culture. Today, a number of women are taking on significant roles not only at the factory but also as members of the promotion and product development departments.



## Respect for Sexual Orientation

At Unicharm, we respect the diversity of each employee, including their sexual orientation and gender identity, and provide a workplace environment where they can feel at ease and demonstrate their full potential. In 2022, we reviewed our Harassment Prevention Regulations and added a provision prohibiting SOGI (sexual orientation and gender identity) harassment, in addition to deepening understanding of sexual minorities by promoting awareness through e-learning and training according to levels and roles.

### System for Determining Fair Compensation

202-1

Unicharm has a system in place for determining employee compensation in a fair manner, ensuring that the compensation of employees with the same qualifications and duties does not differ based on gender. Compensation is determined on the basis of each individual's role, performance, and other factors.

	2020 Results	2021 Results	2022 Results	Coverage
Ratio of basic remuneration amount of starting salaries by gender (female employees:male employees)	100:100	100:100	100:100	Unicharm Corporation employees
Ratio of basic remuneration amount by gender (female employees:male employees)	100:124	100:124	100:123	
Ratio of total remuneration amount by gender (female employees:male employees)	100:139	100:140	100:139	

Note: Remuneration is determined in the same manner for male and female employees. The disparity is due to differences in tenure, position, rank, and other factors.

# Human Resources

## Development of Workplace Environments

### Our Basic Approach and Strategy

Unicharm aims to be a company where employees gain fulfillment in all aspects of their work, family life, and health and feel a sense of pride and accomplishment. With this in mind, we are putting forth a variety of measures aimed at promoting employee health management and work-style reform, enabling employees to work with passion and make the most of their abilities while maintaining their physical and mental well-being. We also respect and support the rights of our employees to freedom of assembly and association, the right to organize, and the right to bargain and act collectively.

### Management Structure

Under the direction of the executive officer in charge of human resources, the Work-Style Reform Promotion Office and the Iki-Iki Health Promotion Office, which were established within the Global Human Resources & Administration Division, take the lead in reporting on matters related to working conditions regularly to management and planning and implementing measures upon approval. In addition, we work with industrial physicians, public health nurses, and other experts to constantly ensure the physical and mental well-being of our employees.

### Initiatives and Results

#### Promotion of Work-Style Reform

Aiming to prevent employees from working excessive hours while improving their productivity, we at Unicharm are promoting work-style reform by adjusting the mindsets and the tasks of each employee.

We have introduced a remote work system that allows employees to choose their work location, a policy requiring employees to take at least 10 hours of time away from work between the end of a workday and the start of the next workday, an attendance system that monitors overtime work, an annual paid leave policy that encourages employees to take at least five days of paid leave per year, and monthly no overtime day and premium Fridays. In addition, we have abolished core hours from our flextime system to allow employees to choose their own work hours and prohibit them from making phone calls or sending emails on holidays so that work-related communication does not interfere with their personal lives. Through these and other measures, Unicharm is working to create an environment where employees can work in a spirited and balanced manner while maintaining their physical and mental well-being.

	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Percentage of paid leave taken (%)	56.7	57.7	56.5	Up 5% from 2022	Unicharm Corporation
Total working hours per employee	1,970.0	1,992.3	2,000.2	Less than 2,000 hours	
Percentage of employees utilizing the remote work system (%)	49	58	57	50% or more	

#### 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 placing them in an environment different from that of the Company, broadening their field of activity by acquiring new skills and expertise, and expanding their network of contacts. We have seen a number of employees improve from the use of this system by acquiring new skills and other benefits.

	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Number of employees using the Second Job System	34	36	56	60 or more	Unicharm Corporation

Note: As of December 31 of each year



## Support for Balancing Work and Childcare

Aiming to create an environment conducive to balancing work and childcare, our Childcare Leave System allows employees to take leave until the day before their child's second birthday. Childcare leave taken before and after birth is treated as paid vacation. To avoid losing existing paid vacation days, employees with accumulated paid leave can have up to 15 of these days converted into salary. For employees returning to work, we have the Moony Shortened Work Hours System for Childcare, enabling employees to shorten their work hours to five hours per day.

Meanwhile, for our male employees, we have in place the Moony Childcare Leave system, which allows them to start taking childcare leave while their partner is pregnant, as well as the Moony Childcare Involvement Leave system, which allows them to take up to five days of special leave within eight weeks of their child's birth. In accordance with the Childcare and Family Care Leave Act, we introduced the Postpartum Paternity Leave system in 2022, allowing male employees to take up to four weeks of leave within eight weeks of their child's birth. We consult with all eligible employees and their supervisors on an individual basis to ensure awareness of these systems and encourage them to take such leave.

Moreover, Unicharm has also introduced a benefit program in which the Company pays for employees' use of the Hands-Free Commute disposable diaper subscription service for daycare facilities.

Unicharm Corporation endorses the declaration made by Work-Life Balance Co., Ltd., in 2019 to have all eligible male employees take paternity leave.



P074 Hands-Free Commute: Protecting Business Models with Patents

	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Number of employees using the Childcare Leave System	118	160	128	–	Unicharm Corporation Unicharm Products Co., Ltd.
Percentage of employees taking paid childcare leave (%)	88.1	95.5	95.8	Over 95%	
Percentage of employees taking Moony Childcare Involvement Leave (%)	91.3	85.7	93.2	100	Unicharm Corporation

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

System	Target	Summary
Childcare Leave System	Employees with children under two years old	Can take up to two years of leave until the day before their child's second birthday
Moony Childcare Involvement Leave	Male employees of Unicharm who have children up to eight weeks old	Can take up to five days of leave within eight weeks of the birth of their child
Postpartum Paternity Leave	Male employees of Unicharm with children under eight weeks old	Can take up to four weeks of leave within eight weeks of the birth of their child
Moony Shortened Work Hours System for Childcare	Employees who have children up to the third year of elementary school	Can shorten work hours to five hours a day
Moony Birth Support Leave Program	Employees who undergo fertility treatment	Can take up to one year of leave for advanced fertility treatment
Lifree Nursing Care Leave	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	Can take, upon application, up to five days of leave per year for each family member requiring nursing care
Lifree Flexible Work Program	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	Can apply for the option to work completely from home without the need to come to the workplace or to work fewer days (three or four days per week) to care for family members in need of nursing care
Sofy Leave	All female employees	Can take days off during menstruation when working may be difficult. Bearing our brand name, we are working to promote awareness of this system within the organization and foster a culture that encourages employees to take such leave
Remembering Our Beloved Partner Animals (Pets) Leave	Employees with dogs or cats at home	Can take one day of special leave upon the passing of their dog or cat
Anniversary Leave	All employees	Can take paid leave for anniversaries and other planned holidays (three days per six months/six days annually)
Civic Duties Leave System	Those selected to serve as a citizen judge or on the Committee for the Inquest of Prosecution	Can take, upon application, the required number of days of leave to appear in court as a citizen judge
Bone Marrow Donor System	Employees who wish to donate their bone marrow	Can take, upon application, up to seven business days of leave per donation of bone marrow for the procedures required to donate to a patient in Japan (excluding donor registrations)
Flexitime System	All employees (with the exception of certain positions)	A flexitime system without core hours that enables employees to work efficiently while maintaining the right balance between their work and personal lives by deciding their own work hours, including start and finish times
Remote Work Program	All employees (excludes positions for which remote work is not feasible)	Can work from home or any other environment where employees can easily concentrate on work up to twice a week, in principle
Second Job System	All employees	Can work a side job toward the advancement of skills or personal development, provided that the roles will not impede their primary work (applicable only to off-business hours and holidays)
Career Recovery System	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	Can be reemployed within a five-year period from the time of their resignation, dependent on mutual agreement between the former employee and the Company

Ensuring Appropriate Levels of Income and Living Wages

202-1

In accordance with the Unicharm Group Policy on Human Rights, we not only comply with minimum wage laws in each country and region in which we operate but also provide a salary that is commensurate with local living standards.

To ensure that our diverse personnel of various employment statuses are highly motivated to play an active role, we have developed and implemented a system to determine employee compensation in a fair manner, thereby discouraging discrepancies based on gender in the compensation of employees with the same qualifications and roles. The average salary of our workforce in 2022 was ¥8.43 million.

**P.082** Unicharm Group Policy on Human Rights

Dialogue between Labor and Management

2-30

We place a great deal of value on mutual trust between labor and management and hold monthly discussions between the Company and labor union. In addition to these regular meetings, additional meetings are held depending on the nature of these discussions. In 2022, we held talks about establishing an environment conducive to self-learning, reducing overtime work, regulation changes, our human resources system, employee benefits, and health management measures, among other issues. We will continue with efforts to foster workplaces that can motivate and fulfill employees.

	2020	2021	2022	Coverage
Number of labor union members	1,410	1,541	1,472	Unicharm Corporation
Percentage of employees covered by labor laws (%)	100.0	100.0	100.0	

# Human Resources

## Occupational Safety and Health

403-1,403-2,403-3,403-4,403-5,403-6,403-7,403-8,403-9,403-10

### Our Basic Approach and Strategy

In accordance with the Unicharm Group Policy on Human Rights and the Unicharm Group Charter of Actions, we at Unicharm work to eliminate all forms of child and forced labor as well as prevent overwork.

With the intent of preventing disasters and accidents, we have established basic policies for managing occupational safety and health and will maintain a safe and healthy workplace environment that places the highest priority on ensuring and improving the safety and health of our employees at all times.

Unicharm's policies on occupational safety and health are translated into various languages so that they are understood by all of our employees around the world.

### 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.

### Management Structure

With a view to ensuring and improving the safety and health of its employees while preventing accidents and disasters, Unicharm has established the Occupational Health and Safety Management Regulations\* in accordance with the Industrial Safety and Health Act.

To oversee and manage the Companywide occupational safety and health management system (OSHMS), the executive officer in charge of promoting occupational safety and health, appointed by the representative director, coordinates the occupational health and safety managers of each business site, who

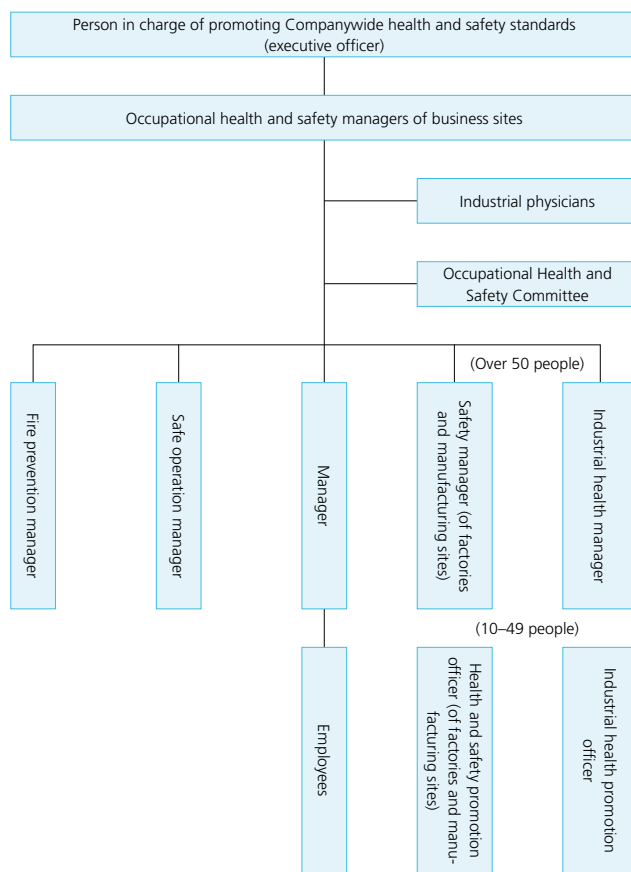
are the highest-level authority for these sites. This executive officer designates a safety and industrial health manager at each location who then appoints a safety manager, industrial health manager, and fire prevention manager. The executive officer also sets up the Health and Safety Committee in order to build a management system.

The Health and Safety Committee, which consists of employees selected by the Company and labor union, as well as industrial physicians, meets each month to discuss matters such as activities to improve the workplace environment, prevention of workplace accidents, elimination of vehicle accidents, and promotion of employee health. Moreover, inspections are conducted by committee members once every two months. Important actions are reported by the Health and Safety Committee secretariat to the officers in charge for approval. Actions related to safety that have been approved by the officers in charge are implemented as activities in each department. Progress is reported to the Health and Safety Committee and periodic reports with their decisions on actions and instructions for improvements are issued for implementation through the PDCA cycle.

\* Applies to full-time employees, contract employees, part-time employees, and employees on assignment from relevant subsidiaries and external organizations

P.086 Utilization and Development of Human Resources

### Unicharm Corporation's Occupational Safety and Health Management System



### Occupational Health and Safety at Production Sites

Unicharm implemented an occupational safety and health management system (OSHMS) at its production sites to continuously maintain and improve health and safety activities. We have a specified PDCA process to promote ongoing health and safety management on an autonomous basis, which 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 executives, employees, contingent staff, and part-timers, as well as those of associate companies operating on our premises (including contractors and outsourced companies). OSHMS operations ensure that all employees at manufacturing factories have set objectives for health and safety activities with clear roles and responsibilities. Through 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.

### Acquiring ISO 45001 Certification for Occupational Health and Safety Management Systems

Unicharm has obtained ISO 45001 certification, the international standard for occupational health and safety management systems, at 28.1% of its production sites across the globe (23.1% in Japan, 31.6% overseas).

P.064 The Unicharm Group's ISO Certifications

### Initiatives and Results

#### Occupational Health and Safety Targets and Results

Every year, we aim for zero workplace accidents and a 5% year-on-year increase in the rate of paid annual leave taken. With respect to 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 2022, there were no cases of workplace accidents that resulted in fatalities or the inability to work, and the workplace accident frequency and severity rates were both below the industry average. 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 steps 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.

P.095 Promotion of Work-Style Reform

### Occupational Health and Safety

	Manufacturing Industry Average (2021)	2020 Results	2021 Results	2022 Results	2023 Targets	Coverage
Number of violations of the Industrial Safety and Health Act	-	0	0	0	0	Unicharm Corporation employees
Number of fatal workplace accidents	-	0	0	0	0	
Number of workplace accidents resulting in inability to work*1	-	0	0	0	0	
Workplace accident frequency rate*2	1.31	0.45	0.22	0.22	Below the industry average	
Workplace accident severity rate*3	0.06	0.00	0.00	0.00	Below the industry average	

\*1 Workplace accidents resulting in inability to work: Permanent inability to work or undertake certain tasks

\*2 Workplace accident frequency rate = Number of workplace accident occurrences ÷ Total number of working hours × 1 million hours

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

## 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 around the world. The site specifies clear guidelines and criteria for responding to natural disasters, pandemics, occupational accidents, large-scale equipment accidents, kidnappings, intrusion into and damaging of Company facilities, terrorist attacks, riots, coups d'état, and civil wars. The intranet is updated daily with information from the Ministry of Foreign Affairs of Japan (MOFA) and a risk management company contracted to provide its services and it displays 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.

## Eliminating Workplace Accidents

Having designated April 17 of each year as Unicharm Occupational Safety Day, we vow to eliminate workplace accidents through a Groupwide effort.

At our production sites, we hold safety forums, which were attended by all of our subsidiaries in Japan and overseas and

where all employees pledge to eliminate occupational accidents toward the goal of achieving zero accidents and fires.

To this end, it was declared that senior executives would take the initiative to create a "safe and comfortable workplace" based on the philosophy of "safety as an asset" and "safety taking precedence over all."

We are working to eliminate workplace accidents not only at our production sites but also at our offices worldwide by inspecting workplaces and checking evacuation routes, the conditions of firefighting equipment, and the locations of automated external defibrillators (AEDs).

## Occupational Safety and Health Education and Training

Unicharm provides training on occupational health and safety to employees upon joining the Company or when changes are made to the nature of their duties. For leader training and special training programs that are required by law, we rely on external organizations to provide education and training on occupational health and safety.

Moreover, depending on their position and workplace, employees are trained on the handling of machinery and equipment, raw materials, safety equipment, and devices for controlling hazardous materials upon joining the Company and prior to being assigned to their respective departments or when changes are made to the nature of their duties.

### ▶ Occupational Safety and Health Education and Training

Target	Details	No. of Participants in 2022	Coverage
Newly appointed leaders	Education on occupational health and safety, including leader training, as required by law	14	Unicharm Products Co., Ltd.
Employees who have yet to be assigned to their respective departments and those with new roles	Education and training on occupational health and safety for new employees who have yet to be assigned to their respective departments and for employees with new roles	84	

## Promoting Employee Health

In 2017, the Iki-Iki Health Promotion Office was established within the Global Human Resources & Administration Division to take the lead in supporting the health of our employees so that they can enjoy vibrant and healthy lifestyles not only during their tenure with the Company but also after retirement. To improve the health literacy of our employees and promote the management of their mental and physical health, each month Unicharm issues its Healthy Lab Newsletter, which covers seasonal health-related themes, and engages in other initiatives, such as those described below.

### • Working Interval Program

Between the end of a workday and the start of the next workday, employees were required to take time away from work for 10 hours, in principle, and eight hours at the very minimum. In 2023, however, this rule was changed to 12 hours, in principle, and a minimum of 10 hours, to ensure that employees are able to get enough rest between workdays.

### • Annual Health Checkups

To maintain and improve the health of its employees, Unicharm actively conducts health checkups each year. We provide health checkups to all employees of Unicharm Corporation once a year and have achieved a 100% uptake rate for 14 consecutive years since 2009. 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 offered a breast and gynecological checkup, as an early prevention measure particularly for breast and cervical cancer. For employees who are required to undergo further examination as a result of the health checkup, we encourage them to consult with an industrial physician to detect and treat conditions as early as possible. Moreover, since 2020 we have been digitizing the results of health checkups and analyzing them to provide educational activities and health management support that are indicative of our business.

	2020	2021	2022	Coverage
Percentage of employees receiving health checkups (%)	100.0	100.0	100.0	Unicharm Corporation

• **Promotion of a Smoke-Free Environment**

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 buildings and on Company premises. We provide information on our smoke-free activities through lectures by the Health and Safety Committee, pop-up messages on the Company intranet, our article on World No Tobacco Day in the May issue of the Healthy Lab Newsletter, and other initiatives.

• **Stretching Programs and Physical Fitness Tests**

To help refresh the minds and bodies of employees during break times at work and enhance productivity, we offer one-on-one stretching programs at our offices through the use of external trainers, as well as physical fitness tests to measure employees' health and fitness levels, among other initiatives to enhance awareness of healthy lifestyles.

• **Measures to Maintain Mental Health and Well-Being**

To advance one step further from managing employee health to preventing mental disorders and illnesses, Unicharm provides training programs on ways to maintain mental health and well-being as well as stress checks once a year. Whenever employees are identified as having high stress levels, they are strongly encouraged to consult with an industrial physician or a public health nurse immediately. We also offer training on ways to maintain mental health and well-being in the workplace.

	2020	2021	2022	Coverage
Percentage of employees who underwent stress checks (%)	93.5	94.4	98.2	Unicharm Corporation
Number of employees who participated in mental health training	1,739	1,785	1,934	
Number of employees on mental health leave	3	6	4	

• **Back-to-Work Support Program**

Through our Back-to-Work Support Program, we provide individual support for employees following medical treatment to ensure a seamless return to work. As part of the program, we provide ongoing follow-ups through regular interviews with an industrial physician or other health professional and consultations with external counselors for employees and their family members to discuss any concerns or uncertainties, ensuring that they are able to lead healthy and fulfilling lives with peace of mind.

**Addressing Global Health Issues**

At Unicharm, we are working to prevent the spread of the recent COVID-19 virus and other infectious diseases. For employees assigned or traveling to our overseas bases, we provide information on infectious diseases, such as COVID-19, HIV and AIDS, tuberculosis, malaria, and hepatitis, through the overseas support information on our Company intranet. Also, during the peak periods of the COVID-19 pandemic, we took measures to prevent close contact between employees at our offices, such as encouraging them to work remotely at a location of their choice and eliminating core hours from our flextime system, which allowed employees to flexibly choose their working hours. In addition to flu vaccinations, in 2021 and 2022 we provided COVID-19 vaccinations, among other measures, as a part of our infectious disease control program, at business sites in Japan. Unicharm has expanded its supply of masks to local communities around the world, in light of the fact that COVID-19 has become a global health issue. Also, in Singapore and Malaysia, where the spread of dengue fever is a concern due to increased precipitation in recent years, we introduced an anti-mosquito disposable diaper, *MamyPoko Extra Dry Protect*, featuring Antimos capsules, which keep mosquitoes carrying the dengue virus away from babies, and introduced an educational program through this product's website.

**P.020** Improvement of Childcare

• **Participation in a Conference Focused on Preventing Tuberculosis in the Workplace (Indonesia)**

In November 2022, Unicharm's local subsidiary in Indonesia took part in a conference, hosted by the Ministry of Health of the Republic of Indonesia, aimed at preventing tuberculosis in the workplace. This conference was held as a means to promote awareness of the importance of detecting tuberculosis at an early stage toward the government's goal of eliminating tuberculosis by 2030.

To help realize this goal, in July 2022 our local subsidiary in Indonesia launched a program to completely eliminate tuberculosis in the workplace through the support of the country's Ministry of Health and Otsuka Pharmaceutical Co., Ltd. Through this program, Unicharm will provide medications as well as support in the form of better nutrition management and lifestyle habits to those infected with tuberculosis.

**Prohibition of Child and Forced Labor**

As clearly stipulated in the Unicharm Group Policy on Human Rights and the Unicharm Group Charter of Actions, we at Unicharm do not tolerate any form of child or forced labor. Unicharm's factories are monitored on a regular basis using Sedex's Self-Assessment Questionnaire (SAQ). In 2022, 40 out of 41 business sites (18 business sites in Japan, 22 business sites overseas) responded to the SAQ, confirming that there were no cases of child labor or forced labor.

**P.084** Human Rights Risk Assessment at Unicharm Group Factories

# Supply Chain Management

308-1,308-2

## Sustainable Procurement

2-24,407-1,408-1,409-1,412-1,412-2

### Our Basic Approach and Strategy

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 have been sharing and seeking an understanding of Unicharm’s approach to responsible procurement, 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 adopting the same initiatives that have been implemented in Japan overseas 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 of 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, forced labor, and discrimination; the protection of the right to freedom of association and the right to collective bargaining; reductions in excessive working hours; compliance with minimum wage laws; consideration of health and safety; 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 expansion of our global network and business scale, mainly in Asia.

The pulp and paper 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

2-23

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 a 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 of 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 of 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, or 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 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, and 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 of 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 of 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 and 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 of safe materials

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

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

- Submit safety data sheets (SDSs) for materials.

**P.082** Unicharm Group Policy on Human Rights



## ▶ 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 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\*<sup>1</sup> and the Basic Policy of Procurement\*<sup>2</sup> 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. 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.

### Goals

By 2030, Unicharm aims to only procure raw materials that are sustainably sourced and recycled and achieve 100% supply chain traceability for the pulp and paper used in the absorbent materials of its products and the small quantities of palm oil used in its partner animal (pet) foods.

When using virgin pulp other than wastepaper or recycled pulp, we work with suppliers to fully ensure that it does not contribute to deforestation. More specifically, we confirm whether the pulp and paper used in our products have obtained third-party certification, including the Programme for the Endorsement of Forest Certification (PEFC), and certificates of origin other than high conservation value forests (HCVFs) or high carbon stock forests (HCSFs). As for palm oil, we are switching to the use of Roundtable on Sustainable Palm Oil (RSPO)-certified oil.

In addition, we will readily participate in the activities of industry organizations and strive to use sustainably sourced forest resources in our products.

### Action Guidelines

- (1) Give priority to the use of waste paper, recycled pulp, and mill broke (paper trimmings and scrap generated during the paper manufacturing process).
- (2) Prioritize the use of forest resources certified by reputable third parties such as the PEFC.
- (3) In the case of forest resources for which third-party certification is not available, Unicharm will promote the establishment of supply chains that are verified for the following:
  - certificates of origin and tags, etc., to ensure that the resources in question are not logged from HCVFs or HCSFs
  - a guarantee that no damage is caused to forests
  - respect for the human rights of workers and indigenous residents and prohibition of forced and child labor
  - compliance with local laws and regulations

## Management Structure

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 Development Division, which manages the material suppliers and contract manufacturers, the Pet Care Manufacturing Division, and the Strategic Sourcing Division of Unicharm Products Co., Ltd., to discuss and determine the areas of foremost 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, reports on social issues related to the supply chain and the policies and progress of environmental activities on a regular basis, reviewing our plans as necessary.

**P010** ESG Promotion Structure

### Effective Use of a Global Platform

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.

**Sedex** Member

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

**web** Sedex's corporate website

<https://www.sedex.com>

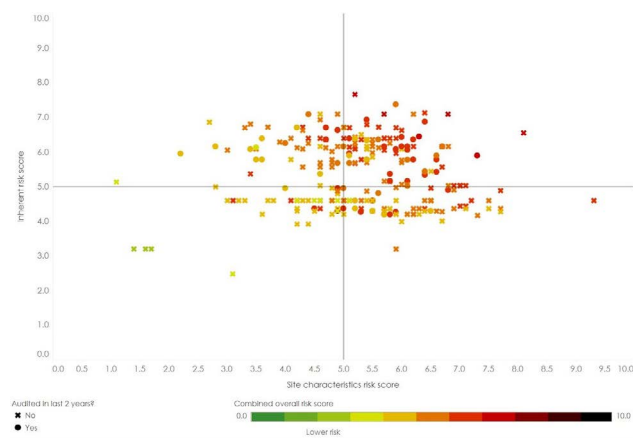
Initiatives and Results

412-1,412-3

Human Rights Risk Assessment at Supplier Factories

Unicharm conducts risk assessments at its suppliers' factories using Sedex's risk assessment tool. As of December 31, 2022, approximately 76% of our materials suppliers and contract manufacturers have agreed to use the Sedex platform, facilitating access to risk-related information. Of these factories, 88% have agreed to share their inherent risk scores while 68% 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.

Risk Score of Supplier 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 Unicharm Group Factories

P.084 Human Rights Risk Assessment at Unicharm Group Factories

Supplier Monitoring

414-2

We monitor the activities of suppliers using the results of SMETA audits\* by means of the Sedex platform. In 2022, a SMETA audit was carried out in 31 different scenarios, serving as a source of information on 333 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 and course of action toward improvement. In 2022, of the 41 cases classified as Critical, 13 violations (nine suppliers) that were not confirmed as amended within three months were discussed with suppliers, 10 violations were confirmed as amended, and the remaining three were confirmed as being amended. In addition, we confirmed one Business Critical violation at a facility of a nonwoven fabric supplier, which we confirmed as amended after discussions with the supplier.



\* 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.

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	
2020	12	1	9	0	2	0	42

Year	No. of Audits	No. of Issues Identified				
		Business Critical	Critical	Major	Minor	Total
2021	50	0	29	181	95	305
2022	31	1	41	182	109	333

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.

Monitoring of Unicharm Group Factories

P.084 Audits of Unicharm Group Factories

Eliminating and Mitigating Risks

414-1

New Suppliers

When engaging in business with new suppliers, Unicharm requests that they act in accordance with the Unicharm Group Policy on Human Rights and the Unicharm Group Sustainable Procurement Guidelines. New suppliers are also asked 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 2022.

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. Also, our medium- to long-term policy briefing session was held in October 2022 to remind existing suppliers of Unicharm's various policies and guidelines, improve material quality, and request their cooperation in Sedex initiatives.

## Medium- to Long-Term Policy Briefing Session for Suppliers

Unicharm had been holding regular quality policy briefing sessions with suppliers since 2002 with the aim of ensuring consistent quality of materials and raise awareness of its procurement policies and guidelines. These briefing sessions were put on hold from 2020 due to the COVID-19 pandemic but reconvened with the medium- to long-term policy briefing session in October 2022, which shared with suppliers the direction Unicharm aims to take going forward. Attended by 234 people from 69 companies, including online participants, the briefing session raised awareness of the Basic Policy of Procurement, the Unicharm Group Sustainable Procurement Guidelines, and the Unicharm Group Policy on Human Rights, which declare our stance on human rights, labor, and environmental issues relating to procurement and on ensuring consistent quality. Through this briefing, we also asked for greater cooperation from suppliers on the GHG Emissions Visualization Project and Sedex as we proceed along the path to achieving Kyo-sei Life Vision 2030 and Environmental Targets 2030.



Medium- to long-term policy briefing session

P.045 GHG Emissions Visualization Project

## Global Communication with Suppliers

Unicharm works with suppliers to engage in improvement activities on a wide range of material-related themes through meetings between local subsidiaries and the suppliers of each country and region, including quality policy briefing sessions in China. Since 2016, briefing sessions on procurement themes have been held at distribution warehouses and supplier factories in 53 locations across seven countries to distribute copies of the Unicharm Group Sustainable Procurement Guidelines (available in Japanese and English) and explain the purpose of the guidelines so as to ensure the communication necessary for realizing a sustainable society through the efforts of the entire supply chain.

## 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. In 2022, we held training sessions in various countries and regions for factory managers in charge of material procurement to request cooperation from material suppliers overseas on the use of the Sedex platform.

## Initiatives to Improve Material Quality

Unicharm is proceeding at full speed in enhancing the quality of materials by focusing on the key areas for improvement from a quality consistency point of view and working closely with suppliers. In addition, we "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 will continue to check its progress until the issue is resolved and reconfirm its status in the next audit. We will make ongoing improvements to material quality by repeating this cycle from auditing to the instilling of improvements.

## Responsible Procurement Initiatives Geared to Reducing Environmental Impact

We view the diminishing supply of forest-derived resources (including pulp, paper, and palm oil) stemming from forest destruction and water resource depletion along the upstream process as a risk to the Company. In light of this, Unicharm is working to reduce environmental impact and protect the environment with the aim of realizing a sustainable society while paying due consideration to biodiversity in our supply chain management. Specifically, we established the Forest-Derived Raw Materials Procurement Guidelines in 2015 and the Unicharm Group Sustainable Procurement Guidelines in 2017 in an effort to reduce risks by requesting the understanding and cooperation of suppliers. On the other hand, that we are able to lower environmental impact and costs by procuring energy-efficient resources that generate minimal amounts of CO<sub>2</sub> emissions, reducing waste, and utilizing recycled materials and selling products made from these forest-derived resources by promoting them as environment-friendly products presents opportunities for the Company. Moving ahead, we will continue to step up our recycling efforts in-house while working to help ensure that resources are recycled and utilized more efficiently throughout society.

## Sustainable Procurement of Pulp and Paper

In keeping with our commitment to Environmental Targets 2030, we are striving to ensure that only certified pulp and paper is used in our products by 2030 and, along that path, 72.3% of all pulp procured in 2022 was PEFC-certified. The absorbent materials of our products are made of pulp from coniferous trees grown in the FM (Forest Management)-certified forests of North and South America. The tissue covering these absorbent materials is made from timber felled in FM-certified forests of North America, China, and Indonesia. We also request our suppliers not to use raw materials harvested from HCVFs and HCSFs, which pose a significant impact on biodiversity. Since 2016, Unicharm has been expanding this request to local suppliers overseas as a part of its measures to promote the sustainable procurement of raw materials.

**P057** Expanding the Use of Certified Pulp (PEFC- and CoC-certified)

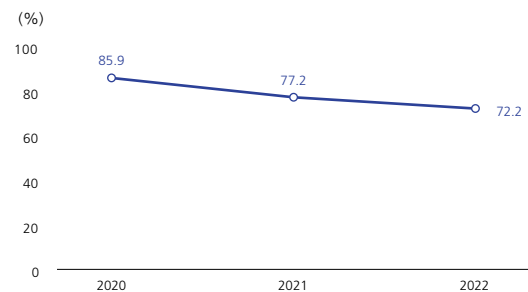
## Sustainable Palm Oil Procurement

In 2017, Unicharm became a member of the Roundtable on Sustainable Palm Oil (RSPO), collecting information and ensuring supply chain traceability toward the sustainable procurement of palm oil.

To realize the goals of Environmental Targets 2030, we are working to ensure that only certified palm oil is used in our products by 2030.

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

### ▶ Percentage of Certified Palm Oil Procured



**web** Unicharm's palm oil initiatives

<https://www.rspo.org>

**web** Fuji Oil Holdings Inc. > Sustainability > Sustainable Procurement of Palm Oil

[https://www.fujioilholdings.com/en/sustainability/palm\\_oil/](https://www.fujioilholdings.com/en/sustainability/palm_oil/)

**P059** Ensuring the Traceability of Palm Oil to Its Origin and Expanding the Use of Certified Palm Oil (RSPO-Certified)

# Communities

## Social Contribution Activities

203-1,203-2,413-1

### Our Basic Approach and Strategy

Based on its policy of contributing to society through its business activities, Unicharm operates its business by underscoring the importance of both business activities and social contribution activities. By providing products and services that are tailored to the distinctive features of each country and region, particularly those in which it operates, the Company will resolve the issues of society, create employment opportunities, and contribute to each region through other means, in its quest to become a company that is loved by people across the globe.

#### ► Policy on Social Contribution Activities

At Unicharm, we recognize the importance of coexisting with local communities through our business activities. Therefore, particularly in fields, countries, and regions where we have fostered deep connections through our business activities, we will help resolve regional issues and achieve sustainability by earnestly confronting the issues in each region and promoting various social contribution activities that benefit these communities.

#### Key Areas of Social Contribution Activities

- Health
- Regional contributions
- Support for disaster-affected areas

### 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 social contributions.

**P.010** ESG Promotion Structure

### Initiatives and Results

#### Spending on Social Contribution Activities

In 2022, Unicharm spent a total of ¥189.9 million on social contribution activities, of which ¥71.2 million was in the form of donations.

#### Support for Ukraine

To provide humanitarian assistance to the affected residents of Ukraine and those who have fled to neighboring regions, Unicharm donated €500,000 through the United Nations High Commissioner for Refugees (UNHCR). In addition, disposable baby diapers, sanitary pads, disposable adult diapers, and other Unicharm products were donated as relief supplies to local governments that have declared their intention to accept refugees and host countries such as Poland. We also donated ¥1,151,000 to Ukraine through UNHCR by way of our Matching Fund employee participation initiative.

**P.110** Matching Fund (Support for Disaster-Affected Areas)

## ► Main Social Contribution Activities in 2022

### [Health]

#### Support for Healthcare and Welfare Facilities

- Indonesia: Unicharm donated 300 cases of disposable baby diapers to Rachel House, a pediatric palliative care service facility, on a monthly basis.
- Indonesia and India: Unicharm held a blood drive, through which approximately 130 employees made blood donations.
- India: Unicharm's employees donated daily necessities to the elderly and people with disabilities.
- Thailand: Unicharm donated 16 cases of disposable adult diapers to organizations for the elderly.
- Thailand: Unicharm donated food and daily necessities to nursing homes and elementary schools in communities nearby its factories.
- Japan: Unicharm donated 20 wheelchairs and 10,000 masks to the Sapporo City Council of Social Welfare in cooperation with Tsuruha Holdings Inc.
- Japan: Unicharm donated 100 masks (*Unicharm Face Visible Mask*) to Comekko 5th Anniversary, a family-oriented sign language event.
- Brazil: Unicharm donated disposable baby diapers (for approx. 750 babies) and baby wipes (for approx. 160 babies) to orphanages and organizations in support of children with disabilities.
- Brazil: Unicharm donated disposable adult diapers (for approx. 80 people) to support facilities for the elderly.
- South Korea: Unicharm participated in volunteer activities, such as physical education activities at special education schools.
- South Korea: Unicharm donated sanitary pads and disposable adult and baby diapers (88,000 in total) to support facilities for the elderly.

#### Support for Pink Ribbon Activities

- Japan: Unicharm has sponsored this activity for 15 consecutive years. We continue to promote awareness of Pink Ribbon activities through our corporate website and product packaging and have donated a portion of the sales from certain products.
- Indonesia: Unicharm has supported this activity in cooperation with a local breast cancer foundation and the Ministry of Health of the Republic of Indonesia. We continue to promote awareness of Pink Ribbon activities through our corporate website and product packaging.

**P.110** Pink Ribbon Activities (Health)

#### Menarche and Menstruation Education

- All countries and regions of operation: Unicharm conducted classes on menarche and menstruation.
- P.019** Support for a Society Where Gender and Sexual Orientation Do Not Restrict People's Activities
- Tanzania: Unicharm visited to Sakura Girls Secondary School, a school established by the Japanese government, and provided students with sanitary pads.

#### Maternity and Parenting Classes

- Myanmar: Unicharm held a seminar for pregnant women to learn about proper nutrition during pregnancy and the proper use of disposable diapers in accordance with their baby's development stage.
- Japan: Unicharm conducted Childcare Leave for All, a parenting class for Company employees.

### Contenance Care Education

- Japan: Unicharm conducted seminars with local communities and educational institutions on incontinence and continence care (38 times in total, attended by 1,993 people).
- Taiwan–Greater China: Unicharm held a lecture on continence care for around 430 medical professionals in cooperation with the Taiwanese Contenance Society.
- Indonesia: Unicharm assisted pilgrims through the distribution of guidebooks for Mecca pilgrimages and samples of disposable adult diapers (for approx. 100,000 people).

### Support for Partner Animals (Pets)

- United States: Unicharm donated products (totaling US\$332,000) to animal shelters.
- United States: 16 Unicharm employees participated in a volunteer activity to transfer dogs and cats from overcrowded animal shelters to other facilities to ensure that they were placed in an environment conducive to finding new families.
- Indonesia: Unicharm donated cat continence care products to cat shelters.
- South Korea: Unicharm donated 54,000 partner animal (pet) care products to the Korea Animal Protection Society.

### [Regional Contributions]

#### Sponsorship of Childcare Support

- Japan: Unicharm provided diapers to parents of newborn babies in Kakegawa City (Shizuoka Prefecture) and Shibushi City and Osaki Town (Kagoshima Prefecture).
- Japan: Unicharm sponsored the Smiles Child-Rearing Support Project held in Ehime Prefecture and a program to provide disposable baby diapers in Shikokuchuo City (Ehime Prefecture).
- Thailand: Unicharm donated 109 cases of disposable baby diapers to an orphan support foundation.

#### Support for Supply Shortages

- Taiwan–Greater China: Unicharm donated around one million sanitary pads to junior and senior high schools in New Taipei City, where its local subsidiary is located, and to women in impoverished households.
- China: Unicharm donated sanitary pads to impoverished households in Qingpu District and Changning District, where its local subsidiaries are located.
- China: Unicharm donated masks (1,868 cases), disposable baby diapers (500 packs), disposable adult diapers (1,620 cases), and sanitary pads (for 19,900 people) to Jilin Province and Shanghai, where its local subsidiaries are located, to address the supply shortage stemming from COVID-19 lockdowns.
- South Korea: Unicharm donated sanitary pads and disposable baby diapers (15,000 in total) in cooperation with an organization fighting to end poverty.

### Support for Female Entrepreneurs

- India: Unicharm provided assistance to 130 female entrepreneurs through Project Jagriti, a program that supports women in the rural regions of the country.
- P.110** Supporting the Financial Independence of Women (Regional Contributions)

### Cleanup Activities and Garbage Separation Classes

- Malaysia: Unicharm conducted cleanup activities (attended by 20 employees) in regions where its production facilities are located.
  - Indonesia: Unicharm held classes on the theme of garbage separation at elementary schools (for 30 students) in the Special Capital Region of Jakarta.
  - Japan: Unicharm conducted classes at Shibushi Elementary School in Shibushi City, Kagoshima Prefecture, (for 42 students) and Kodomo Trust Seminar (for 17 students) to educate the future of our society on the recycling of used disposable diapers.
- P.043** Raising Awareness about Proper Disposal of Used Products

### Regional Contributions through Sports

- Japan: Unicharm has been a "top partner/cohesive society partner" of J3 League professional soccer team FC Imabari since 2020.
- Japan: Unicharm sponsored the 2022 Unicharm Trophy Ehime International Open Tennis Tournament, an Association of Tennis Professionals (ATP)-certified event.
- Japan: Unicharm is a sponsor and supporter of the Fukushima Red Hopes, a professional baseball team based in Fukushima Prefecture that plays in the Route Inn Baseball Challenge League of the Japan Independent Baseball League.

### Regional Revitalization

- Japan: Unicharm's products were selected as thank-you gifts for the Furusato Nozei (hometown tax return) program in Tanagura Town (Fukushima Prefecture), Kakegawa City (Shizuoka Prefecture), Nabari City (Mie Prefecture), Itami City (Hyogo Prefecture), Kanonji City (Kagawa Prefecture), and Kanda Town (Fukuoka Prefecture), where its production facilities are located.

### [Support for Disaster-Affected Areas]

#### Disaster Relief and Ongoing Support of Disaster-Affected Areas

- Japan: Unicharm has organized the Matching Fund, an employee participation initiative, since 2011.
- P.110** Matching Fund (Support for Disaster-Affected Areas)
- Indonesia: Unicharm donated 50 cases of its products to an evacuation center in the Pasaman District of West Sumatra Province as a result of earthquakes that hit the area.
  - Indonesia: Unicharm donated 4,160 disposable baby diapers, 672 sanitary pads, 2,400 light-incontinence pads, 1,760 disposable adult diapers, and 28,800 masks to areas affected by the earthquakes in West Java Province.

## Pink Ribbon Activities (Health)

Pink Ribbon activities, which have spread throughout the world, help raise awareness about the importance of the early detection and proper treatment of breast cancer and are supported by Unicharm at a global level. The year 2022 was Unicharm's 15th year of supporting Pink Ribbon activities in Japan. We set up a special Pink Ribbon website that provides basic information about breast cancer and self-examination methods for early detection. In addition, a portion of the sales from products marked with a specially designed Pink Ribbon logo was used to cosponsor symposiums and other Pink Ribbon activities. Internally, to facilitate our employees' physical and mental health and productivity, we designated October of each year as Pink Ribbon Month when 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 breast cancer, Unicharm provides all female employees with a breast cancer screening, which is paid for in full by the Company. Meanwhile, our subsidiary in Indonesia has collaborated with a local breast cancer foundation and the country's Ministry of Health to support local Pink Ribbon activities. Through the packaging of Charm brand sanitary pads and our corporate website, we encourage customers to conduct self-checks regularly after menstruation, widely communicating the importance of early detection and appropriate treatment of breast cancer. This importance is also stressed to our employees, for whom we hold briefings on periodic self-checks.



## Supporting the Financial Independence of Women (Regional Contributions)

In 2021, our subsidiary in India collaborated with PURE India Trust, a local NGO, to launch Project Jagriti\* in support of women living in rural areas of the country. Along with raising awareness about the use of sanitary pads, the project aims to provide women in India's rural areas with opportunities to obtain jobs, thereby promoting the financial independence of women by creating employment opportunities through Unicharm's products. In 2022, the project selected and supported 130 female entrepreneurs in the Bulandshahr district of Uttar Pradesh and the city of Sikar in the state of Rajasthan, and these women have secured steady income through this project. Moreover, as part of this project, those selected as entrepreneurs hold workshops to build understanding of menstruation among women in these places. In 2022, over 9,800 women were able to learn about how menstruation works and how to use sanitary pads correctly.

\* The meaning of Jagriti is "to awaken."



Shops established by female entrepreneurs



Activity to raise awareness of menstruation

## Matching Fund (Support for Disaster-Affected Areas)

Our Matching Fund\* and Super Cool Biz and Warm Biz employee dress code activities were launched immediately after the 2011 Great East Japan Earthquake to provide ongoing support for disaster relief and to reduce environmental impacts through electricity conservation and eco-friendly activities that employees can undertake themselves. In the 12 years up to 2022, a total of 25,982 employees have participated in these activities. To date, the Matching Fund donations have been used to provide assistance to areas affected by the Great East Japan Earthquake, donations and supplies to various other disaster-stricken areas around the world, and support to Ukraine.

\* An employee participation initiative that provides a donation equivalent to the amount paid by employees to purchase original Unicharm-branded items of clothing, including polo shirts and jumpers that can be worn at work

P.108 Support for Ukraine

# Social Data

## Human Resources

2-7,401-1,401-3,403-9,403-10,404-1,404-3,405-1,405-2

### Human Resources Data

		2020	2021	2022	Coverage	
Number of full-time employees	Japan	Male	10,436	10,302	10,397	Unicharm Group
		Female	6,229	6,006	5,809	
		<b>Total</b>	<b>16,665</b>	<b>16,308</b>	<b>16,206</b>	
	Overseas	Male	2,690	2,663	2,617	
		Female	617	635	640	
		<b>Total</b>	<b>3,307</b>	<b>3,298</b>	<b>3,257</b>	
Percentage of full-time employees (%)	Male	58.1	60.0	59.0		
	Female	48.2	48.2	46.7		
	<b>Total</b>	<b>54.0</b>	<b>55.0</b>	<b>53.9</b>		
Number of contract employees	Japan	Male	7,529	6,858	7,238	
		Female	6,693	6,465	6,639	
		<b>Total</b>	<b>14,222</b>	<b>13,323</b>	<b>13,877</b>	
	Overseas	Male	796	816	843	
		Female	649	605	676	
		<b>Total</b>	<b>1,445</b>	<b>1,421</b>	<b>1,519</b>	
Percentage of contract employees (%)	Male	6,733	6,042	6,395		
	Female	6,044	5,860	5,963		
	<b>Total</b>	<b>12,777</b>	<b>11,902</b>	<b>12,358</b>		
Number of managerial employees	Japan	Male	41.9	40.0	41.0	
		Female	51.8	51.8	53.3	
		<b>Total</b>	<b>46.0</b>	<b>45.0</b>	<b>46.1</b>	
	Overseas	Male	1,219	1,223	1,192	
		Female	365	355	361	
		<b>Total</b>	<b>1,584</b>	<b>1,578</b>	<b>1,553</b>	
Japan	Male	522	535	536		
	Female	90	90	90		
	<b>Total</b>	<b>612</b>	<b>625</b>	<b>626</b>		
Overseas	Male	697	688	656		
	Female	275	265	271		
	<b>Total</b>	<b>972</b>	<b>953</b>	<b>927</b>		

		2020	2021	2022	Coverage
Average age of employees	Male	41.1	41.1	42.8	Full-time employees of Unicharm Corporation
	Female	38.3	38.4	38.7	
	<b>Total</b>	<b>40.3</b>	<b>40.3</b>	<b>41.9</b>	
Average length of service (years)	Male	16.0	16.1	15.4	
	Female	12.4	12.7	12.2	
	<b>Total</b>	<b>15.0</b>	<b>15.1</b>	<b>14.6</b>	
Employee turnover rate (%)	Male	2.0	2.0	3.0	
	Female	2.0	2.8	5.0	
	<b>Total</b>	<b>2.0</b>	<b>2.2</b>	<b>3.5</b>	

		2020	2021	2022	Coverage	
Number of new graduate hires	Male	37	31	25	Full-time employees of Unicharm Corporation	
	Female	18	24	16		
	<b>Total</b>	<b>55</b>	<b>55</b>	<b>41</b>		
Turnover rate of employees with less than 3 years of service who started as new graduates (%)	Male	4.3	5.8	7.5		
	Female	2.3	5.3	3.6		
	<b>Total</b>	<b>3.8</b>	<b>5.7</b>	<b>6.0</b>		
Recruitment cost per employee (yen)		1,337,682	1,392,800	1,924,620		
Starting salary of new graduate employees – Master's degree (yen)		226,000	226,000	226,000		Unicharm Corporation
Starting salary of new graduate employees – Bachelor's degree (yen)		210,000	210,000	210,000		

Note: Adjustable Starting Salary System (starting salary increases by up to ¥15,000 for employees who have passed the Microsoft Office Specialist (MOS), TOEIC, or marketing exams).



## ► Utilization and Development of Human Resources

	2020	2021	2022	Coverage
Percentage of employees who regularly receive assessment reviews for career development (%)	100.0	100.0	100.0	Unicharm Corporation

	2020	2021	2022	Coverage
Number of employees participating in the in-house internship program	20	32	26	Unicharm Corporation
Number of employees participating in the career challenge internship program	12	17	26	

	2020	2021	2022	Coverage
Succession preparedness rate (%)	203.3	208.3	201.6	Unicharm Corporation employees

	2020	2021	2022	Coverage
Number of employees participating in the Strategy Secretary to CEO program	6	7	6	Unicharm Group

	2020	2021	2022	Coverage
Total training hours allocated to employee skill development	24,045	45,018	49,824	Unicharm Corporation
Total training costs allocated to skills-enhancing training (thousand yen)	40,000	42,000	84,000	
Training hours per employee	16	31	35	
Training costs per employee (yen)	27,285	28,669	58,618	

	2020	2021	2022	Coverage
Percentage of employees who responded to the employee awareness survey (%)	100.0	100.0	100.0	Unicharm Group*1
Percentage of positive responses for the "Growth through Work" section of the survey (%)	83.2 (Japan)	81.4 (Japan)	89.2	
Average score on a five-point scale on the level of satisfaction section of the employee awareness survey	4.16 (Japan)	4.07 (Japan)	4.39	

\*1 Results for 2022 cover all Group companies

	2020	2021	2022	Coverage
Percentage of scrum teams holding Reading Session of Integrated Report*2 (%)	—	100.0	100.0	Unicharm Group

\*2 Held since 2021

## ► Diversity and Inclusion

		2020	2021	2022	Coverage
Percentage of female employees (%)	Japan	18.7	19.3	19.6	Unicharm Group
	Overseas	42.0	41.3	39.9	
	<b>Total</b>	<b>37.4</b>	<b>36.8</b>	<b>35.8</b>	
Percentage of female managers (%)	Japan	14.7	14.4	14.4	
	Overseas	28.3	27.8	29.2	
	<b>Total</b>	<b>23.0</b>	<b>22.5</b>	<b>23.2</b>	
Number of female executives	Japan	2	2	2	
	Overseas	16	14	12	
	<b>Total</b>	<b>18</b>	<b>16</b>	<b>14</b>	
Percentage of female executive officers (%)		3.6	3.7	3.4	

	2020	2021	2022	Coverage
Ratio of basic remuneration amount of starting salaries by gender (female employees:male employees)*3	100:100	100:100	100:100	Unicharm Corporation employees
Ratio of basic remuneration amount by gender (female employees:male employees)*3	100:124	100:124	100:123	
Ratio of total remuneration amount by gender (female employees:male employees)*3	100:139	100:140	100:139	

\*3 Remuneration is determined in the same manner for male and female employees. The disparity is due to differences in tenure, position, rank, and other factors.

	2020	2021	2022	Coverage
Percentage of locally hired employees in management positions (general manager and above) (%)	43.0	45.5	52.2	Unicharm Group's overseas subsidiaries

	2020	2021	2022	Coverage	
Number of mid-career hires	Male	22	20	14	Full-time employees of Unicharm Corporation
	Female	26	27	29	
	<b>Total</b>	<b>48</b>	<b>47</b>	<b>43</b>	
Percentage of mid-career hires in management positions (%)	26.6	29.1	29.1		

	2020	2021	2022	Coverage
Average annual employment rate of people with disabilities (%)	2.2	2.2	2.1	Unicharm Corporation

	2020	2021	2022	Coverage
Rehiring rate of retired employees (%)	83.8	84.0	92.9	Unicharm Corporation
Hiring rate of retired employees seeking reemployment (%)	100.0	100.0	100.0	

## Development of Workplace Environments

	2020	2021	2022	Coverage
Percentage of paid leave taken (%)	56.7	57.7	56.5	Unicharm Corporation
Total working hours per employee	1,970.0	1,992.3	2,000.2	
Percentage of employees utilizing the remote work system (%)	49	58	57	

	2020	2021	2022	Coverage
Number of employees using the Second Job System	34	36	56	Unicharm Corporation

		2020	2021	2022	Coverage
Number of employees using the Childcare Leave System	Male	51	71	77	Unicharm Corporation Unicharm Products Co., Ltd.
	Female	67	89	51	
	<b>Total</b>	<b>118</b>	<b>160</b>	<b>128</b>	
Percentage of employees taking paid childcare leave (%)	Male	76.1	91.0	94.7	
	Female	100.0	100.0	100.0	
	<b>Total</b>	<b>88.1</b>	<b>95.5</b>	<b>95.8</b>	
Percentage of employees taking Moony Childcare Involvement Leave* (%)	Male	91.3	85.7	93.2	
Number of employees returning to work after childcare leave	Male	51	71	77	
	Female	23	24	32	
	<b>Total</b>	<b>74</b>	<b>95</b>	<b>109</b>	
Percentage of employees returning to work after childcare leave and percentage of employees returning to work within 12 months (%)	Male	100.0	100.0	100.0	
	Female	100.0	100.0	97.0	
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>99.1</b>	
Number of employees using the shortened work hours system for childcare	Male	0	0	0	
	Female	48	49	43	
	<b>Total</b>	<b>48</b>	<b>49</b>	<b>43</b>	
Number of employees using the nursing care leave system	Male	2	1	1	
	Female	1	1	2	
	<b>Total</b>	<b>3</b>	<b>2</b>	<b>3</b>	

\* Unicharm Corporation

	2020	2021	2022	Coverage
Number of labor union members	1,410	1,541	1,472	Unicharm Corporation
Percentage of employees covered by labor laws (%)	100.0	100.0	100.0	

## Occupational Safety and Health

	Industry average (for manufacturing sector in 2021)	2020	2021	2022	Coverage
Number of violations of the Industrial Safety and Health Act	—	0	0	0	Unicharm Corporation employees
Number of fatal workplace accidents	—	0	0	0	
Number of workplace accidents resulting in inability to work*1	—	0	0	0	
Workplace accident frequency rate*2	1.31	0.45	0.22	0.22	
Workplace accident severity rate*3	0.06	0.00	0.00	0.00	

\*1 Workplace accidents resulting in inability to work: Permanent inability to work or undertake certain tasks

\*2 Workplace accident frequency rate = Number of workplace accident occurrences ÷ Total number of working hours × 1 million hours

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

### Occupational Safety and Health Education and Training

Target	Details	Number of participants in 2022	Coverage
Newly appointed leaders	Education on occupational health and safety, including leader training, as required by law	14	Unicharm Products Co., Ltd.
Employees who have yet to be assigned to their respective departments and those with new roles	Education and training on occupational health and safety for new employees who have yet to be assigned to their respective departments and for employees with new roles	84	

	2020	2021	2022	Coverage
Percentage of employees receiving health checkups (%)	100.0	100.0	100.0	Unicharm Corporation
Percentage of employees who underwent stress checks (%)	93.5	94.4	98.2	
Number of employees who participated in mental health training	1,739	1,785	1,934	
Number of employees on mental health leave	3	6	4	

# Governance



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# Corporate Governance

## Corporate Governance

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### Our Basic Approach and Strategy

Unicharm believes that working to achieve sustainable growth and create medium- to long-term corporate value by cooperating appropriately with stakeholders to become a company that is recognized and trusted by society will lead to the promotion of sound corporate management, as stated in the Unicharm Ideals. To that end, our basic policy on corporate governance is to achieve highly transparent, timely, and decisive management through frank and proactive engagement that will gain the support of various stakeholders, initiatives that sufficiently address ESG issues, and the further development of an environment that enables management to make appropriate decisions without missing out on opportunities.

[web Corporate Governance Report](https://www.unicharm.co.jp/en/company/corporate-governance.html)  
<https://www.unicharm.co.jp/en/company/corporate-governance.html>

### Management Structure

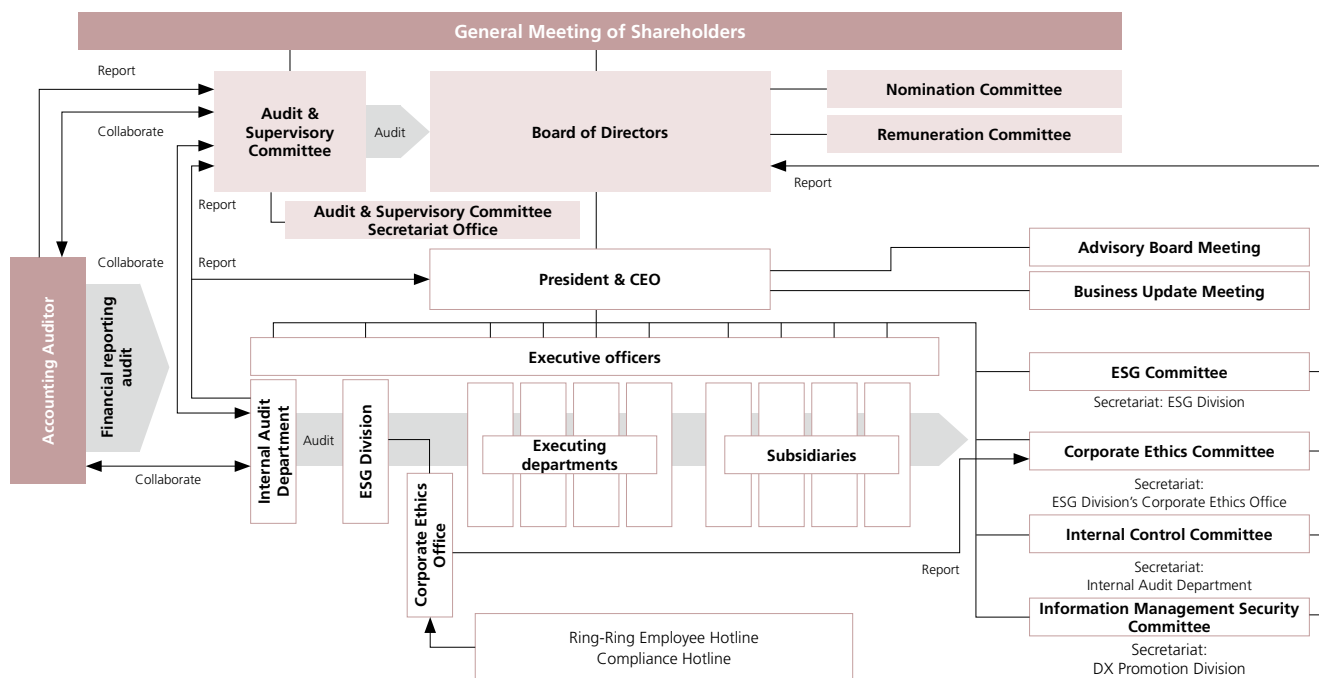
In May 2015, we became a company with an audit and supervisory committee governance structure to meet the expectations of all stakeholders, in Japan and overseas, from a global perspective. We achieved this by strengthening the oversight function of the Board of Directors in regard to management and 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. Moreover, to ensure transparency and objectivity in making nomination- and remuneration-related decisions concerning prospective directors and executive officers, the Nomination Committee and the Remuneration Committee were established as discretionary bodies in December 2015.

P010 ESG Promotion Structure

### Corporate Governance Structure

(As of March 24, 2023)



► Board of Directors and Committees, etc.

Board of Directors	The Board of Directors comprises one representative director, two executive directors, one non-executive director 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, ensuring an environment that enables management to make appropriate decisions without missing out on 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 those of the Board of Directors and close collaboration with the internal auditing departments.
Nomination Committee	The Nomination Committee is a discretionary body established for 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 meeting of shareholders' (2) select and dismiss the representative director, and (3) discuss proposals on the selection and dismissal of executive officers as well as executive officers with line responsibility.
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 with the exception of outside directors, executive officers, and the leaders of relevant business units. 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 with the exception of outside directors, 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, Audit & Supervisory Committee, and Other Committees and Relevant Expertise of Directors (as of March 24, 2023)

2-11

	Tenure	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	Sustainability*1	Digital transformation
Takahisa Takahara President & CEO	27 years, 9 months	◎		○	○	■	■	■	■	■	■	■			■	
Toshifumi Hikosaka Senior Executive Director in Charge of Production and Development	1 year	○				■			■	■			■	■		
Kenji Takaku Director, Senior Managing Executive Officer in Charge of Marketing and Sales	—*2	○				■			■	■	■	■				
Hiroaki Sugita Director, Audit & Supervisory Committee Member <span>Outside</span> <span>Independent</span>	2 years	○	○	◎	◎	■	■	■	■	■		■	■		■	■
Noriko Rzonca Director, Audit & Supervisory Committee Member <span>Outside</span> <span>Independent</span>	—*2	○	○	○	○	■		■	■	■	■	■			■	■
Shigeru Asada Director, Audit & Supervisory Committee Member	4 years	○	◎	○	○	■	■	■	■	■	■					

Under "Composition of the Board of Directors and Audit & Supervisory Committee" ◎ denotes chair and ○ denotes members. Outside Outside director Independent Independent director \*1 Environment and quality \*2 Appointed on March 24, 2023

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; 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) strengthen and spread human resource development; (2) establish a recycling value chain; (3) focus on new growth pillars; (4) promote DX and strengthen brands by exploring the deep psyche of customers; and (5) analyze the principles of *monozukuri* (manufacturing) thoroughly to build optimal processes.

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 2-10

### 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.

### Reasons for Appointment of Outside Directors

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary Explanation on Appropriateness	Reasons for Appointment
Hiroaki Sugita	○	○	Mr. Sugita currently serves as the senior adviser 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 the major foreign capital consulting firm Boston Consulting Group, Mr. Sugita possesses a high level 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 digital 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.
Noriko Rzonca	○	○	Ms. Rzonca has been designated as an independent director upon determining that she does not have any conflict of interest with the Company's general shareholders and fulfills the independence criteria stipulated in the Guidelines for Listing Management of the Tokyo Stock Exchange and the Company's selection standards for independent directors.	She has years of experience in management positions at major overseas and foreign-affiliated financial institutions through which she has acquired a high degree of insight into corporate management and corporate governance. Ms. Rzonca has also been in charge of promoting digital transformation at two companies in very different industries in Sony Bank Inc. and Cosmo Energy Holdings Co., Ltd. For that reason, we believe that, by drawing on her cross-industry experience, she will make meaningful contributions to our marketing activities, development of digital technology experts, and management reform through the use of the Company's digital technologies. We are also confident that, based on her experience, she will continue to provide guidance in the development and execution of our global strategies and risk management. We believe that she will provide appropriate advice on both sustainable management strategies and digital strategies and play a key role in our efforts to become a global leading company.

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.

### Procedures

The nomination of candidates for directors and the appointment of executive officers are both determined by the Board of Directors based on deliberations by 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 2-15

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 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 \(in Japanese only\)](https://www.unicharm.co.jp/ja/company/corporate-governance.html)

<https://www.unicharm.co.jp/ja/company/corporate-governance.html>

## Audit Status

### 1 Audit Status of the Audit & Supervisory Committee 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.

Hiroaki Sugita has experience as the Japanese representative of the major foreign capital consulting firm Boston Consulting Group and in other roles where he has utilized his considerable knowledge of corporate management and corporate governance.

Noriko Rzonca, who serves as outside director and Audit & Supervisory Committee member, has years of experience in management positions at major overseas and foreign-affiliated financial institutions through which she has acquired a high level of insight into corporate management strategies and corporate governance. Shigeru Asada, who serves as a full-time member of the Audit & Supervisory Committee, has sufficient knowledge of finance and accounting from his experience 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 the sharing of opinions as needed.

#### 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 2022.

Resolutions: Audit plan and the sharing of the duties of the Audit & Supervisory Committee, reappointment and non-reappointment of the accounting auditor, agreement on the remuneration of the accounting auditor, Audit & Supervisory Committee audit reports, etc.

Reports: Prior confirmation of the Board of Directors' agenda items, audit plan and audit report of the accounting auditor, internal control and audit reports on the Internal Audit Department, strategies of domestic and overseas subsidiaries, reports on financial position and business restructuring, etc.

3. Attendance of Audit & Supervisory Committee members: Please see "Implementation Status of the Board of Directors and the Audit & Supervisory Committee" for the attendance record at meetings of the Audit & Supervisory Committee held in fiscal 2022. The average duration of Audit & Supervisory Committee meeting was approximately 90 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's 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 the 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 the 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 Aarata LLC as its accounting auditor for the fiscal year ended December 31, 2022. 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 concerning the non-reappointment of the accounting auditor to 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

2-19,2-20

### 1. Method of Determining the Policy for Decisions on Individual Remuneration of Directors

To ensure transparency and objectivity in the process for determining 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 the 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 based on 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 indicated on the right.

### ► Basic Policy on Director Remuneration

- 1 Contributes to the sustainable growth and medium- to long-term increase of corporate value
- 2 Remuneration structure 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

### ► Director 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 within the top 25 percentile and that of combined stock option compensation from a medium- to long-term perspective is set within the top 10 percentile.

### 2. Overview of the Policy for Decisions on Individual Remuneration of Directors

The following is an overview of the Company's policy for decisions on the individual remuneration of directors:

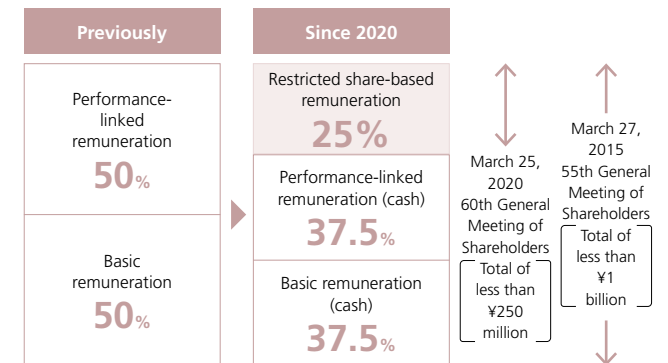
#### 1 Overview of the Director Remuneration System

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 excluding 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 remaining within the aforementioned ¥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 March of the following year 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 2022 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 2022 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 for the Bloomberg Gender-Equality Index (GEI). It was also 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 are incorporated into their evaluation criteria.

No.	Evaluation Criteria	Accountability	Assessment Weighting	Target	Result	Assessment
1	Group performance (business plan)	1-1 Consolidated net sales	20%–50%	¥850.0 billion (up 10.4% YoY)	¥898.0 billion (up 14.7% YoY)	105.6%
		1-2 Consolidated core operating income		¥127.0 billion (up 6.7% YoY)	¥119.6 billion (down 2.4% YoY)	94.1%
		1-3 Profit attributable to owners of parent		¥79.2 billion (up 5.6% YoY)	¥67.6 billion (down 7.1% YoY)	85.4%
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)	—

Overview of key assessment indicators

1. Performance-based indicators for Company efforts
2. Performance-based indicators for individual director and executive officer efforts
3. Assessment indicators for Company priority strategies (including qualitative assessments)
4. Assessment indicators for individual director and executive officer priority strategies (including qualitative assessments)

## ► 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 are then contributed to the Company. Finally, the Company disposes of treasury shares in exchange for these 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.

### 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.

## 3. Reasons for the Board of Directors' Decision to Ensure That Individual Compensation of Directors in Fiscal 2022 Is Consistent with the Policy for Decisions on Individual Remuneration of Directors

The policy and method of determining director remuneration, approved at the Board of Directors' meeting held on February 22, 2021, remain unchanged, and the policy for determining individual remuneration of directors was reapproved at the Remuneration Committee meeting held on February 22, 2023. Based on the approval being made without objection, we have determined that the method for determining remuneration and the determined amounts of remuneration are consistent with the policy for determining remuneration approved by the Board of Directors.

### 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 adequate 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.

### Policy on Cross-Shareholdings

The Company holds the minimum number of shares in other companies necessary for the purpose of maintaining and strengthening its business relationships. In such cases, the Company shall determine whether to invest or not based on whether such investment would contribute to an increase in the corporate value of the Company, comprehensively taking into account the benefits that can be gained by maintaining and improving dividends and business relationships, as well as risks, capital costs, and other factors. Each year, the Board of Directors verifies the appropriateness of each cross-shareholding, based on whether the purpose of the cross-shareholding has become insubstantial relative to the time of its acquisition and whether the risks and benefits are commensurate with capital costs. Shares that are deemed as unreasonable to hold based on this verification are sold as appropriate, taking into consideration the overall impact on the market and other factors. With respect to the exercising of voting rights, the Company shall appropriately exercise voting rights upon a careful examination of proposals and determination of whether or not these proposals contribute to the improvement of shareholder value. The Company shall not vote for any proposals that may damage shareholder value, regardless of whether they are submitted by the companies or their shareholders.

## ► 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 (million yen)	Totals for each type of remuneration (million yen)			Number of directors receiving remuneration
		Basic remuneration	Performance-linked remuneration	Nonmonetary remuneration Restricted share-based remuneration	
Directors (excluding Audit & Supervisory Committee members and outside directors)	546	190	190	166	4
Directors (Audit & Supervisory Committee members) (excluding outside directors)	8	8	—	—	1
Outside directors	21	21	—	—	2

- The amounts above include those for the remuneration of one director (who did not serve as an Audit & Supervisory Committee member) who resigned as of the end of the 62nd General Meeting of Shareholders held on March 25, 2022.
- Total amount of remuneration of directors (excluding Audit & Supervisory Committee members) includes amounts recorded as expenses of ¥166 million for restricted share-based remuneration of four directors (excluding Audit & Supervisory Committee members).
- 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 held on June 26, 2007. Directors and executive officers now only receive annual compensation.

## Analysis and Evaluation of Overall Board Effectiveness 2-18

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 2022, 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) In addition to ongoing discussions on matters concerning Groupwide strategy themes stipulated in the medium-term management plan, the agenda for the Board of Directors' meetings is set by placing emphasis on improving the effectiveness of these meetings by allocating time for reporting on ESG-related issues and the progress of actions taken against such issues.
  - (2) The Board of Directors' secretariat cooperates with the applicant to revise the content and the volume of materials for approval to ensure that they are clear and appropriate.
  - (3) In cases where a report on the progress of the Board of Directors becomes necessary after approval, measures are taken such as requesting via the Board of Directors' secretariat for a report from the Application Department.
2. In order to further improve the effectiveness of the Board of Directors, the Company will consider promotion of the following initiatives:
  - (1) Further enhance the IT- and DX-related expertise of the Board of Directors
  - (2) Further improve the quality of preparations and follow-up responses made by the Board of Directors' secretariat
  - (3) Continue to conduct the one-on-one meetings with directors and executive officers held in 2022 on a regular basis

## 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 reports concerning issues 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 Board meetings, 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

### ► Composition of the Board of Directors, the Audit & Supervisory Committee, and Other Committees and Attendance at These Meetings (2022)

	Board of Directors	Audit & Supervisory Committee	Nomination Committee	Remuneration Committee
Takahisa Takahara President & CEO	◎ 100% (10/10 times)	—	○ 100% (1/1 time)	○ 100% (2/2 times)
Eiji Ishikawa Director, Vice President	○ 100% (3/3 times)	—	—	—
Shinji Mori Director, Vice President	○ 100% (10/10 times)	—	—	—
Toshifumi Hikosaka Director, Senior Managing Executive Officer	○ 100% (7/7 times)	—	—	—
Hiroko Wada Director, Audit & Supervisory Committee Member	○ 100% (10/10 times)	◎ 100% (11/11 times)	◎ 100% (1/1 time)	◎ 100% (2/2 times)
Hiroaki Sugita Director, Audit & Supervisory Committee Member	○ 100% (10/10 times)	○ 90.9% (10/11 times)	○ 100% (1/1 time)	○ 100% (2/2 times)
Shigeru Asada Director, Audit & Supervisory Committee Member	○ 100% (10/10 times)	○ 100% (11/11 times)	○ 100% (1/1 time)	○ 100% (2/2 times)

◎ Denotes chair and ○ denotes members Outside Outside director Independent Independent director

# Compliance

## Fair Business Practices

2-25, 2-26, 2-27, 205-1, 205-2, 205-3

### Our Basic Approach and Strategy

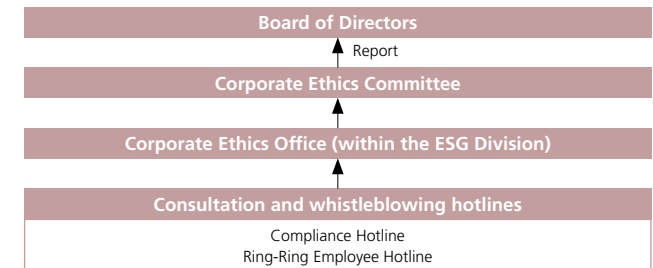
Our management policy is expressed in the Unicharm Ideals, which state “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities.” Unicharm has established the Unicharm Group Charter of Actions to ensure that directors and employees maintain the highest ethical standards and comply with laws and regulations and the Articles of Incorporation. We prevent bribery, excessive entertainment and gifts, improper political contributions, insider trading, money laundering, and corruption that would lead to other forms of misconduct by ensuring that all employees comply with the Unicharm Group Charter of Actions. We also strive to comply with labor standards and other laws and regulations. With all executive officers, led by the president & CEO, continuously communicating the spirit set forth in the Unicharm Group Charter of Actions to all employees, we endeavor to raise awareness of corporate ethics and ensure that all our corporate activities are based on compliance.

### Management Structure

The ESG Committee monitors and supervises all activities related to social responsibility centered around a framework of quality, safety, and the environment. Specifically, the ESG Committee ensures the legality, fairness, and soundness of corporate activities and reports regularly to the Board of Directors. Moreover, 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 interpersonal 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 takes the helm to resolve the issue by convening the Corporate Ethics Committee, which consists of all members of the Audit & Supervisory Committee. 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 and regulations, etc., and to provide advice as necessary, the Internal Audit Department has been established to serve as an internal auditing section that is independent from each business execution division and is directly supervised by the president & CEO and to conduct internal audits on all Group companies.

### Compliance Promotion Structure



P.115 Corporate Governance Structure

### Unicharm Group Charter of Actions / Action Guidelines for Practicing Our Beliefs & Pledges and Corporate Code of Conduct (Excerpt)

#### Practicing Our Pledge to Society

##### Compliance with Laws and Regulations, Voluntary Industry Standards, and Internal Regulations

1. We comply with not only the laws and regulations of the countries and regions in which we operate but also voluntary industry standards as well as the voluntary standards and rules and regulations of the Company. Therefore, we consistently ensure awareness of all the laws and regulations pertaining to our business activities.
2. We refrain from the use of terms or expressions that may be construed as forms of slander or social discrimination against other companies or individuals.

##### Respect for Rules and Cultures of the International Society

1. We conduct business activities at a global level by complying with international rules and respecting the cultures and customs of each country and region.
2. We work to foster sound relationships with local communities and gain their trust.

##### Political Contributions, Donations, and the Exchange of Entertainment and Gifts with Government Officials

1. We ensure that political contributions and donations to organizations are made in a transparent manner upon in-house approval.
2. We prohibit the exchange of entertainment and gifts with government officials or those equivalent thereto. We also forbid the use of facilitating payments for the purpose of expediting administrative processes.

##### Preparation for Disasters, Infectious Diseases, Antisocial Forces, Cyberattacks, and Other Risks

1. We respond appropriately in accordance with the designated Risk Management Manual in the event of disasters, infectious diseases, terrorism, or other risks.
2. We do not engage in relationships with antisocial forces or respond to the unreasonable demands thereof in any way whatsoever. Moreover, we will cooperate with the police and various organizations and take a resolute stance toward antisocial forces.
3. We will positively engage in the development of an advanced cybersecurity management system.

## Initiatives and Achievements

### Prohibition of Insider Trading

To prevent executives and employees from engaging in insider trading, Unicharm established the Insider Trading Prevention Regulations. The executive officer in charge of ESG, who is appointed by the president & CEO, is designated as the person responsible for managing insider information in order to prevent illegal acts. In addition to prohibiting transactions with a high risk of insider trading, we require the submission of a trade notice for Unicharm's shares each time they are traded and release cautionary information as appropriate to set specific limits on the trading of such shares based on the circumstances of the positions and departments of executives and employees.

### Anti-Corruption Measures

The Board of Directors has established policies to prevent all forms of corruption including unreasonable 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 with suppliers and prevent acts of corruption in transactions, 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.

P.103 Unicharm Group Sustainable Procurement Guidelines

### Regular Reviews of the Effectiveness of the Standard of Conduct

The Company confirms the effectiveness of its standard of conduct through monitoring using the employee survey and internal audits conducted annually and revises this standard as necessary. The Company reviewed the Unicharm Group Action Guidelines and renamed them the Unicharm Group Charter of Actions on February 10, 2021.

P.089 Employee Survey

### Fines, Surcharges, Settlements, and Dismissals Resulting from Acts of Corruption

In 2022, there were no fines, surcharges, or settlements resulting from acts of bribery or other forms of corruption, including facilitation payments. In addition, there were no disciplinary actions imposed on employees for such acts.

	2020	2021	2022	Coverage
Number of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery	0	0	0	Unicharm Corporation
Number of employees subject to disciplinary action due to acts of corruption or bribery	0	0	0	

### Whistleblowing System

The Compliance Hotline has been established for Group employees, both within and outside Japan, as a consultation and whistleblowing contact point for the 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 employees to report or receive consultation on their concerns over human rights issues, acts of harassment, and workplace interpersonal issues. In principle, the system is available to all executives and employees\* of the Company and its subsidiaries and affiliates, who can then remain anonymous

when reporting or receiving consultation. These matters are handled in accordance with the Consultation and Whistleblowing Management Regulations of the Corporate Ethics Office and the results are shared with both whistleblowers and employees receiving consultation, with the exception of those who requested anonymity. The privacy of employees who use this system is respected and every effort possible is made to ensure that both whistleblowers and employees receiving consultation are protected from harm. In addition, if it becomes necessary to involve a third party, the whistleblower's consent to this will be sought. Along with the Compliance Hotline and the Ring-Ring Employee Hotline, Unicharm has also put in place a system that makes it easy for employees and their families to consult with external organizations. Outside of Japan, similar hotlines have been established and are being operated at our subsidiaries in China, Taiwan–Greater China, Thailand, Indonesia, India, Brazil, South Korea, the United States, Vietnam, Saudi Arabia, and Egypt.

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

### Consultations and Reports via the Whistleblowing System (Japan)

	2020	2021	2022
Number of consultation/whistleblowing cases	41	68	100
Of which, are in violation of compliance	0	0	0

### Whistleblowing System Response Process



## Response to Serious Compliance Violations

In Kyo-sei Life Vision 2030, Unicharm has set the goal of realizing zero cases of serious compliance violations and is working to further enhance compliance awareness to this end. A compliance violation that impairs corporate value, has an adverse impact on management, and requires external information disclosure is defined as a “serious compliance violation.” In 2022, there were no cases of serious compliance violations at Unicharm.

## Initiatives to Raise Compliance Awareness

The Unicharm Group Charter of Actions, 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, through the recital of this charter, we are working to improve awareness of compliance in relation to issues such as corruption prevention. In addition, compliance-related questions have been added to the employee survey, which is conducted across the Group each year, to prevent acts of fraud, enhance awareness of legal compliance, and monitor compliance awareness.

**P.089** Employee Survey

## Compliance Education and Training

Aiming to raise awareness of compliance with laws and regulations and prevent problems from occurring, Unicharm holds workshops, distributes email newsletters, and posts information on the Company intranet to constantly share details of revised laws and compliance information related to its business as a means to enhance compliance awareness throughout the Group. In addition, we held a workshop on the whistleblowing system for department heads and scrum leaders in conjunction with the amendments to the Whistleblower Protection Act in June 2022.

### ► Measures to Raise Compliance Awareness

Target	Details	2022 Results	
		No. of Times	No. of Attendees
All employees	All areas of compliance (distribution through email newsletters and posting on Company intranet)	11 times	All employees
New employees	Compliance and basis of contracts	Two times (upon joining the Company and assignment to respective divisions)	41 employees
New leaders	Harassment prevention	One time	26 employees
Employees to be posted overseas (pre-posting training)	Prohibition of bribery, protection of confidential information, contract compliance, etc.	One time	30 employees
Divisional basis (workshops)	Themes according to business activity	Three times (once a month)	Approx. 30 employees
Directors and executive officers	Compliance in global companies	One time	Approx. 30 employees

## Harassment Prevention

Unicharm has established the Harassment Prevention Regulations with the goal of establishing a comfortable workplace environment. According to these regulations, any act that causes a disadvantage or damage to others in the workplace, damages their dignity, or infringes their human rights, regardless of the intentions of the person responsible for the harassment, is defined as “harassment,” and such acts are completely forbidden by the Company. Moreover, a curriculum on harassment prevention is covered in our training according to levels and roles and training for new leaders.

	2020	2021	2022	Coverage
Number of participants in harassment prevention manager training	0	52	26	Unicharm Corporation

**P.030** Promotion of Diversity Management

# Compliance

## Tax Compliance

207-1,207-2,207-3,207-4

### Our Basic Approach and Strategy

At Unicharm, we strive to ensure compliance with tax laws by instilling in all of our employees thorough awareness of 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,” and the specific guidelines set forth in the Unicharm Group Charter of Actions. In line with this commitment, our basic policy is to ensure compliance with the tax laws of the countries and regions in which we operate and the appropriate payment of taxes. Specifically, we aim to establish a balanced, Groupwide tax management system and maintain and improve tax compliance by taking the following initiatives in accordance with the Unicharm Group Tax Regulations, which have been approved by the Company’s Board of Directors.

### Management Structure

In each country and region of operation, Unicharm has appointed an accounting manager with tax-related expertise and established an organization and system to maintain and improve tax compliance. To ensure the appropriateness of tax management, decisions on important transactions inside and outside Japan are made based on approval after consultation with the executive officer 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 advisers 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 executive officer in charge of accounting and finance 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.

### Initiatives and Results

#### ► Tax Payments by Country/Region

(Million yen)

	2020	2021	2022
Japan	11,358	22,998	19,898
China	4,882	5,339	6,056
Vietnam	1,089	2,271	1,546
Saudi Arabia	1,186	2,203	1,518
Thailand	1,156	1,794	2,703
Other regions	2,465	2,168	5,682
<b>Total</b>	<b>22,136</b>	<b>36,774</b>	<b>37,403</b>

#### ► Unicharm Group Tax Regulations (Abstract)

##### 1. Compliance with Tax Laws

To fulfill its corporate social responsibilities in the countries and regions in which it operates, Unicharm conducts business activities in compliance with international rules and the tax laws and regulations of each country and region, while ensuring the appropriate reporting and payment of taxes.

##### 2. 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 sincerely engage with

tax inspectors by placing the utmost priority in cooperating with them in order to ensure smooth compliance with tax audits.

##### 3. 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), the Unicharm Group pays special attention to ensure that transactions are conducted for legitimate business purposes and real business activities, and that taxes are paid appropriately in each 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, in order to ensure that transactions between Group companies comply with the tax laws of each country and region, as well as OECD guidelines and appropriate transfer pricing transactions based on arm’s-length principles, Unicharm has established its own transfer pricing regulations and will work to ensure that international income is allocated appropriately in accordance with the contributions of each Group company. Moreover, when necessary, we apply for qualification of bilateral advance pricing agreements in order to prevent double taxation due to transfer pricing taxation.



# Risk Management

## Risk Management

2-16,201-2

### Our Basic Approach and Strategy

The Unicharm Ideals state that “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.” The basis of our business activities is to fulfill our responsibility to society by constantly striving to create new value for our stakeholders. For that reason, gaining an appropriate understanding of the various risks that could affect our business activities and the realization of these objectives, and preventing or minimizing the impact of such risks when they occur, are positioned as important management issues. In view of this, the Company has established a Groupwide risk management system, which is being operated while continuously reviewing and improving 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 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 business risks are discussed and addressed by the ESG Committee promptly. Moreover, in the event of a major crisis, the Crisis Management Response Committee will convene and strive to respond quickly and appropriately toward a prompt recovery based on the Groupwide Crisis Communication Manual, which serves as internal rules for crisis management.

The 12 business risks that could impact the Company are significant risks that could impair the Company’s financial standing and management results. Thanks to the effects of various response measures, at present, these risks have not emerged to a degree where they would 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 risks other than those 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

Risks	Details of Risks and Impacts 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 Japanese 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 its authority and delegate responsibilities to its overseas subsidiaries, creating a system where it can respond swiftly to changes in the consumption behavior of customers.

Risks	Details of Risks and Impacts 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 and regions.</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, thereby supporting people to live independently and as they see fit through mutual aid. Additionally, the Company uses product strategies based on the 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 visions 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 engage senior citizens 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, yen appreciation 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 materials procurement along with outstanding credits and liabilities. Also, to contribute to stable shareholder returns and the flow of internal funds, the Company actively uses 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 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.</p> <p>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 the "Safeguarding the well-being of our planet" theme, a key initiative of Kyo-sei Life Vision 2030, 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 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 CO<sub>2</sub> 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 &amp; 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 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 Impacts 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 the procurement of raw materials through 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 its 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 Antimonopoly Act, the Unfair Competition Prevention Act, or tax laws—and, for example, they are subject to formal sanctions for making unreasonable demands during a transaction or engaging in bribery to facilitate or expedite official 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 its 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 in 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: (1) basic requirements, (2) ensurance and confirmation of 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 various 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 standards 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

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 being made to better educate the employees in our countries and regions of operation on compliance by means of training programs held prior to being posted overseas and e-learning programs. Moreover, Unicharm provides employees with cautionary information on insider trading via the Company intranet and conducts internal audits as measures to prevent corruption. Audit results are reported to the president & CEO and the full-time Audit & Supervisory Committee members, and regular reports are made to the Audit & Supervisory Committee to verify the effectiveness of the audits.

P.010 ESG Promotion Structure

## Serious Crises

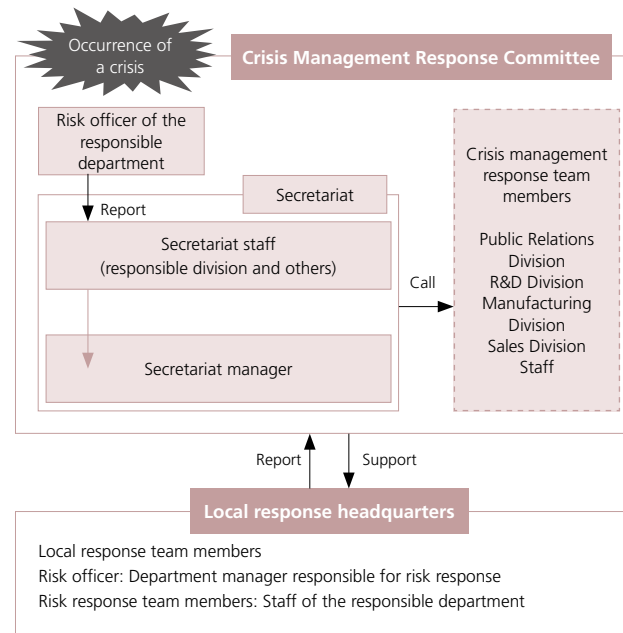
- ① Quality
- ② Environment
- ③ Representation
- ④ Occupational safety
- ⑤ Human rights
- ⑥ Supplier-/vendor-related
- ⑦ Senior management-/ executive-related
- ⑧ Disasters
- ⑨ Information accidents
- ⑩ Reputational damage
- ⑪ Pandemics
- ⑫ Disputes/political changes

## 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 Groupwide Crisis Communication Manual, which was established as internal rules for 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 Groupwide 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.

### Framework in Response to the Occurrence of a Crisis



## Initiatives and Achievements

### Rigorous Information Security

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 Specified Personal Information Handling Regulations in place to safeguard our customers' personal information, 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. One day of each month has been earmarked as an information management day on which we highlight a different security topic to remind employees about the risks of specific information leaks. We continue to develop such measures, provide employee training, and monitor progress to improve the security of information management across the Group. Moreover, as a physical measure to prevent information leaks in Japan through the loss or theft of devices, we have developed a cloud environment in which data and systems can only be used on a specific server and created an environment in which systems can be used anywhere, at any time, without the need to take office PCs off company premises. In 2022, Unicharm revised its regulations in accordance with the revisions to the Personal Information Protection Law and made this known to all employees, renewed the content of new employee training, and enhanced the quality and increased the frequency of targeted attack email training sessions. We also increased the frequency of our communication with overseas subsidiaries, carried out risk assessments in IT fields, and distributed quarterly information security newsletters throughout the Group.

## Business Continuity Plan

Aiming to strengthen risk management since 2005, Unicharm has formulated a business continuity plan (BCP) to help 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 assumed the scenario of an earthquake with its epicenter under the Tokyo metropolitan area (with an intensity of approximately 6 Upper on the JMA Seismic Intensity Scale), which includes the head office, adjacent factories, and sales offices, and prepared impact assessments and damage assumptions, etc., while considering alternative measures and establishing organizational and backup structures to ensure the safety of employees and their families for business continuity if an actual emergency occurs. We also conduct ongoing evacuation drills assuming the occurrence of such an emergency based on this scenario.

Unicharm has established procedures to recover important operations, particularly head office functions, immediately so that its products, which are necessities for daily living, can be delivered to people in disaster-affected areas as well as to those who require them as soon as possible.

Also, 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, as well as carry out first-response drills with an emphasis on confirming employee safety and the capabilities of the disaster response headquarters, including monitoring the safety of all Unicharm employees in Japan.

In 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 would 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 riots or terrorism overseas.

### ► 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 of 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

### Ensuring Business Continuity through the Securing of Important Bases (Japan)

In 2019, we began operation of the Kyushu Factory and have since conducted BCP measures to diversify domestic supply risk and ensure the continuity of this business. 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 would function as an emergency location, particularly given 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. In this way, we have put in place a highly dependable supply system.



Kyushu Factory

### Risk Management Information Webpage

In 2017, we added the Risk Management Information webpage to the Company intranet to provide information on potential risks that may impact the lives of Unicharm employees in Japan and overseas. More specifically, the webpage provides risk-related information and a response manual on 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. In 2022, we revised the contents of the Overseas Risk Management Manual, which specifies the procedures for responding to each event, updated on a daily basis the information provided by the Ministry of Foreign Affairs of Japan and a risk management company that we have contracted, and posted cautionary information on our corporate website. These measures are a reflection of our continuous efforts to keep up with environmental changes and information concerning safety.



Risk Management Information webpage

# Governance Data

## Corporate Governance

			2020 <sup>*1</sup>	2021 <sup>*2</sup>	2022 <sup>*3</sup>	2023 <sup>*4</sup>
Directors	Internal	Male	4	4	4	4
		Female	0	0	0	0
		<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	<b>Total</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Percentage of independent outside directors (%)			33.3	33.3	33.3	33.3
Percentage of female directors (%)			16.7	16.7	16.7	16.7

			2020 <sup>*1</sup>	2021 <sup>*2</sup>	2022 <sup>*3</sup>	2023 <sup>*4</sup>
Audit & Supervisory Committee members	Internal	Male	1	1	1	1
		Female	0	0	0	0
		<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	<b>Total</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Percentage of independent outside directors (%)			66.7	66.7	66.7	66.7
Percentage of female directors (%)			33.3	33.3	33.3	33.3

			2020 <sup>*1</sup>	2021 <sup>*2</sup>	2022 <sup>*3</sup>	2023 <sup>*4</sup>
Nomination Committee members	Internal	Male	2	2	2	2
		Female	0	0	0	0
		<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	<b>Total</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Percentage of independent outside directors (%)			50.0	50.0	50.0	50.0
Percentage of female directors (%)			25.0	25.0	25.0	25.0

			2020 <sup>*1</sup>	2021 <sup>*2</sup>	2022 <sup>*3</sup>	2023 <sup>*4</sup>
Remuneration Committee members	Internal	Male	2	2	2	2
		Female	0	0	0	0
		<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
	<b>Total</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Percentage of independent outside directors (%)			50.0	50.0	50.0	50.0
Percentage of female directors (%)			25.0	25.0	25.0	25.0

			2020 <sup>*1</sup>	2021 <sup>*2</sup>	2022 <sup>*3</sup>	2023 <sup>*4</sup>
Officers	Male	32	30	31	30	
	Female	2	2	2	2	
	<b>Total</b>	<b>34</b>	<b>32</b>	<b>33</b>	<b>32</b>	
Percentage of female directors (%)			5.88	6.25	6.06	6.25

\*1 As of March 25, 2020

\*2 As of March 26, 2021

\*3 As of March 25, 2022

\*4 As of March 24, 2023

## ▶ Number of Board of Directors' and Committee Meetings Held and Attendance Rate

		2020	2021	2022
Board of Directors	No. of times held	10	9	10
	Attendance rate (%)	100.0	98.1	100.0
Audit & Supervisory Committee	No. of times held	12	11	11
	Attendance rate (%)	100.0	100.0	97.0
Nomination Committee	No. of times held	1	1	1
	Attendance rate (%)	100.0	100.0	100.0
Remuneration Committee	No. of times held	1	1	2
	Attendance rate (%)	100.0	100.0	100.0

## Compliance

	2020	2021	2022	Coverage
Number of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery	0	0	0	Unicharm Corporation
Number of employees subject to disciplinary action due to acts of corruption or bribery	0	0	0	

### ▶ Consultations and Reports via the Whistleblowing System (Japan)

	2020	2021	2022
Number of consultation/whistleblowing cases	41	68	100
Of which, are in violation of compliance	0	0	0

### ▶ Measures to Raise Compliance Awareness

Target	Details	2022 Results	
		No. of Times	No. of Attendees
All employees	All areas of compliance (distribution through email newsletters and posting on the Company intranet)	11 times	All employees
New employees	Compliance and basis of contracts	Two times (upon joining the Company and assignment to respective divisions)	41 employees
New leaders	Harassment prevention	One time	26 employees
Employees to be posted overseas (pre-posting training)	Prohibition of bribery, protection of confidential information, contract compliance, etc.	One time	30 employees
Divisional basis (workshops)	Themes according to business activity	Three times (once a month)	Approx. 30 employees
Directors and executive officers	Compliance in global companies	One time	Approx. 30 employees

	2020	2021	2022	Coverage
Number of participants in harassment prevention manager training	0	52	26	Unicharm Corporation

	2020	2021	2022	
Tax payments by country/region (million yen)	Japan	11,358	22,998	19,898
	China	4,882	5,339	6,056
	Vietnam	1,089	2,271	1,546
	Saudi Arabia	1,186	2,203	1,518
	Thailand	1,156	1,794	2,703
	Other regions	2,465	2,168	5,682
	<b>Total</b>	<b>22,136</b>	<b>36,774</b>	<b>37,403</b>

# External Partnerships and Evaluations

## External Partnerships

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Unicharm engages in business activities by drawing on its partnerships with external organizations and feedback from stakeholders while referring to various international guidelines.

### ◆ 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

### ◆ Sustainable Development Goals (SDGs)



### ◆ Key Reference Frameworks

- 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

### ◆ 30% Club Japan



### ◆ UN Women Unstereotype Alliance Japan National Chapter



### ◆ The Valuable 500



### ◆ Task Force on Climate-related Financial Disclosures (TCFD)



P.049 Disclosure Based on TCFD Recommendations

### ◆ Science Based Targets initiative (SBTi)



### ◆ Japan Climate Initiative (JCI)



### ◆ Eco Rail Mark



### ◆ Japan Partnership for Circular Economy (J4CE)



### ◆ Green x Digital Consortium



### ◆ Plastics Smart



### ◆ Re-Style Partner Company





◆ Plastic Circular Challenge 2025



◆ Forest Stewardship Council® (FSC®)



責任ある森林管理  
のマーク  
FSC® N002492

◆ Programme for the Endorsement of Forest Certification (PEFC)



UnicharmはPEFC  
の認証を受けて世界の  
持続可能な森林管理  
の促進を支援して  
います  
PEFC/C31-32-1464 www.sgec-pefc.jp

◆ Roundtable on Sustainable Palm Oil (RSPO)



◆ Sedex



◆ Declaration of Partnership Building



◆ My Declaration of Human Rights



◆ Tokyo Metropolitan Government Barrier-Free Support Company



◆ Declaration of Full Childcare Leave for Male Employees



◆ Good Practices of Consumer-Oriented Management



◆ SDGs for Regional Revitalization Public-Private Partnership Platform



私たちは持続可能な開発目標 (SDGs) を支援しています。

## External Evaluations

Unicharm has been included as a constituent of indexes of Japanese stocks\* selected and adopted by the Government Pension Investment Fund (as of March 31, 2023). The Company will continue working to exercise appropriate business management and endeavoring to communicate highly

transparent information on the outcomes of its business activities to ensure its consistent inclusion in major environmental, social, and governance (ESG) indexes. Through these efforts, we will strive to achieve the sustainable growth in our corporate value that all our stakeholders expect.

\* ◆ indicates the relevant indexes

### ▶ Inclusion in ESG Indexes and Evaluations (as of March 31, 2023)

#### ◆ FTSE4Good Index Series



FTSE4Good

#### ◆ FTSE Blossom Japan Index



FTSE Blossom  
Japan

#### ◆ FTSE Blossom Japan Sector Relative Index



FTSE Blossom  
Japan Sector  
Relative Index

#### ◆ MSCI ESG Leaders Indexes



#### ◆ MSCI Japan ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

#### ◆ MSCI Japan Empowering Women Index (WIN)

2023 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



#### ◆ CDP



P.037 CDP Rating

#### ◆ CDP 2022 Supplier Engagement Leader



#### ◆ Sompo Sustainability Index



Sompo Sustainability Index

#### ◆ JPX-Nikkei Index 400



#### ◆ ESG Finance Awards Japan



#### ◆ DX-Certified Operator



#### ◆ Sports Yell Company 2023



#### ◆ 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Enterprise Category)



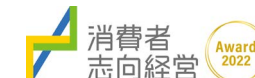
#### ◆ Human Capital Leaders 2022



#### ◆ 4th Platinum Career Awards



#### ◆ Award for Good Practices of Consumer-Oriented Management



## Other External Evaluations

A list of recognition we received from third parties in 2022:

Month (2022)	Name and Description	Implementing Organization	Recipient
Feb.	Uni-Charm (Thailand) Co., Ltd., is ranked the 49th best company to work at by WorkVenture, a job search company in Thailand	WorkVenture	Uni-Charm (Thailand) Co., Ltd.
Feb.	Unicharm is recognized at the 7th Consumer-Oriented Activities Awards for its <i>Unicharm Face Visible Mask</i>	Association of Consumer Affairs Professionals (ACAP)	Unicharm Corporation
Feb.	Unicharm is ranked 29th in Best Japan Brands 2022 Ranking	Interbrand	Unicharm Corporation
Mar.	The <i>Bobby</i> brand is recognized as a "Top 10 Best Brand of LazMall" at the Lazada "Birthday of Century 10th"	Lazada	Diana Unicharm Joint Stock Company
Apr.	Unicharm is ranked first in product ranking and in seven categories of overall manufacturer ranking in the Buyer Survey for disposable adult diapers	Nikkei MJ	Unicharm Corporation
Apr.	Unicharm Products' Kyushu Factory is awarded the Marine Transport Modal Shift Grand Prize at the Eco-Ship Modal Shift Excellent Business Awards 2021	Eco-Ship Modal Shift Project Executive Committee and the Maritime Bureau of the Ministry of Land, Infrastructure, Transport and Tourism	Joint recognition of Unicharm Products Co., Ltd.'s Kyushu Factory, Sumitomo Seika Chemicals Company, Limited, Hitachi Transport System, Ltd., and VANTEC Corporation
June	The <i>Bobby</i> brand is selected as the Most Impressive Performing Brand 2021 at the Brands & Partners Conference 2022	Shopee Mall	Diana Unicharm Joint Stock Company
June	Unicharm Products receives the Advanced Technology Award at the 23rd Logistics Environment Awards	Japan Association for Logistics and Transport	Joint recognition of Unicharm Products Co., Ltd., Sumitomo Seika Chemicals Company, Limited, Imoto Lines, Ltd., Hitachi Transport System, Ltd., and VANTEC Corporation
Aug.	PT Uni-Charm Indonesia receives the Bisnis Indonesia Award in the Household Product Sector category at the Bisnis Indonesia Awards 2022	Bisnis Indonesia	PT. UNI-CHARM INDONESIA Tbk
Sept.	<i>MamyPoko</i> is selected for Best Practice	Lazada	PT. UNI-CHARM INDONESIA Tbk
Oct.	Unicharm is ranked 41st in Nikkei BP's 3rd ESG Brand Survey	Nikkei Inc.	Unicharm Corporation
Oct.	<i>Sofy Unbleached Sanitary Pads</i> is awarded the Grand Prize in the Feminine Hygiene Products category for the third year in a row at Consumers' Choice 2022	Chuo SUNDAY	LG-Unicharm Co., Ltd.
Nov.	Unicharm receives an overall rating of four stars in the 6th Nikkei Smart Work Management Survey	Nikkei Inc.	Unicharm Corporation
Dec.	Sofy #NoBagForMe Project receives a Winners Award at the Japan Branding Awards 2022	Interbrand	Unicharm Corporation

# Third-Party Assurance Report

We obtained third-party assurance of Unicharm's *Sustainability Report 2023*.

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**

To: Mr. Takahisa Takahara, President and CEO  
Unicharm Corporation

April 7, 2023

**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 2023" (hereafter the "Report") of the Unicharm Group (hereafter the "Company") for the year ended December 31, 2022.

Selected Information	quantity (unit)	
Energy consumption	Heavy oil, Light oil, Diesel, Gasoline	93 (TJ)
	LPG, Natural gas, Utility gas	311 (TJ)
	Steam	91(TJ)
	Electricity	858 (GWh)
	The amount of Greenhouse gas emitted (Scope 1 & 2)	563 (k ton)
Effluent	89.4 (k ton)	
Water Usage (Water Intake)	4,881 (k m <sup>3</sup> )	
Percentage of certified materials (pulp) procured	72%	
Percentage of certified materials (palm oil) procured	72%	

Selected Information	quantity (unit)
The amount of Greenhouse gas emitted (Scope 3 – Category 1 Purchased goods and services)	949 (k ton)
The amount of Greenhouse gas emitted (Scope 3 – Category 12 End-of-life treatment of products)	791 (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, Peaparlet, and Kinsei Products Co., Ltd.	All manufacturing sites located in the following countries/regions China, Indonesia, Thailand, India, Taiwan-Greater China, Vietnam, United States, South Korea, Saudi Arabia, Egypt, Brazil, Myanmar, Malaysia

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 a site visit to one manufacturing site and 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
- performing limited testing on a selective basis of the Selected Information at the corporate office and in relation to four manufacturing sites to check that data had been appropriately measured, recorded, collated and reported.

Site Visit: Unicharm Products Co., Ltd. (Shizuoka Factory)  
Virtual Visits: Unicharm Kokko Nonwoven Co., Ltd. (Kokko Manufacturing Team, Toyohama Manufacturing Team), DSG International (Thailand) PLC

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.