

Unicharm Group
Sustainability Report
2024

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About the Cover
Embracing its corporate brand essence “Love Your Possibilities,” Unicharm strives to help each individual fully pursue their possibilities by promoting activities that help ensure mental and physical well-being. One such activity is our support for Paralympic Art in its continuous efforts to foster the social participation and financial independence of people with disabilities. Accordingly, we have featured works by artists with disabilities on the cover of *Sustainability Report 2024* and *Integrated Report 2024*. Unicharm has supported the efforts of Paralympic Art since 2016, and 2024 marks its ninth year in this engagement.



Title Clover of Joy
Artist hatsuka

Artist Statement
Clover of Joy was painted with thoughts and wishes of love and happiness. I would be delighted if the picture can bring even the slightest bit of joy to those who see it.

Editorial Policy / Contents

2-2,2-3,2-28

Editorial Policy

Preparation of Sustainability Report 2024

Sustainability Report 2024 was prepared to provide readers with information on Unicharm's sustainability 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 2024*, 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 improving the quality of our sustainability report to cater to the needs of our stakeholders. We hope that you take the time to read this report in conjunction with *Integrated Report 2024* and share your honest opinions.

Contents

Coverage

The contents of *Sustainability Report 2024* 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 as needed to specify scope. Please refer below for the scope of environmental data aggregation.

P.058 Environmental Data > Environmental Management > Sites for which data has been compiled

Intended Audience

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

Reporting Period

January 1, 2023 to December 31, 2023 (the report focuses on results from 2023 and includes some of the latest information from 2024)

Date of Issue

May 2024

Next issue scheduled for May 2025 (previous issue: May 2023)

Reference

"Sustainability" section of Unicharm's corporate website

Independent Assurance

Unicharm has received independent assurance from KPMG AZSA Sustainability Co., Ltd. for the environmental information contained in this report. Environmental performance indicators that have received independent assurance are indicated with a .

P.142 Independent 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

United Nations (UN) Global Compact

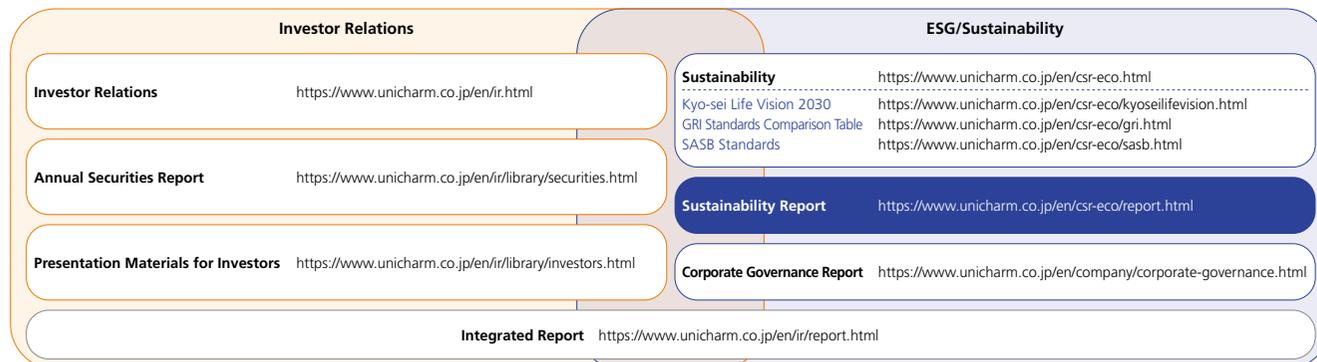
Unicharm supports the Ten Principles of the UN Global Compact and has participated in this initiative since May 2006.



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

Information Disclosure System



Overview of the Unicharm Group

2-1,2-2,2-7

Company Profile

As of December 31, 2023

Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Capital	¥15,993 million
No. of Shares Issued	620,834,319
Head Office	Sumitomo Fudosan Tokyo Mita Garden Tower, 3-5-19, Mita, Minato-ku, Tokyo, Japan
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo City, Ehime, Japan
No. of Employees	16,223
No. of Production Bases	39 factories (Japan: 16, Asia (excluding Japan): 19, Others: 4)
Listed Exchange	Prime Market of the Tokyo Stock Exchange
Major Business Operations	Baby and child care products Feminine care products Wellness care products Pet care products Commercial-use food packaging materials
URL	https://www.unicharm.co.jp/en/

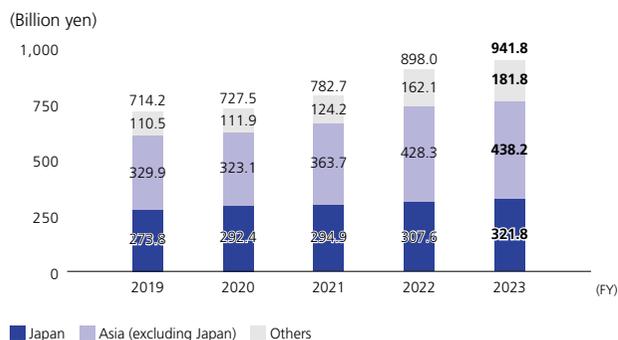
Primary Consolidated Subsidiaries and Affiliates

As of December 31, 2023

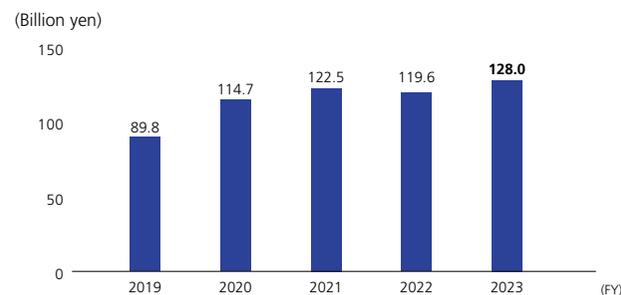
Japan	Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicare Corporation Unicharm Mölnlycke K.K. Peparlet Co., Ltd.
Asia (Excluding Japan)	United Charm Co., Ltd. Uni.Charm (Thailand) Co., Ltd. LG-Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT. UNI-CHARM INDONESIA Tbk Unicharm India Private Limited Diana Unicharm Joint Stock Company DSG International (Thailand) Public Co., Ltd.
Others	Uni.Charm Mölnlycke B.V. Unicharm Gulf Hygienic Industries Co., Ltd. Unicharm Australasia Holding Pty Ltd. The Hartz Mountain Corporation
Total	50 subsidiaries and affiliates

Primary Management Indicators

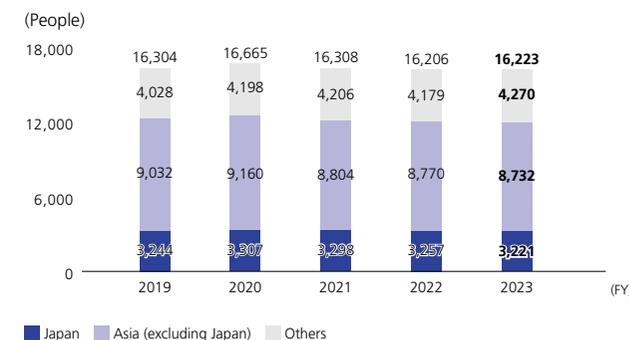
Consolidated Net Sales



Consolidated Core Operating Income



Number of Group Employees



The Unicharm Way

Corporate Brand Essence Love Your Possibilities

We will realize a cohesive society that enables everyone to embrace their potential at all times and support one other with a spirit of altruism.

We want to accept and appreciate people for who they are, at all times.
 And we want to be appreciated.
 For everyone—women, men, newborns, and the elderly—to be true to themselves.
 Because there is no limit to the “Possibilities” we can achieve.
 We want to believe in them, embrace them, and follow them closely.
 And we want you to follow them closely.

This is the asking in “Love.”
 We will surely realize a cohesive society when “Love” is conveyed to you with a spirit
 of altruism and spread throughout the world.

This is the ambition in “Your.”

Unicharm Ideals

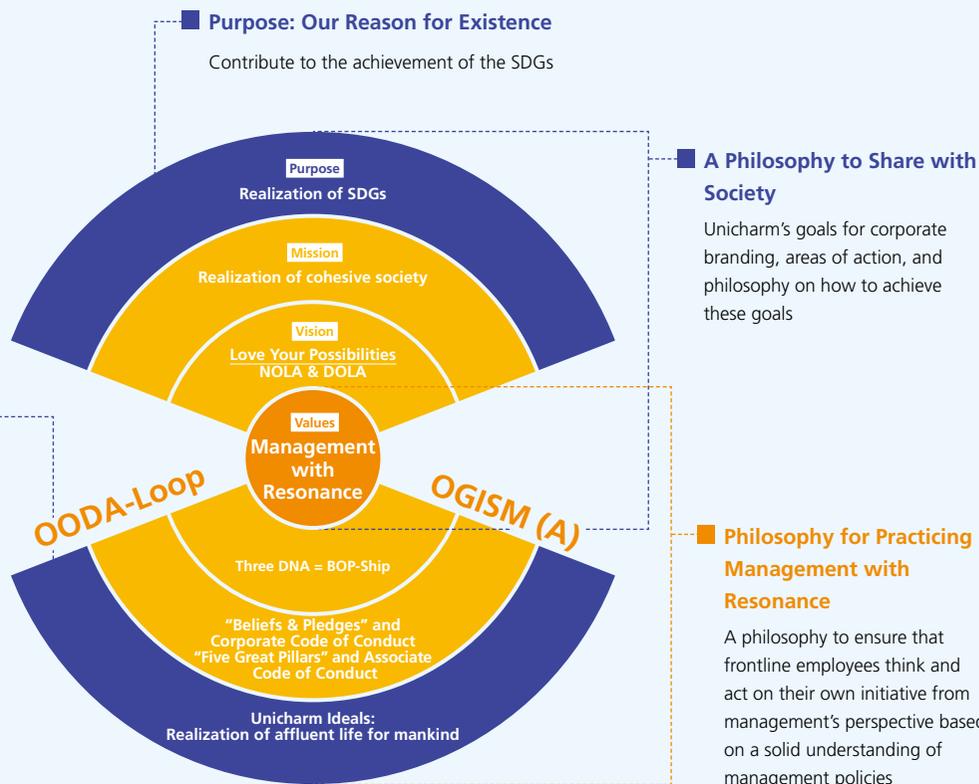
- We contribute to creating a better quality of life for everyone by offering only the finest products and services to markets and customers, both in Japan and abroad.
- We strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment 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

(Established: 1974)

Unicharm’s Identity The Unicharm Way

Unicharm has defined its purpose (reason for existence) as contributing to the achievement of the Sustainable Development Goals (SDGs). To realize this purpose by means of each employee thinking and acting on their own, we have identified the three key components of mission (what we want to achieve), vision (how we want to achieve), and value (what we must focus on in order to achieve), and are working to bring these to fruition.



The Unicharm Way

Mission: What We Want to Achieve

To Realize a Cohesive Society (Social Inclusion)

At Unicharm, we believe in a cohesive society (social inclusion) that ensures each person is independent while supporting others in a way that allows just the right sense of distance, enabling everyone to spend their lives in the way they so wish regardless of their situation, including vulnerable members of society and those who are at a disadvantage either temporarily or for an extended period due to aging, illness, childbirth, menstruation, or other factors.

Beliefs & Pledges and Corporate Code of Conduct

- ◆ 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.

(Established: 1999)

Five Great Pillars and Associate Code of Conduct

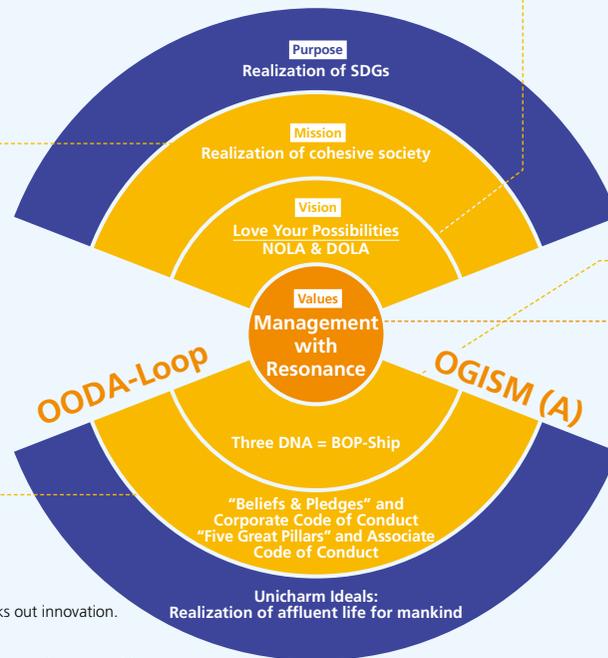
- ◆ Creativity and innovation
We will respect the creation of new social value and maintain a spirit that always seeks out innovation.
- ◆ Ownership
We will follow in the footsteps of our founder and strive to identify and solve issues from a Companywide perspective to achieve our management targets.
- ◆ 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.

(Established: 1999)

Vision: How We Want to Achieve

Realizing “Love Your Possibilities” and “NOLA & DOLA”

Our existing vision “NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities) aims to supply 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. Our corporate brand essence “Love Your Possibilities” was declared to share this hope internally and externally and accelerate the realization of a cohesive society—a goal we will achieve by providing products and services that embody the values of our vision.



Love Your Possibilities

<p>NOLA Necessity of Life with Activities</p> <p>Helping free people from various burdens to enable them to enjoy good health, both in mind and body</p> <p><small>“NOLA” embodies the dispelling of negativity, such as discomfort, inconvenience, and unsanitary conditions—in other words, the provision of value that aims to elevate people from negative to neutral living conditions.</small></p>	<p>&</p>	<p>DOLA Dreams of Life with Activities</p> <p>Contributing to fulfilling the dreams of each and every person</p> <p><small>“DOLA” expresses the creation of value that aims to raise people from neutral to positive living conditions, allowing them to experience pleasure and the joy of living and to fulfill their dreams.</small></p>
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Three Aspects of Our DNA = Best Practiceship, Ownership, and Partnership

The Three Aspects of Our DNA, a corporate culture and spirit that has been seamlessly passed down since our founding, represents the mindset and behavioral traits of Unicharm Group employees. It was revised as Best Practiceship, Ownership, and Partnership (BOP-Ship) to encourage better understanding of our diverse employees around the world.

Three Aspects of Our DNA

- Create value through personal transformation**
Changing yourself and achieving personal growth to create new value
- Find reason within ourselves**
Growing through learning from failures
- Maintain our No. 1 position through continued and dedicated services**
Always providing our customers with the highest satisfaction

BOP-Ship

- Best Practiceship**
Accumulating best practices, abandoning past resolutions, constantly making updates, and incorporating best practices with an emphasis on speed
- Ownership**
Recognizing everything as “our own matter” and thinking and acting on our own initiative to overcome difficulties
- Partnership**
Always respecting collaboration with peers with a spirit of altruism

Value: What We Must Focus on in Order to Achieve

Promoting Management with Resonance

Management with resonance is a unified management model promoted by all of Unicharm’s employees. It serves as a framework for senior management and frontline employees to work as one toward a shared goal. All Unicharm employees aim to realize the shared goal of creating a cohesive society by aligning their direction while constantly thinking and acting on their own initiative.

Message from the President & CEO

2-22



Takahisa Takahara

President & CEO

We aim to realize a cohesive society by delivering value unique to Unicharm.

Unicharm's New Corporate Brand Essence: "Love Your Possibilities"

In February 2024, Unicharm unveiled its new corporate brand essence: "Love Your Possibilities." It expresses our commitment to realizing a cohesive society in which all people are united and support one another, believing in their unlimited untapped potential and demonstrating this potential with a spirit of compassion and altruism.

As a manufacturer that specializes in nonwoven fabric and absorbent material processing and molding technologies, Unicharm delivers unique value through such products as sanitary pads and disposable diapers, as well as related services, dispelling negativity such as discomfort, inconvenience, and unsanitary conditions, and allowing people to experience pleasure and the joy of living and to fulfill their dreams. However, I believe in the age of the 100-year lifespan, we must provide products and services that enrich the lives of each customer, or in other words, maximize their lifetime value. The organic coordination of our brands, such as *Sofy*, *Lifree*, and *MamyPoko*, is essential to this end, inspiring the creation of our new corporate brand essence: "Love Your Possibilities."

Our Commitment to Medium- to Long-Term ESG Goals Will Lead to Realization of a Cohesive Society

That spirit of altruism and the “possibilities” in our essence naturally encompass society and the natural environment. This is because our business activities, such as ensuring the sustainability of value chains and meeting customer needs, are all about addressing social and environmental issues. Embodying this conviction is Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World—and its medium- to long-term environmental, social, and governance (ESG) goals that we have worked to achieve since October 2020. Kyo-sei Life Vision 2030 consists of 20 key themes, indicators, and targets spanning the four themes of safeguarding the well-being of individuals, safeguarding the well-being of society, safeguarding the well-being of our planet, and the Unicharm Principles. Our employees’ proactiveness in achieving these targets through their daily business activities will spur the resolution of environmental and social issues and the realization of a cohesive society.

Here are some specific examples of the initiatives we are taking under Kyo-sei Life Vision 2030. On the theme of safeguarding the well-being of society, for several years we have been developing products and services in support of those trying to conceive*1 in response to the global issue of declining birth-rates. One such product is *Sofy Active Pregnancy Monitorable Pantyliners*, released in November 2023, for women who wish to become pregnant but are unsure of when best to conceive. The product enables users to find out when they are most likely to conceive by monitoring their secretions. Development took around seven years from concept to market, and we believe it will be of great social significance in the sense that it will fulfill the desires of many customers.

With respect to safeguarding the well-being of our planet, I would like to talk briefly about the Recycle for the Future (Reff) Project, in which we promote the horizontal recycling of disposable diapers. Disposable diapers, a core product of Unicharm, are typically incinerated after use due to hygiene issues. This however poses social issues such as increased waste, and environmental issues such as CO₂ emissions generated from incineration. We engage in the business of recycling used disposable diapers through collective efforts with Shibushi City (since fiscal

2016) and Osaki Town in Kagoshima Prefecture (since fiscal 2018). These efforts led to the development and release of *Lifree Reff Side Leak Prevention Tape-on (Medium Size)* disposable adult diapers—made partially from recycled pulp—in May 2022. In October 2023, we also introduced small and large sizes of these diapers, which are used at hospitals and nursing care facilities in the Kyushu region. In addition to collecting used diapers from municipalities and nursing care facilities, we plan to start collecting them from childcare facilities that subscribe to our Hands-Free Commute*2 disposable diaper service.

In these ways, we are steadily implementing a system to efficiently collect used disposable diapers, which is gradually showing results. Our ultimate goal, however, is to realize a society in which recycling diapers is simply a way of life, and we believe we are still only halfway there. Establishing a new life cycle for disposable diapers will entail collaborative efforts with municipalities and other companies and organizations. It will also involve gaining a proper understanding of recycled products from all consumers. We will continue to work together with our various stakeholders to implement the Reff Project in society.

*1 Refers to acquiring knowledge, discussing with family members, monitoring one’s physical condition, and receiving fertility treatment, among other activities people often engage in when trying to conceive a child

*2 A subscription-based service that alleviates the burden on parents by eliminating the need to prepare disposable diapers and baby wipes at home or carry excess baggage to school, as well as on childcare workers by allowing them to monitor the supply of disposable diapers and baby wipes at childcare facilities

P011 Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)

P.070 Sofy Active Pregnancy Monitorable Pantyliners (Japan)

P.073 Providing Apps and Information That Help Women Address Concerns and Changes in Physical Condition and Menstruation

P.025 Reff Project Targeting the Realization of a Recycling-Based Society

Our Human Resources Are the Basis for Maximizing Corporate Value

Our human resources are the key to achieving Kyo-sei Life Vision 2030 and the basis for maximizing corporate value. Management with resonance, Unicharm’s unique management model, is a system that encourages management and frontline employees to act on their own initiative by learning about and drawing on each other’s perspectives in their respective duties. ESG targets were incorporated into the performance assessments of all employees in January 2023 with the aim of encouraging each individual to independently and proactively achieve the goals of Kyo-sei Life Vision 2030. I believe that having each employee think and act on their own initiative toward the goals will enable the delivery of unique value tailored to the characteristics of each country and region.

All of us at the Unicharm Group remain firmly committed to realizing a cohesive society by believing in our potential, demonstrating it to the fullest with a spirit of altruism, and addressing the issues of society and the environment.

May 2024

Takahisa Takahara

President & CEO
Unicharm Corporation

Sustainability Management

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 in our unwavering commitment to resolve environmental and social issues through our business activities.

Kenji Ueda

Senior Executive Officer, General Manager of ESG Division
Unicharm Corporation

At the Unicharm Group, our purpose (reason for existence) is contributing to the achievement of SDGs. Accordingly, realizing this purpose through our business activities is our vision of sustainability.

To further embody this vision, in October 2020 the Group announced its medium- to long-term ESG goals, Kyo-sei Life Vision 2030. It consists of 20 key themes, indicators, and targets spanning the four themes 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 key themes were established to contribute to the achievement of the 17 goals and 169 targets of the SDGs, and cover environmental issues such as climate change and marine plastic pollution, and social issues such as declining birthrates and aging populations in East Asia and other mature economies and poverty in emerging countries.

Moreover, under Environmental Targets 2030 announced in May 2020, we set specific targets for the three issues of responding to the problem of plastic waste, responding to climate change, and helping prevent deforestation (response to procurement-related issues) based on our vision of where we want to be as a corporate group in 2050.

We are engaged in a Companywide effort to steadily move forward with Kyo-sei Life Vision 2030 and Environmental Targets 2030 progress and discussing issues through the ESG

Committee which operates under the direction of the president & CEO.

Now, allow me to touch on a few initiatives undertaken in fiscal 2023.

To accelerate our response to climate change issues, under the Greenhouse Gas (GHG) Emissions Visualization Project introduced in fiscal 2022, we established a system to swiftly calculate the carbon footprint of products (CFP)* for all products in the Personal Care Business produced in-house at our factories in Japan. We also cooperated with various external organizations, such as those engaged in decarbonization, to ensure consistency with international standards and formulate reliable GHG emission calculation rules, and were certified under the Internal-PCR approval program of the Sustainable Management Promotion Organization (SuMPO). In fiscal 2024, we plan to expand these activities to our Pet Care Business and overseas subsidiaries and disclose specific numerical data for the CFP of certain products.

Regarding progress in achieving 100% use of renewable electricity for all electricity used in our business operations by 2030, as set forth in Kyo-sei Life Vision 2030, we have increased our use of renewable electricity to 22.8% as of the end of fiscal 2023. To accelerate progress in this area, we became a member of the Renewable Energy 100% (RE100) global initiative in November 2023. We will continue to consider and steadily implement the most appropriate procurement methods

according to the circumstances of each company with a view to achieving 100% renewable electricity use.

In these ways, Unicharm remains committed to reducing CO₂ emissions across its wide range of business activities. We will continue to actively call on those involved in the supply chain to do their part in reducing CO₂ emissions throughout the product life cycle.

We have positioned Kyo-sei Life Vision 2030 and Environmental Targets 2030 as our key ESG related objectives, which are reflected in the goals of each department and also linked to individual targets and weekly action plans. As a part of these detailed efforts, ESG targets were incorporated into employee assessments in fiscal 2023.

We will continue to steadily promote these key ESG objectives in Groupwide efforts to resolve environmental and social issues through our business activities and contribute to the betterment of local communities. Furthermore, through the appropriate disclosure of ESG information, we aim to be a company trusted by all stakeholders, including customers, shareholders and investors, business partners, employees and their families, and local communities.

* A system displaying GHG emissions for the entire life cycle of products and services, from the procurement of raw materials to disposal and recycling, by converting them into CO₂ emissions

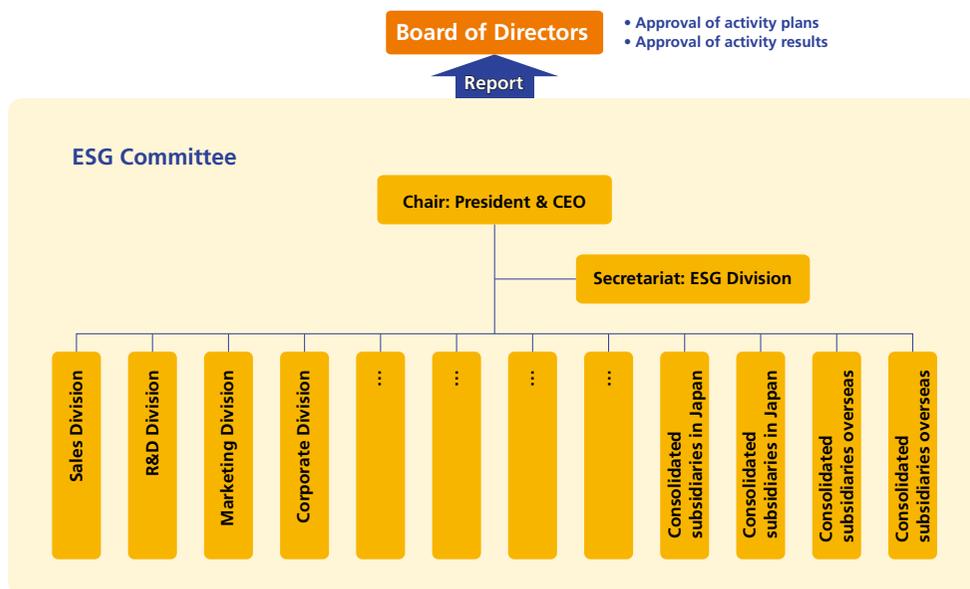
Management Structure

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

Sustainability Promotion System

Unicharm has established a system to seamlessly promote sustainability management that meets the expectations of its stakeholders. Specifically, the ESG Committee, a cross-organizational structure chaired by the president & CEO, meets four times a year to deliberate and decide on all sustainability matters and governance-related policies and activities, and monitors their progress. The ESG Committee is attended not only by directors, executive officers, and other members of management, but also by those in charge of the Sales Division, R&D Division, Marketing Division, Corporate Division, and consolidated subsidiaries in Japan and overseas, and has a system in place to quickly carry out the various sustainability-related activities that are decided by its members. Matters deliberated and decided on by the ESG Committee are reported to the Board of Directors at least once a year.

► Sustainability Promotion System



► Roles and Results of the ESG Committee

Roles	<ul style="list-style-type: none"> Deliberate and decide on the progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals and the medium-term management plan Identify and address risks, opportunities, and key issues related to sustainability across the Group and deliberate and decide on information disclosure Report matters deliberated and decided on by the ESG Committee to the Board of Directors at least once a year 	
Fiscal 2023 Results	No. of Meetings Held	Four (February, May, August, and November)
	Main Themes of Discussion	Progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals, Environmental Targets 2030, and the medium-term management plan <ul style="list-style-type: none"> GHG Emissions Visualization Project Operation of SDGs Theme Guideline—internal guideline for contributing to sustainability Policy and progress on production of integrated and sustainability reports Sharing of information on external ESG assessments Control Self-Assessment (CSA) and internal audit plan

► Core Themes and Categories of ESG Committee Initiatives

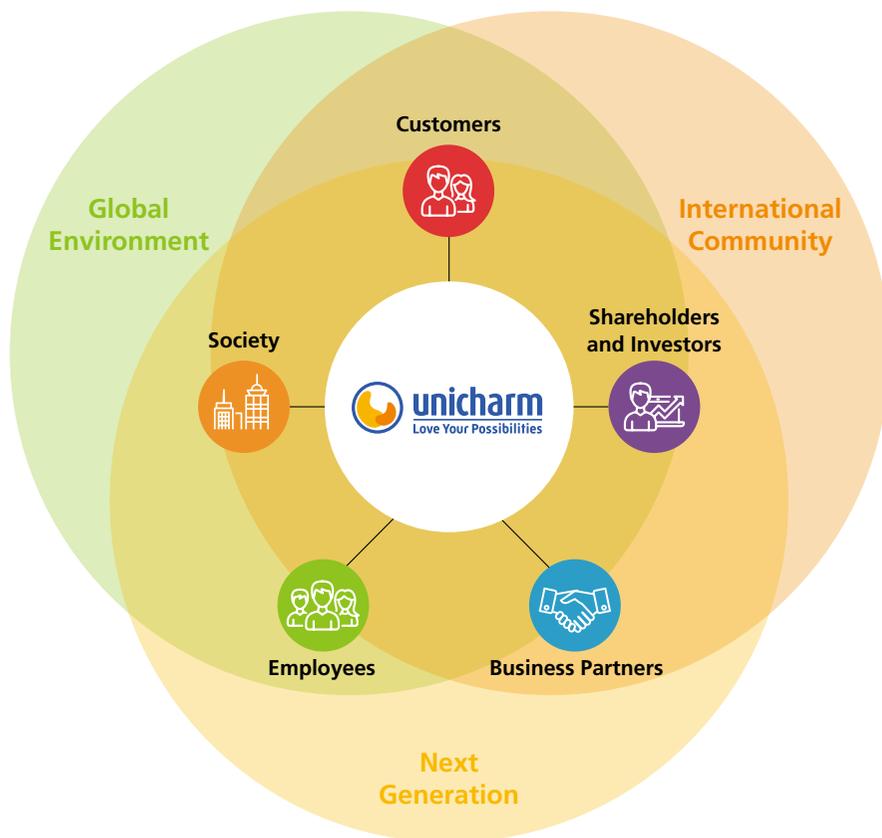
ISO 26000 Core Subjects	Organizational governance, human rights, labor practices, the environment, fair business practices, consumer issues, and community involvement and development
E: Core Themes	
<ul style="list-style-type: none"> Climate change: Greenhouse gases, energy use management, and climate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

Communicating with Stakeholders

2-6,2-29

Guided by our Beliefs & Pledges and Corporate Code of Conduct, which vow that Unicharm will undertake honest corporate activities that win the fullest confidence of its customers, shareholders and investors, business partners, employees, and society, we are working to increase stakeholder engagement through a range of opportunities. In addition, as a company that provides consumables that are essential to a clean and healthy lifestyle, we regard the global environment, international community, and next generation as important stakeholders.

► The Unicharm Group's Stakeholders



► Communicating with Stakeholders

Stakeholders	Communication Policy (Beliefs & Pledges)	Primary Communication Methods	Frequency	Example Themes
Customers	We pledge to earn the full support of customers by always doing everything we can.	Customer Communication Center, group interviews, monitoring surveys, exhibitions and seminars, websites, and various social media accounts	Regularly	Quality, safety, and functions of products and opinions and responses concerning products and services
Shareholders and Investors	We pledge to distribute industry-leading returns to shareholders.	General meeting of shareholders	Once a year	Summary explanations of financial results and sound company management
		Financial results announcements and briefings	Four times a year	
		Individual dialogue with investors and overseas IR activities	Regularly	
Business Partners	We pledge to achieve mutual growth by maintaining fair and equitable relationships.	Growth strategy awareness-raising program	Twice a year	Product and service proposals, supply chain management, quality, safety, and the environment
		Exhibitions and events	Regularly	
		Medium- to long-term policy briefings	Once a year	
Employees	We pledge to enable the happiness of employees and their family members by filling each of them with confidence and pride.	Management with resonance practical meetings	Once a week	Compensation, health, satisfaction toward work, and introduction of programs and case studies that demonstrate respect for diversity
		Employee surveys	Once a year	
		Labor-management discussions, employee counseling hotline, family day at factories, and in-house intranet and Company newsletter	Regularly	
Society	We pledge to contribute to the economic and emotional fulfillment of all people and all of society through our corporate activities.	Activities in local communities, cooperation with governments and NGOs / NPOs, and activities held in emerging countries and through trade groups	Regularly	Disaster assistance, incontinence care, health promotion, health and hygiene, local hiring, and coordination through business activities

Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)

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

Positioning of Kyo-sei Life Vision 2030 Medium- to Long-Term ESG Goals in Unicharm's Value Creation

Unicharm has continued to achieve sustainable growth by creating unique value through its commitment to resolve social issues through its business activities and help realize a cohesive society. In October 2020, we announced our medium- to long-term ESG goals, Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World—(hereafter, Kyo-sei Life Vision 2030), for strengthening our value creation model to resolve the concerns of society and create a better future while further encouraging our diverse employees across the globe to think and act on their own.

Kyo-sei Life Vision 2030 is a set of indicators and targets that was established in pursuit of absolute value, an essential part of our value creation. It was designed so that we would play a key role in the lives of consumers and the growth of local communities by resolving environmental and social issues through our business activities.



Sustainability Promotion System

The ESG Committee, on which the president & CEO serves as chair and the ESG Division serves as secretariat, manages and oversees all of the Company's sustainability-related activities. The committee convenes four times a year and is attended by members of management, including directors and executive officers, and persons in charge of each division and consolidated subsidiary. It deliberates and decides on policies and activities related to sustainability as a whole and monitors progress. Matters deliberated and decided on by the committee are reported to the Board of Directors at least once a year and the formulation and promotion of Kyo-sei Life Vision 2030 are also carried out under this system.

P.009 Sustainability Promotion System

Key Themes Based on Our Approach to Realizing a Cohesive Society

In formulating Kyo-sei Life Vision 2030, we assumed the realization of a cohesive society in 2050 and backcasted to identify the approach we should take to draw us closer to that goal.

In order to evolve into a company that provides social infrastructure through which all people from newborns to the elderly and their pets can enjoy a healthy lifestyle, society, and planet by 2030, major changes must be made, such as developing marketing tactics that cater to specific needs as well as revamping and bolstering our line of products and services to expand our business globally. Moreover, to continue to protect the global environment while sustaining economic growth, we must accelerate the creation of a sustainable economy.

Through this approach, we identified 20 key themes that need to be proactively addressed, organized into four relevant areas. For each of the four areas and 20 key themes, we established indicators and targets from the perspective of pursuing absolute value.

Realizing a Cohesive Society in 2050				
Possible Trends in 2050	Acceleration of aging society	Normalization of women's social advancement	Expansion of diversity	
	Evolution of the IoT and AI	Destabilization of society due to abnormal weather and novel diseases	Diffusion of circular economy	
	Socioeconomic growth in Africa	Collapse/reconstruction of supply chains due to changes in resource supply and demand	Global changes in demographic dynamics	
Desirable Future in 2030 Based on Our Vision	[Society] A cohesive society where the well-being of individuals, society, and our planet is maintained in a balanced state		[Unicharm] A worldwide company that provides social infrastructure to support healthy bodies and minds for all people as well as pets, while at the same time promoting the well-being of society and our planet	
Our Approach to Realizing the Desirable Future of 2030	Expansion throughout the world	Evolution of products and services	Personalization	Circular economy

Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)

Formulation of Kyo-sei Life Vision 2030

Phase 1

Identify Material Issues

1 Extraction of issues

We extracted 513 social issues related to our value creation from a number of published sources and categorized them into 44 groups (ISO 26000, GRI Standards, SDGs, FTSE, MSCI, DJSI, etc.) based on four viewpoints.

2 Internal assessment

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

3 External assessment

We petitioned 56 organizations to participate in surveys and assess the degree of importance assigned to various issues from the external viewpoint of stakeholders, and received responses from 32 organizations.

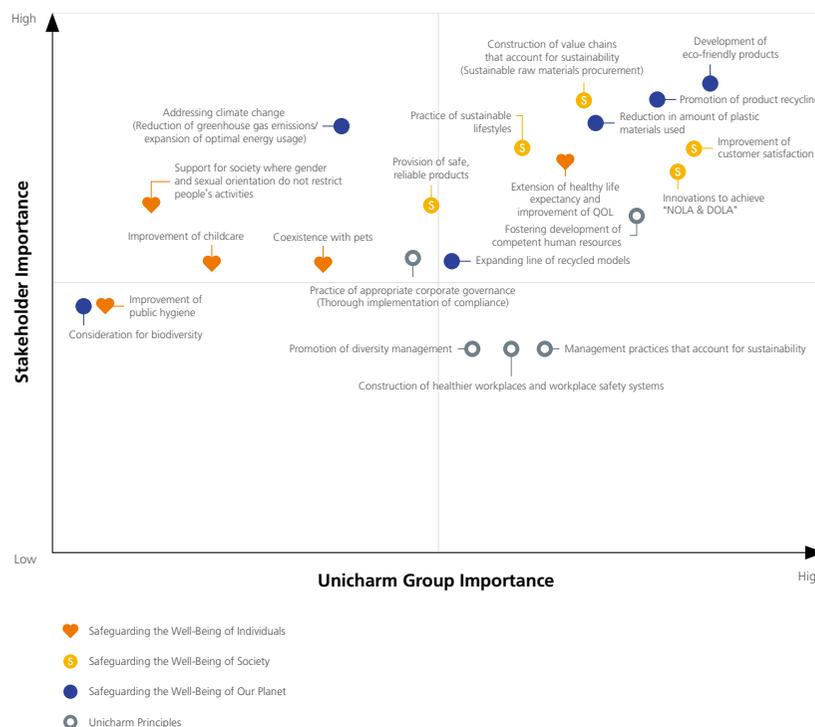
4 Workshops with executive officers

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 Identify Material Issues

We listed the main themes underlying where we want the company to be in 2030 and various necessary approaches to achieve those goals, then we identified our material issues. The results of deliberations were subsequently approved by the ESG Committee.

Material Issue Matrix Diagram



Phase 2

Establish Targets for Material Issues

1 Implementation of research into ESG assessment institutions and competitor 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 Marketing Division and R&D Division

6 Finalization of indicators and target values

7 Approval by ESG Committee

Indicators, Results, and Target Values of Key Themes and Relevant SDGs

Key Themes	Indicators	Results			Medium to Long-Term Goals		Relevant SDGs
		Fiscal 2021	Fiscal 2022	Fiscal 2023	Target Value	Target Year	
Safeguarding the Well-Being of Individuals Our aim is to provide products and services that contribute to the realization of a society where all people can have a sense of individuality and enjoy their daily lives.							
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realization of a society where everyone can have a sense of individuality	100%	100%	100%	100%	2030	
Support for 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%	100%	2030	
Coexistence with pets	Percentage of products and services that contribute to the realization of a society where pets are welcomed by family members and community residents	100%	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%	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%	100%	2030	
Safeguarding the Well-Being of Society Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to solving social issues and promoting sustainability.							
Innovations to achieve "NOLA & DOLA"	Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life	100%	100%	100%	100%	2030	
Practice of sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	100%*	10.5%	5.9%	50%	2030	
Construction of value chains that account for 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	Development ongoing	Double (compared with 2020)	2030	
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share)	23.5%	23.7%	23.2%	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%	100%	2030	

* The 2021 result for "Practice of sustainable lifestyles" was changed from number of cases (products and services) to percentage of products and services in accordance with the SDGs Theme Guideline.

Indicators, Results, and Target Values of Key Themes and Relevant SDGs

Key Themes	Indicators	Results			Medium to Long-Term Goals		Relevant SDGs
		Fiscal 2021	Fiscal 2022	Fiscal 2023	Target Value	Target Year	
Safeguarding the Well-Being of Our Planet Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.							
Development of eco-friendly products	No. of products and services that implement the "3Rs + 2Rs" based on Unicharm's unique approach	Development ongoing	2	2	10 or more	2030	
Expanding line of recycled models	No. of disposable paper diaper recycling facilities introduced	Development ongoing	1	1	10 or more	2030	
Addressing climate change	Percentage of renewable energy used for business operations in total	7.3%	11.0%	22.8%	100%	2030	
Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	Development ongoing	Development ongoing	Start of commercial usage	2030	
Reduction in amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Development ongoing	Development ongoing	Reduced by half (compared with 2020)	2030	
Unicharm Principles Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.							
Management practices that account for sustainability	Maintain and improve ratings by external evaluation agencies	—	—	—	Highest level	Every year from 2026	
	No. of serious human rights violations in the value chain	Zero	1 (revised)	1 (revised)	Zero	Every year	
Practice of appropriate corporate governance	No. of serious compliance violations	Zero	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%	24.7%	30% or more	2030	
Fostering 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%	88.7%	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	7 employees (Japan)	7 employees (Japan)	9 employees (Japan)	Reduced by half (compared with 2020)	2030	

Kyo-sei Life Vision 2030

Key Theme

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

Based on its corporate brand essence Love Your Possibilities, Unicharm strives to provide products and services that help realize a society in which people all over the world can continue to live in their own way. We set internal standards at each stage of development, including for safety and quality and from various perspectives such as increasing added value and reducing environmental impact.

Our products do not advance to the next stage of development without meeting these standards. All Unicharm products currently on the market comply with these internal standards.

It is essential as we remain committed to this approach that we continue to safeguard the well-being of individuals through all of the products and services we provide.

Key Themes	Indicators	Fiscal 2023 Results	Key Themes in Fiscal 2023
1 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%	<p>P.069 Lifree Overnight Relief Absorption Pads for Sensitive Skin (Japan) / Lifree Stretchable Tape-Type Perfect Fit Diapers (Japan)</p> <p>P.078 Providing Useful Information and Services to Customers</p>
2 Support for 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%	<p>P.108 #NoBagForMe Project (Health)</p> <p>P.109 Education on Menarche and Menstruation (Health)</p> <p>P.110 Supporting the Financial Independence of Women (Regional Contributions)</p>
3 Coexistence with pets	Percentage of products and services that contribute to the realization of a society where pets are welcomed by family members and community residents	100%	<p>P.111 GO WITH YOUR DOG Project (Regional Contributions)</p> <p>P.074 Joint Research to Help Ensure the Well-Being of Cats / DOQAT Pet-Related Q&A Service</p>
4 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%	<p>P.071 World's First One-Sided Opening* Disposable Baby Diaper (Vietnam)</p> <p>P.074 Online Moony-Chan Classroom</p>
5 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%	<p>P.071 Kirey Care Alcohol-Free Disinfectant Wet Wipes for Outdoor Use (Indonesia)</p>

* Diapers featuring a wing on one side of the waist that can be opened and closed and is longer than the other side, which are the first of their kind among the world's leading disposable baby diaper brands (based on Unicharm research, October 2022)

Kyo-sei Life Vision 2030

Key Theme

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

At Unicharm, we believe the sustainable growth of our business entails the sustainability of the societies in which we do business. For this reason, we place the highest priority on our coexistence with all stakeholders, and value the importance of promoting mutual understanding and cooperation through detailed communication. We share with all stakeholders our philosophy and action

plans for the high standards of quality, safety, and environmental protection that they expect, and we strive to achieve, and aim to develop a framework that enables us to work closely together to resolve social issues through our business activities as swiftly as possible.

Key Themes	Indicators	Fiscal 2023 Results	Key Themes in Fiscal 2023
1 Innovations to achieve "NOLA & DOLA"	Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life	100%	<p>P.070 Sofy Active Pregnancy Monitorable Pantyliners (Japan)</p> <p>P.073 Providing Apps and Information That Help Women Address Concerns and Changes in Physical Condition and Menstruation</p>
2 Practice of sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	5.9%	<p>P.068 SDGs Theme Guideline: Internal Guideline for Contributing to Sustainability</p>
3 Construction of value chains that account for 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	<p>P.047 Expanding the Use of Certified Pulp (PEFC- and CoC-Certified)</p> <p>P.048 Use of Hardwood Pulp</p>
4 Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share)	23.2%	<p>P.076 Responsibility to Our Customers (Consumers)</p>
5 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%	<p>P.079 Quality Assurance</p>

Kyo-sei Life Vision 2030

Key Theme

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

At Unicharm, we believe sustainable growth entails all our businesses taking responsibility for the sustainability of the global environment, which serves as the foundation for our continuous growth. Accordingly, we have established environmental targets for Kyo-sei Life Vision 2030 and Environmental Targets 2030, and are making steady progress toward these targets across the Group. Moreover, in the field of nonwoven fabric and absorbent material processing and molding

technologies, Unicharm boasts a world-class research and development system and actively promotes the development of products that align with research themes, such as reducing environmental impact. Through these and other measures, we are driving innovation in our existing business domains.

Key Themes	Indicators	Fiscal 2023 Results	Key Themes in Fiscal 2023
1 Development of eco-friendly products	No. of products and services that implement the "3Rs + 2Rs" based on Unicharm's unique approach	2	P.025 RefF Project: Targeting the Realization of a Recycling-Based Society
2 Expanding line of recycled models	No. of disposable paper diaper recycling facilities introduced	1	P.025 RefF Project: Targeting the Realization of a Recycling-Based Society
3 Addressing climate change	Percentage of renewable energy used for business operations in total	22.8%	P.037 Switching to Renewable Electricity
4 Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	P.053 Secondary Uses of Product Waste
5 Reduction in amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	P.028 Reducing Usage of Plastic in Packaging Materials P.030 Product Initiatives

Kyo-sei Life Vision 2030

Key Theme

Unicharm Principles



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

Our Basic Approach and Strategy

At Unicharm, we believe that fair and transparent management is essential to ensuring and enhancing our relationship of trust with stakeholders. The Unicharm Ideals state that “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities.” Viewing this as our highest priority, we have established

and operate various internal rules and systems. In order to adapt to the ever-changing business environment, we must develop and utilize human resources with an even greater emphasis on diversity. We will create working environments that facilitate the personal growth of each employee and bring them happiness and accelerate our business growth in the process.

Key Themes	Indicators	Fiscal 2023 Results	Key Themes in Fiscal 2023
1 Management practices that account for sustainability	Maintain and improve ratings by external evaluation agencies	—	P.141 External Evaluations
	No. of serious human rights violations in the value chain	1 (revised)	P.084 Human Rights Risk Assessment at Unicharm Group Factories P.105 Human Rights Risk Assessments of Supplier Factories
2 Practice of appropriate corporate governance	No. of serious compliance violations	Zero	P.129 Response to Serious Compliance Violations
3 Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	24.7%	P.092 Promotion of Women’s Empowerment
4 Fostering development of competent human resources	Percentage of positive answers received for the “Growth Through Work” section of the employee awareness survey	88.7%	P.089 Employee Survey
5 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	9 employees (Japan)	P.099 Mental Health Measures

Environmental Targets 2030 (Medium- to Long-Term ESG Goals)

3-1,3-2,3-3

Unicharm provides consumables essential to a healthy lifestyle. We also recognize the importance of addressing global environmental issues, such as resource depletion and climate change, regarding the sustainability of our business. With this in mind, in May 2020 we established our 2050 Vision, a vision of the type of company we want to be in 2050, with a focus on addressing environmental issues through our business activities, and declared Environmental Targets 2030, the goals we must achieve by 2030 in order to realize this vision.

Formulation Process

Phase 1 Identify Material Issues

1) Extraction and analysis of issues

We extracted issues based on society's awareness of marine plastic pollution, the Paris Agreement, forest resource protection, the SDGs, and other considerations, as well as stakeholder interest and the results of Eco Plan 2020 (environmental targets for fiscal 2016 to fiscal 2020). These issues were then filtered, analyzed using a materiality matrix, and identified from the perspective of their importance to the environment.

► Material Environmental Issues Identified by Unicharm Toward 2030

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

2) External assessment

In April 2019, the Company's ESG Division and Marketing Division held open discussions on environmental activities with the World Wide Fund for Nature (WWF) Japan.

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 our 2050 Vision has been established, consider what must be achieved by 2030 as part of the process of realizing this 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 (3Rs + refuse, 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 realizing 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

- Thoroughly examine and disclose information on the origin of forest resources, as there have been issues in certain areas even when certified
- Expand use of certified materials, based on our guidelines not only for raw materials used in our products but also for forest-derived resources used in the making of office furniture, promotional materials, and similar products

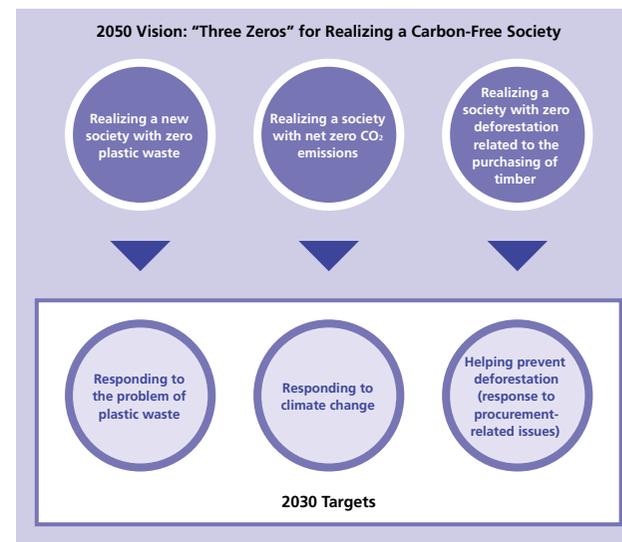
Phase 2 Establish Targets for Material Issues

We held discussions based on suggestions we received through open discussions, established measures to implement and target values for material issues, and reported to the Board of Directors upon approval by the ESG Committee.

Environmental Targets 2030: 2050 Vision and 2030 Targets

Under our 2050 Vision (the type of company we want to be in 2050), we have set the target of realizing a "three zeros" society with zero plastic waste, net zero CO₂ emissions, and zero deforestation related to the purchasing of timber, and have formulated targets for the years leading up to 2030.

► Environmental Targets 2030: 2050 Vision and 2030 Targets



► Progress of Environmental Targets 2030

	Implementation Items		Base Year	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	2030 Targets
Responding to the problem of plastic waste	Reducing usage of plastic in packaging materials	Per unit of sales	2019*1	-0.2%	-12.3%	-14.0%	-18.4%	-21.1%	-30%
	Selling products that do not contain petroleum-derived plastic	—	—	Development ongoing	10 or more stock-keeping units (SKUs) sold				
	Raising awareness about proper disposal of used products	—	—	38% (6 countries and regions)	50% (8 countries and regions)	56% (9 countries and regions)	56% (9 countries and regions)	63% (10 countries and regions)	Rolled out at all Group companies
	Eliminating the use of plastic in sales promotional items	—	2019	-8.9% (Japan)	-81.8% (Japan)	-30.0%	-86.9% (Japan) -76.5% (China)	-88.8% (Japan) -79.9% (China)	In principle, reduced to zero at all Group companies
Responding to climate change	Reducing CO ₂ emissions associated with raw materials procurement	Per unit of sales	2016	9.7% (Japan)	-12.6% (Japan)	-14.3% (Japan)	-4.1%	-5.9%	-17%
	Reducing CO ₂ emissions in manufacturing	Per unit of sales	2016	-26.9%	-35.2%	-38.6%	-55.4%	-57.8%	-34%
	Reducing CO ₂ emissions associated with disposal of used products	Per unit of sales	2016	23.7% (Japan)	-11.6% (Japan)	-14.2% (Japan)	-35.1%	-37.0%	-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%	97.1%	98.0%	99.2%	100%	Completed
		Palm oil	—	77.2%	72.2%	80.0%	68.0%	95%	
	Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories*3	—	52.0%	56.0%	64.0%	64.0%	72%	100%
		Percentage of certified materials procured*4	—	76.0%	72.3%	75.0%	72.6%	73%	
	Expanding the use of certified palm oil (RSPO-certified)*5	—	—	77.2%	72.2%	80.0%	68.0%	95%	100%
	Promoting the recycling of used disposable diapers	—	—	—	Development ongoing	2*6	2	2	2

*1 We have updated our base year from fiscal 2016 to fiscal 2019 following a review in fiscal 2020. *2 Percentage of raw materials derived from forest resources (pulp) for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials

*3 Percentage of Unicharm factories that have acquired chain of custody (CoC) certification *4 In fiscal 2023, the calculation method was changed from a shipping weight basis to a purchase weight basis using the formula “purchase weight of 100% PEFC-certified pulp ÷ overall pulp purchase weight”

*5 RSPO-certified palm oil based on the mass balance system

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

Fiscal 2023 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 18.4% (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: Unicharm’s product packaging in nine countries and regions contains information on the proper disposal of used products. We also promote efforts such as conducting classes on waste separation and recycling.
- Eliminating use of plastic in sales promotional items: We switched to paper materials starting with our businesses in Japan and China, reducing plastic use in sales promotional items by 86.9% in Japan and 76.5% in China, compared with fiscal 2019 levels.

Responding to climate change

- Reducing CO₂ emissions associated with raw materials procurement: We reduced the amount of CO₂ emissions from our procurement of raw materials by 4.1% (per unit of sales), compared with 2016 standards, by promoting the development of lighter, slimmer products and thinner packaging.
- Reducing CO₂ emissions in manufacturing: We achieved our 2030 targets ahead of schedule by reducing CO₂ emissions by 55.4% (per unit of sales) compared with fiscal 2016 standards by switching to renewable power sources.
- Reducing CO₂ emissions associated with disposal of used products: We reduced the amount of CO₂ emissions from the disposal of used products by 35.1% (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.

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): We expect to achieve our 2030 targets for pulp by acquiring PEFC certification at our factories and strengthening initiatives with suppliers. Meanwhile, the use of certified palm oil declined overall, due to its increased use in smaller amounts, which can be difficult to procure. However, it will become possible to procure certified palm oil in smaller amounts from fiscal 2024.
- Promoting the recycling of used disposable diapers: We operate recycling facilities in the two municipalities of Shibushi City and Osaki Town in Kagoshima Prefecture.

022 Environmental Management

022 Basic Environmental Policy

1 2 3 4 5

025 RefF Project Targeting the Realization
of a Recycling-Based Society

1 2

027 Recycling-Based Society

027 Plastic Waste Reduction Measures

4 5

034 Zero-Carbon Society

034 Climate Change

3

041 Disclosure Based on
the TCFD Recommendations

3

045 Biodiversity

045 Biodiversity Conservation

1 2

051 Reducing Emissions and
Preventing Pollution

4 5

055 Water Recycling-Oriented Society

055 Water Resources

058 Environmental Data

Environment

Kyo-sei Life Vision 2030

1 Development of eco-friendly products

2 Expanding line of recycled models

3 Addressing climate change

4 Promotion of product recycling

5 Reduction in amount of
plastic materials used

Environmental Management

Basic Environmental Policy

2-12, 2-13, 2-23, 2-24

Our Basic Approach and Strategy

The products and services that Unicharm provides are consumables essential to a clean and healthy lifestyle. However, at the same time, they are closely connected to the global environment in terms of resource use and waste emissions. Accordingly, as we expand operations in Asia and across all global regions, our role and responsibility in reducing environmental impact continues to increase year after year.

As a manufacturer of consumer goods, we recognize the importance of our responsibility for protecting the global environment, 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 for 2030 based on our 2050 Vision in 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.

P.019 Environmental Targets 2030 (Medium- to Long-Term ESG Goals)

P.011 Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)

► 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 all over the world, thereby contributing to the realization of a sustainable society that protects the global environment and brings economic prosperity.

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) 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 find that our business activities are having a negative impact on the environment, we will 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 stakeholders and becoming a company trusted by society.

Guidelines

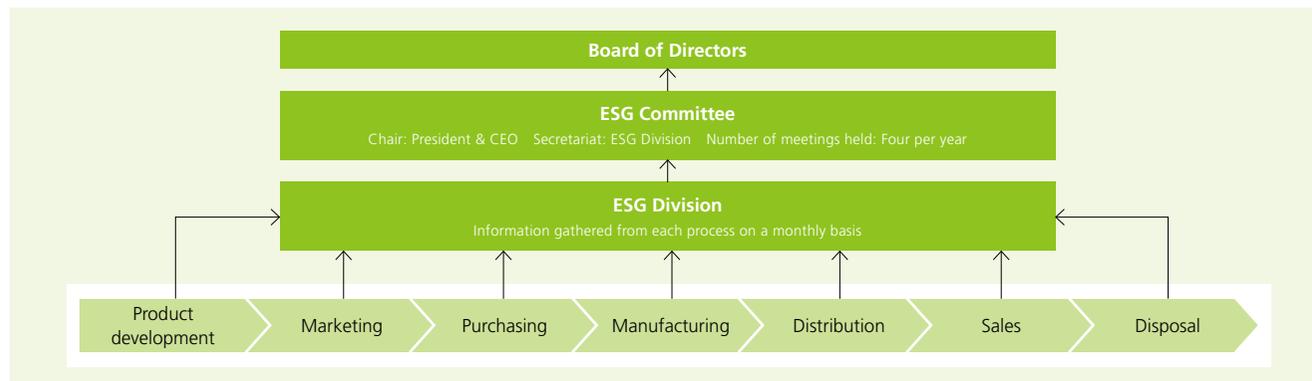
- 1. Development of Environmentally Friendly Products and Services**
 - We strive to procure and use raw materials that are attuned to local production for local consumption.
 - We will reduce the use of petroleum-derived plastic in our raw materials.
 - We will establish recycling systems for used products 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.

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 themes established for safeguarding the well-being of our planet under Environmental Targets 2030 and Kyo-sei Life Vision 2030, which we have set as 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 themes 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.

► Environmental Management Structure



P.009 Sustainability Promotion System

Director Remuneration System Incorporating ESG Assessments

To ensure that directors and executive officers take the lead in implementing ESG strategies and achieving ESG goals, in fiscal 2020, ESG goals were incorporated into the evaluation criteria for directors (excluding those who are Audit & Supervisory Committee members) and executive officers. ESG goals were also incorporated into the evaluation criteria for all employees in fiscal 2023.

P.124 Evaluation Criteria for and Basic Policy on Executive Remuneration and Fiscal 2023 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 January 31, 2024, 74.2% (76.9% in Japan, 72.2% overseas) of our business sites have acquired ISO 14001 certification.

P.060 Environmental Data > 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

2-27

It has been confirmed that surveys, data, and documentation for submission to governments as required by environmental laws and regulations were submitted correctly in fiscal 2023. No fines have been incurred for violations of environmental laws or regulations. There are no environmental matters pending.

Indicators and Targets

Under Environmental Targets 2030 and Kyo-sei Life Vision 2030, Unicharm has formulated key themes for safeguarding the well-being of our planet, and promotes efforts aimed at achieving these targets.

P.019 Environmental Targets 2030 (Medium- to Long-Term ESG Goals)

P.017 Kyo-sei Life Vision 2030 > Safeguarding the Well-Being of Our Planet

Initiatives and Results

Partnership with Stakeholders

2-28

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 various measures and initiatives undertaken by companies, organizations, and governments.

Climate Change	<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) Science Based Targets initiative (SBTi) Japan Climate Initiative (JCI) RE100 Japan Climate Leader Partnership (JCLP) GX League Green x Digital Consortium Actions by the Business Community on Long-term Global Warming Countermeasures up to 2050 (Keidanren) Keidanren Carbon Neutrality Action Plan
Plastic Issues	<ul style="list-style-type: none"> Plastic Circular Challenge 2025 Plastic Smart Business Coalition for a Global Plastics Treaty (Japan) Japan Clean Ocean Material Alliance (CLOMA)
Biodiversity	<ul style="list-style-type: none"> Japan Partnership for Circular Economy (J4CE) Voluntary Action Plan for the Formation of a Recycling-Oriented Society (Keidanren) Keidanren Declaration of Biodiversity and Action Policy Re-Style partner company Sustainable Green Ecosystem Council (SGEC)/PEFC National Governing Body in Japan

Medium- to Long-Term Policy Briefing Session for Suppliers

In October 2023, we held the 14th Unicharm Medium- to Long-Term Policy Briefing Session for Suppliers with the aim of stabilizing material quality and disseminating our procurement policies and guidelines. The 2023 event, which was also streamed online, was attended by 371 participants from 143 companies, including material suppliers for personal care products, as well as material suppliers for pet care products and external production contractors. The session included an overview of the 12th Medium-Term Management Plan and the division and transfer of production and logistics functions in the pet care business. Data was provided to aid understanding of our policies and guidelines

for building a sustainable supply chain and using Sedex. Data was also provided on the GHG Emissions Visualization Project, aimed at achieving Kyo-sei Life Vision 2030 and Environmental Targets 2030, and we requested supplier cooperation in quality control and other efforts aimed at improving customer satisfaction through the supply of safe products.

P.036 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.

Zero Carbon Challenge Cup 2024 Sponsorship

The Zero Carbon Challenge Cup, a program that Unicharm has sponsored for nine consecutive years, commends the daily work of various organizations (including schools, corporations, local governments, and NPOs) toward preventing global warming and building a zero-carbon 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 the final round of Zero Carbon Challenge Cup 2024, a total of 50 groups from the Student, Junior and Kids, Corporate and Municipal, and Citizens divisions made presentations, among which the Yokohama City Nishimae Elementary School's "Collect Waste Cooking Oil to Make Airplanes Fly!" (Junior and Kids Division) was selected as the winner of the Gentle Care for Life Award of Excellence.



CDP

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



CDP Rating

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Climate Change	A-	A-	A-
Forests	B	B	A
Water Security	B	B	A

web CDP 2023 Questionnaire: Climate Change

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/CDP_ClimateChange2023.pdf

web CDP 2023 Questionnaire: Forests

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/CDP_Forests2023.pdf

web CDP 2023 Questionnaire: Water Security

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/CDP_WaterSecurity2023.pdf

Selected for Inclusion in "Environment Sustainable" Category of 5th ESG Finance Awards Japan

Unicharm selected for inclusion in the "Environment Sustainable" category at the 5th ESG Finance Awards Japan in recognition of our unwavering promotion of horizontal recycling of used disposable diapers, climate change responses, transition to renewable electricity, reduction of plastic usage, and biodiversity conservation throughout the Company, as well as our disclosure of the status of these efforts.



Reff Project Targeting the Realization of a Recycling-Based Society

301-2,301-3,306-2

Issues Facing Society and Background of Recycling Technology Developments

In Japan, most used disposable diapers are incinerated, which impacts the environment due to the emission of CO₂ during this process. Further, as disposable diapers contain high moisture content, they are difficult to burn, which requires more energy for incineration and additional costs to maintain and build new incinerators. The production of new disposable diapers also requires many natural resources, including wood.

To remain the preferred brand by customers and to continue to grow, it is important that Unicharm establishes a sustainable system in which the life cycle of our disposable diapers does not burden the natural environment, and that we instill the sustainable value of this system in our customers. Based on our belief that new technologies were needed to achieve this goal, in 2015 we launched a project to recycle used disposable diapers.

Circular Recycling of Used Disposable Diapers

After launching this project in 2015, in fiscal 2016 we began demonstration trials in Shibushi City, Kagoshima Prefecture, to recycle used disposable diapers at So Recycle Center, which handles the recycling of waste in Shibushi City. Subsequently, in fiscal 2018, Osaki Town located in So County, Kagoshima Prefecture, joined the demonstration trials. In June 2022, nursing care facilities in Kagoshima Prefecture began using disposable diapers incorporating recycled materials as part of their absorbent materials, realizing the horizontal recycling of used disposable diapers. Based on this world-first*¹ horizontal recycling technology for disposable diapers, the Recycle for the Future (Reff) Project was born, as we aim to create a future in which hygiene products are not discarded after use.



Unicharm's recycling system cleans and separates collected disposable diapers and applies our proprietary ozone treatment to sterilize and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use.

We learned that 100 used adult disposable diapers recycled over a one-year period could reduce waste equivalent to 21 garbage trucks (two tons) and save the equivalent of 60 trees in forest resources*².

After trials were completed in June 2022, we began selling *Lifree Reff Side Leak Prevention Tape-on* and *Lifree Reff All Night Dry & Secured Pad Ultra* to hospitals and nursing care facilities. In April 2024, we also launched *Deo-Toilet Deodorant and Antibacterial Sheet Reff* and *MamyPoko Pants Reff*.

*¹ Horizontal recycling of used disposable diapers to new disposable diapers using ozone treatment technology (based on Unicharm research, December 2020)

*² Based on Unicharm research, March 2024



Lifree Reff All Night Dry & Secured Pad Ultra



Lifree Reff Side Leak Prevention Tape-on



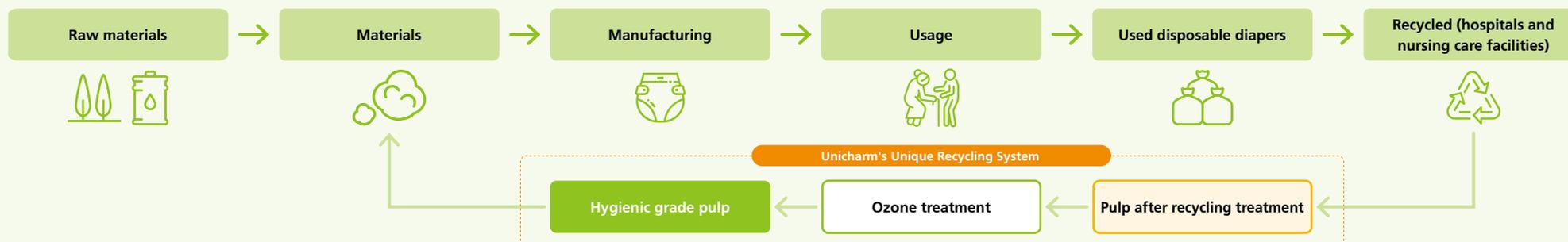
Deo-Toilet Deodorant and Antibacterial Sheet Reff



MamyPoko Pants Reff

► Recycling of used disposable diapers

Disposable diaper recycling model



ReFF Project Targeting the Realization of a Recycling-Based Society

Disseminating Information and Consumer Understanding and Cooperation

Consumer understanding and cooperation with regard to sorting and collection is an essential aspect of our efforts to promote the recycling of used disposable diapers. Since June 2022, we have continued to disseminate information through the Unicharm social media account “Notes for reflecting on the future of disposable diapers.” In April 2024, we launched the ReFF brand website “Together we create a future cycle.”

In addition, in April 2023, Shibushi City began collecting used disposable diapers at five day-care facilities through the Hands-Free Commute* program, and in March 2024, disposable diaper collection boxes were also installed. In Osaki Town, we are working to promote the understanding and spread of sorted collection through the distribution of disposable diaper collection bags made with plastic separated in the recycling process (since December 2022) and workshops for making post-cards using recycled pulp (since July 2023).



Disposable diaper collection box



Disposable diaper collection bag



Workshop activities

* Flat-rate service providing disposable baby diapers and baby wipes to childcare facilities

P.074 Hands-Free Commute: A Subscription-Based Model for Disposable Diapers

web Notes for reflecting on the future of Unicharm's disposable diapers (in Japanese only)

https://note.com/unicharm_reff

web ReFF brand website “Together we create a future cycle.”

<https://www.unicharm.com.jp/en/csr-eco/reff.html>

Promotion Structure

ReFF is promoted by a cross-organizational team led by the chief ReFF officer (CRO) and comprising members in charge of marketing, technical development, and public relations. In collaboration with the Ministry of the Environment, we work with various municipalities and organizations, including Shibushi City and Osaki Town in Kagoshima Prefecture, as well as So Recycle Center LLC.

Future Developments and Further Value Creation

Currently, our recycling system is in operation in two municipalities, Shibushi City and Osaki Town. 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.

To create a sustainable society, it is also important to create a society in which recycling disposable diapers after use is the norm, where customers choose recycled products because of their sustainable value. Unicharm began using business cards made from recycled pulp in January 2024. Going forward, we will continue to work toward the realization of a recycling-oriented society through the expansion of ReFF product categories and sales channels.



Received Award of Excellence at 50th Global Environment Award

Unicharm received the Award of Excellence at the 50th Global Environment Award (sponsored by the National Institute for Environmental Studies and Nikkan Kogyo Shimbun, with support from the Ministry of the Environment) in recognition of our efforts to provide products with the same level of convenience as disposable products, while cooperating with several municipalities and organizations to address the social issues of waste and resource recycling, and contributing to sustainability while remaining an economically viable business.



Received Award of Excellence at 6th EcoPro Awards

The EcoPro Awards (organized by the Sustainable Management Promotion Organization) recognize products, services, technologies, solutions, and business models that solidly incorporate environmental considerations and are highly regarded by businesses, consumers, and investors in the Japanese market, with the aim of promoting further development and dissemination. Unicharm received the Award of Excellence at the 6th EcoPro Awards in recognition of our contributions to resource recycling through our used disposable diaper horizontal recycling initiative involving years of technological development and the establishment of a demonstration model.



Unicharm is proactively promoting the formation of a rule system, including standardization, to realize a recycling-oriented society.

In March 2024, the Ministry of Economy, Trade and Industry (METI) established a Japanese Industrial Standard (JIS) specifying quality and testing methods for recycled pulp used in urine-absorbing products. This standard, which objectively assures the quality and safety of recycled pulp, is expected to promote the recycling of disposable diapers using various methods and promote the use of recycled pulp.

Recycling-Based Society

Plastic Waste Reduction Measures

Our Basic Approach and Strategy

Plastics are easy to process, durable, and essential to our hygienic lives, and it is important to properly dispose



of and recycle them. 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, Unicharm supports the Plastics Smart campaign organized by the Ministry of the Environment.

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 part of our 2050 Vision and laid out our 2030 targets. In fiscal 2022, we participated in the World Wide Fund for Nature (WWF) Japan’s Plastic Circular Challenge 2025 to express our commitment to resolving plastic pollution issues and set targets for 2025. Since fiscal 2023, Unicharm has also participated in the Business Coalition for a Global Plastics Treaty, for which the Japan coalition serves as

secretariat, to strengthen efforts to resolve plastic issues throughout the Group.



Risks and Opportunities

Risks

The sanitary pads and disposable diapers produced by Unicharm utilize plastic materials molded into sheets and films to create product and packaging materials. Accordingly, there is a risk that production costs will rise due to tighter regulations and enforcement of taxes on petroleum-derived plastics, as well as an imbalance between the supply and demand of raw materials due to the mandatory use of recycled plastics. Further, there is a risk that consumers will refrain from purchasing if nothing is done to address the use of petroleum-derived plastic materials.

Opportunities

Ongoing efforts to reduce the total amount of plastic used throughout our business activities will enable Unicharm to comply with stricter regulations on the use of petroleum-derived plastic materials and contain production cost increases due to

rising material prices. Further, there is an opportunity to increase sales with products that use less plastic, as they are more likely to be supported by consumers who wish to purchase and use environmentally friendly products.

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.

P.023 Environmental Management Structure
P.009 Sustainability Promotion System

Indicators and Targets

Responding to the Problem of Plastic Waste Under Environmental Targets 2030

Implementation Items		Base Year	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	2030 Targets	2050 Vision
Reducing usage of plastic in packaging materials	Per unit of sales	2019*	-0.2%	-12.3%	-14.0%	-18.4%	-21.1%	-30%	Realizing a new society with zero plastic waste
Selling products that do not contain petroleum-derived plastic	—	—	Development ongoing	10 or more stock-keeping units (SKUs) sold					
Raising awareness about proper disposal of used products	—	—	38% (6 countries and regions)	50% (8 countries and regions)	56% (9 countries and regions)	56% (9 countries and regions)	63% (10 countries and regions)	Rolled out at all Group companies	
Eliminating the use of plastic in sales promotional items	—	2019	-8.9% (Japan)	-81.8% (Japan)	-30.0%	-86.9 (Japan) -76.5 (China)	-88.8 (Japan) -79.9 (China)	In principle, reduced to zero at all Group companies	

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

► **Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Our Planet**

Indicators	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	2030 Targets
Material recycling of nonwoven products using recycling resources	Development ongoing	Development ongoing	Development ongoing	Start of commercial usage
Percentage of virgin plastics to total plastics	Development ongoing	Development ongoing	Development ongoing	Reduced by half (compared with fiscal 2020)

► **Our Commitment to Participation in the Plastic Circular Challenge 2025**

	Base Year	Fiscal 2025 Target	2030 Target
Plastic used in promotional materials	2019	Reduced by half	In principle, reduced to zero at all Group companies

Initiatives and Results

Reducing Usage of Plastic in Packaging Materials

We are working to reduce the amount of plastic used in packaging throughout the Group by making packaging thinner, minimizing the number of bonded parts, and adopting raw materials derived from plants. Through these efforts, in fiscal 2023 we reduced the amount of plastic used in packaging materials by 18.4% (per unit of sales) compared to fiscal 2019.

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



Reducing Usage

• **Revising Package Designs**

Unicharm is continuously engaged in reducing plastic usage without compromising product quality or functionality by revising package designs, including making packages thinner, minimizing areas where packaging is pasted together, and reducing package size by altering the way products are packed. For example, in September 2022 we revamped the size of *Silver Spoon* cat food packaging while maintaining the same volume, which reduced the amount of plastic used by roughly 6%.

• **Wave Handy Wiper (Japan)**

In April 2023, we changed the packaging of cleaning product *Wave Handy Wiper* from a clear case to a polyethylene material, reducing the amount of plastic used by approximately 70%.



• **Moony and Moonyman Exclusive Online Products (Japan)**

In October 2022, *Moony* and *Moonyman* packaged without handles were launched exclusively online. When purchased, these products are delivered directly to customer homes, eliminating the need for handles. This contributes to an approximate 13% reduction in plastic use compared with products sold in retail stores.



Using Paper Packaging

Unicharm is working to reduce the amount of plastic used in packaging by switching packaging and some packaging materials to paper materials.

In Japan, for a limited time in August 2023, we released *Sofy Hadaomoi Organic Cotton*, *Sofy Hadaomoi Organic Cotton Ultra Thin Slim*, and *Sofy Orimono Sheet Organic Cotton Unscented*, which use paper materials and plant-derived biomass ink for packaging. We also use paper packaging for our *Moony Natural Newborn* (tape-type trial pack), which is available in baby stores.

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.



Switching to the 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%.



Replacing Plastic Trays with Recycled Paperboard (United States)

At Unicharm's subsidiary in the United States, plastic trays for pet care product *Hairball Remedy Plus* were replaced with 100% recycled paperboard, reducing the amount of plastic used by approximately 290 kg per year.



Using Plant-Derived Plastics

Lifree Sawayaka for Men Comfortable Sheet (Japan)

In April 2023, we launched *Lifree Sawayaka for Men Comfortable Sheet*, an absorbent sheet for men that is approximately 2.0 mm thick and feels as comfortable to wear as underwear. The individual packaging of this product contains a bio-derived polyethylene film.



CHARM Daun Sirih + Herbal Bio (Indonesia)

In June 2023, Unicharm's subsidiary in Indonesia launched *CHARM Daun Sirih + Herbal Bio*, which uses biomaterials*1 in its packaging.

*1 Materials made from biomass or biomineral materials

P.031 CHARM Daun Sirih + Herbal Bio Using Biomaterials (Indonesia)

Using Recycled Materials

301-3

Recycling Trimmings Generated in Manufacturing Process for Use in Packaging

The packaging (wrapping material) for the sanitary pads and disposable diapers Unicharm manufactures utilize film plastic materials. In the past, we disposed of excess materials (trimmings) generated when cutting materials in the manufacturing process. From November 2023, in cooperation with THE PACK CORPORATION, Fukusuke Kogyo Co., Ltd., and Unicharm subsidiary Cosmotec Corporation, we convert them into raw materials and use them as product packaging.



Plastic material trimmings

Utilizing Reusable Plastic (United States)

Our subsidiary in the United States uses blister packaging comprising approximately 20% recycled plastic for its *Chew'n Clean Tuff Bone Extra Small* and *Chew'n Clean Twisty Bone* dog toys. In addition, packaging used for *Home Protection* pet sheets for dogs comprise approximately 10% PIR.*2



*2 Post-industrial recycled plastic

Product Initiatives

In light of the fact that products manufactured and sold by Unicharm are disposed of as waste after use, we are promoting product development focused on reducing environmental impact upon disposal of our products. We are making efforts to develop lighter and thinner products by combining raw materials, increase the number of products using plant-derived raw materials, and develop products that do not use petroleum-derived plastic.

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



Reducing Usage

• Making Products Thinner to Reduce Raw Material Usage

Unicharm continues to reduce the use of raw materials while maintaining and improving product functions by combining raw materials to make thinner products. As an example, *Moony Imperial Soft Firm Skin*, launched in China in September 2023, uses 16.2% fewer raw materials than previous products with thinner absorbent materials that meet consumer ventilation needs.

• Reducing Adhesive Usage (Japan)

In November 2023, Unicharm launched *Lifree Thin Lightweight Comfortable Pants* with improved comfort that utilize an ultrasonic bonding technology to join thread elastic at the waist. The use of this technology reduces the amount of hot melt (adhesive) used in bonding by approximately 190 tons per year. Reducing the amount of adhesive makes the product easier to recycle, and improving the compression ratio when packaged increases loading efficiency, further contributing to a reduction in environmental impact during distribution and delivery.



• Promoting Awareness of Benefits of Using Both Disposable Diapers and Absorption Pads

At Unicharm, we strive to reduce waste by promoting awareness of the benefits of combining disposable adult diapers (outer layer) and urine absorption pads (inner layer). For example, when used together, only the inner layer needs to be replaced, reducing waste by roughly 20% compared with using and replacing the outer layer alone.

• 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 *Moony* baby wipes, *Silcot* wet wipes, and other products that enable the container or the main unit to be reused repeatedly, thereby reducing the amount of plastic waste.

• Reusable Water-Absorbent Sanitary Underwear (Japan)

In January 2024, we launched *Sofy Fit-to-Body Absorbent Underwear* for purchase online as well as at select retail stores. This absorbent sanitary underwear offers excellent absorbency and fit, and a single pair can be used safely, even on heavy days. They can also be washed for repeated use.



• Sales of Replacement Grating Parts (Japan)

In June 2023, Unicharm launched sales of replacement grate parts for the *Deo-Toilet* litter box for cats on the Unicharm Direct Shop website. By replacing only the grate, plastic waste can be reduced by approximately 70%* compared with replacing the entire *Deo-Toilet* unit.



* Half-cover type grating (calculated based on product weight)

• Utilizing Organic Cotton Rather Than Super Absorbent Polymer (Japan)

In the *Sofy Hadaomoi Organic Cotton* series of sanitary pads and panty liners, the surface sheet top layer that touches the skin is made of 100% organic cotton, which is manufactured with minimal environmental impact on soil and water quality. These products do not use super absorbent polymer.



Utilizing Plant-Derived Plastics

CHARM Daun Sirih + Herbal Bio Using Biomaterials (Indonesia)

Since 2021, in conjunction with World Environment Day, Unicharm's subsidiary in Indonesia has continued to launch environmentally friendly sanitary pads under the CHARM brand. In June 2023, the third year of this project, we launched limited sales of CHARM Daun Sirih + Herbal Bio using biomaterials.*

These products utilize previously discarded biomaterials such as sugarcane pomace, limestone, botanical oils, and natural resins for approximately 80% of the raw materials used in surface sheets that touch the skin, back sheets that come in contact with underwear, and individual product wrapping and packaging.



* Materials using biomass or biomineral materials

Deo-Toilet Using Plant-Derived Plastic (Japan)

In June 2023, we released limited quantities of Deo-Toilet, a plastic molded litter box for cats weighing up to five kilograms, and Deo-Toilet Half-Cover Sets incorporating plant-derived plastic for 10% of the raw materials used in the plastic toilet containers.



Toilet for cats weighing up to five kilograms

Half cover

Efforts Associated with Disposal and Recycling of Used Products

In some countries and regions where Unicharm provides products, awareness is not yet widespread regarding correct methods of waste disposal, separation, and collection. As a manufacturer that provides consumer goods essential for hygienic daily life, we believe it is important to educate people about the correct disposal method for used products and spread awareness regarding sorting and recycling activities.

Raising Awareness About Proper Disposal of Used Products

Although waste disposal methods vary between countries and regions, the entire Unicharm Group is raising awareness of proper disposal methods for used products through product packaging displays and other methods in accordance with the laws and standards of the countries and regions where our products are sold. In fiscal 2023, we engaged in awareness-raising activities by displaying disposal methods on product packaging in 56% of our sales area (nine out of 16 target countries and regions). We also conduct classes on sorting and recycling for children, who are the future of our society.



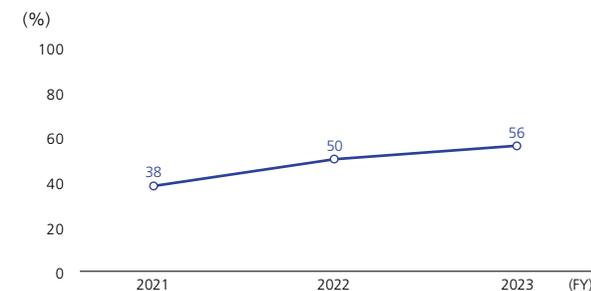
Example from Japan

Example from Vietnam

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



Coverage of Efforts to Raise Awareness of Disposal Methods on Product Packaging



Lectures on Waste Separation (Indonesia)

In response to the national issue of increased waste accompanying economic growth, Unicharm's subsidiary in Indonesia has been engaged in raising awareness since fiscal 2019 by experimenting with emerging organic waste treatment technologies such as black soldier fly larvae (BSFL) to reduce landfill waste generated by disposable diapers, conducting cleanup activities along river banks near factories, installing trash cans, and educating children about waste separation. In fiscal 2023, we conducted classes on waste separation for 40 high school students in the Special Capital Region of Jakarta in February, and for 46 high school students from East Java in June.



Promoting the Recycling of Used Disposable Diapers

Since 2015, Unicharm has conducted demonstration trials involving the recycling of disposable diapers. In June 2022, select nursing care facilities in Kagoshima Prefecture began using disposable adult diapers that use recycled materials for a portion of their absorbent paper, realizing the horizontal recycling of used disposable diapers. In our recycling system, collected diapers are washed and separated, then undergo a unique ozone treatment process to sterilize and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use.

We are also working to promote the understanding and spread of sorted collection through the installation of disposable diaper collection boxes in Shibushi City (since March 2024) and the distribution of used diaper collection bags made with plastic separated in the recycling process in Osaki Town (since December 2022).



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.

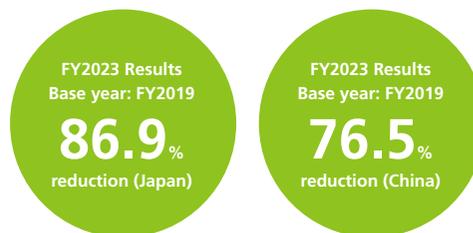


[web https://www.unicharm.co.jp/en/csr-eco/education.html](https://www.unicharm.co.jp/en/csr-eco/education.html)

Initiatives Involving Promotion Items

Unicharm makes efforts to reduce the amount of plastic used in promotional materials for display products in retail stores. We aim for a 50% reduction in plastic throughout the Group by fiscal 2025 compared to base year fiscal 2019, and then zero plastic usage by 2030. This initiative was promoted first in Japan and is gradually being expanded to all Group companies. In fiscal 2023, we stepped up our efforts in China.

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



Initiatives in Japan

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, in fiscal 2023 plastic use in sales promotional items in Japan amounted to 4.1 tons, an 86.9% decrease from fiscal 2019.



Sales promotional items made from paper

► Plastic Use in Sales Promotional Items (Japan)



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

	Fiscal 2019 (Base Year)	Fiscal 2021	Fiscal 2022	Fiscal 2023
Display hooks	6.25	0.49	1.45	0.09
Fixtures	0.92	0.56	0.18	0.02
Racks	6.89	23.53	0.58	0.00
Others (including packaging materials)	17.04	3.77	3.46	3.97
Total	31.10	28.35	5.67	4.08

• Declaration on Reducing Plastic Use 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.

Initiatives in China

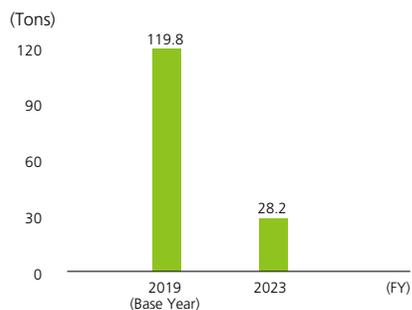
Unicharm’s subsidiary in China has set fiscal 2026 as the target year for zero use of plastic in promotional items, and is working to switch to paper POP displays.

In fiscal 2023, efforts to introduce paper racks and verify degradable materials resulted in approximately 28.2 tons of plastic used in promotional items in China, a 76.5% reduction compared to fiscal 2019.



Paper promotional POP display (China)

▶ Plastic Use in Sales Promotional Items (China)



Zero-Carbon Society

Climate Change

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*¹ indicated in the Paris Agreement at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), we received certification in June 2018 under the Science Based Targets initiative (SBTi) for our CO₂ reduction plans up to 2045. Following the adoption of a more stringent 1.5°C target*² at COP26 in 2021, we have resubmitted our 1.5°C target to SBTi for certification. We also endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019 and continue to report in accordance with its framework.

To realize the zero-carbon society set forth in our 2050 vision of Environmental Targets 2030, we work together with the Japan Climate Initiative (JCI), the Japan Climate Leaders' Partnership (JCLP), the GX League, and RE100, which we have been a member of since November 2023. At the same time, we will strive to reduce CO₂ 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.



*1 Aims to limit the increase in global average temperature to under 2°C above pre-industrial levels in accordance with the Paris Agreement reached at COP21 in 2015
*2 COP26 in 2021 incorporated the pursuit of efforts to limit the temperature to within 1.5°C instead of the 2°C stipulated in the Paris Agreement.

P.041 Disclosure Based on the TCFD Recommendations

Risks and Opportunities

P.044 Disclosure Based on the TCFD Recommendations > Risk Management

Management Structure

P.041 Disclosure Based on the TCFD Recommendations > Governance

Indicators and Targets

Responding to Climate Change Under Environmental Targets 2030

Implementation Items		Base Year	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	2030 Targets	2050 Vision
Reducing CO ₂ emissions associated with raw materials procurement Scope 3, Category 1	Per unit of sales	2016	9.7% (Japan)	-12.6% (Japan)	-14.3% (Japan)	-4.1%	-5.9%	-17%	Realizing a society with net zero CO ₂ emissions
Reducing CO ₂ emissions in manufacturing Scope 1 and Scope 2			-26.9%	-35.2%	-38.6%	-55.4%	-57.8%	-34%	
Reducing CO ₂ emissions associated with disposal of used products Scope 3, Category 12			23.7% (Japan)	-11.6% (Japan)	-14.2% (Japan)	-35.1%	-37.0%	-26%	

Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Our Planet

Indicators	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	2030 Target
Percentage of renewable energy used for business operations in total	7.3%	11.0%	22.8%	100%

Initiatives and Results

CO₂ Emissions Throughout the Supply Chain (Overall Picture of Scopes 1 to 3)

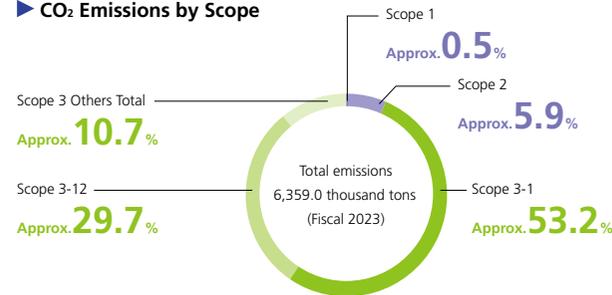
305-1,305-2,305-3,305-5

Unicharm calculates its CO₂ emissions according to the Greenhouse Gas Protocol,*1 the standard for calculating greenhouse gas (GHG) emissions most widely used in the world today. In fiscal 2023, life cycle CO₂ emissions were estimated to be approximately 53.2% for Scope 3 purchased materials, 29.7% for disposal after use, 10.7% for others, and 6.4% for Scope 1 and Scope 2 manufacturing. Based on these estimates, we are working to reduce CO₂ emissions at all stages of the life cycle, from raw materials procurement to disposal after use.

CO₂ Emissions by Scope and Category

(Thousand tons)						
Scope	Category	Fiscal 2021	Fiscal 2022	Fiscal 2023	Remarks	
Scope 1	Direct emissions	35.5	31.6	29.2	*4	
Scope 2	Indirect emissions from energy sources	465.2	454.5	376.9		
Scope 3 *2,*3	1 Purchased goods and services	3,781.6	3,774.1	3,400.5		
	2 Capital goods	140.6	85.2	100.8		
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	62.2	59.1	52.9		
	4 Upstream transportation and distribution	364.2	376.4	348.5		
	5 Waste generated in operations	43.1	45.0	28.7		
	6 Business travel	2.1	2.1	2.1		
	7 Employee commuting	12.5	12.7	13.1		
	8 Upstream leased assets	0.0	0.0	0.0	*4	
	9 Downstream transportation and distribution	108.3	110.5	111.3		
	10 Processing of sold products	0.0	0.0	0.0	*5	
	11 Use of sold products	0.0	0.0	0.0	*5	
	12 End-of-life treatment of sold products	2,033.4	2,138.0	1,896.3		
	13 Downstream leased assets	0.0	0.0	0.0	*5	
	14 Franchises	0.0	0.0	0.0	*5	
	15 Investments	40.2	39.6	34.7		
	Total for Scope 3	6,588.2	6,642.7	5,988.9		
Total		7,088.9	7,128.8	6,395.0		

CO₂ Emissions by Scope



P.061 Environmental Data > CO₂ Emissions by Scope and Category

Life Cycle CO₂ Emissions Ratio



*1 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.

*2 Scope 3 was calculated only for Japan until *Sustainability Report 2023*, but from *Sustainability Report 2024*, overseas companies are also included in the scope of calculation. In calculating overseas figures, emission factors were changed from the Ministry of the Environment database to the LCI database IDEA version 3.2. Due to the expansion of boundaries and revision of emission factors, overseas Scope 3 emissions up to fiscal 2022 were added retroactively, and Japan emissions were recalculated using the LCI database IDEA version 3.2.

*3 The overseas portion of 3-1, 3-2, 3-3, 3-5, 3-6, 3-7, and 3-12 are calculated based on activity level, while other categories are estimated based on sales weight.

*4 Vehicles used for business purposes had been included under Scope 3-8 until *Sustainability Report 2023* because they are leased, but starting from *Sustainability Report 2024*, vehicles used for business purposes were included in Scope 1 resulting fiscal 2021 and fiscal 2022 were as well.

*5 Does not apply to any work process

CO₂ Emissions Associated with Raw Materials Procurement 305-5

With regard to CO₂ emissions associated with raw materials procurement, we have resubmitted to SBTi for certification of our targeted reduction in CO₂ emissions of 27.5% by 2031 compared to the base year of fiscal 2021. In fiscal 2023, we promoted the development of lighter, slimmer products and thinner packaging, and the transition to biomass and recycled materials.

Environmental Targets 2030: Reducing CO₂ emissions associated with raw materials procurement (Scope 3 Category 1)



P.061 Environmental Data > CO₂ Emissions by Scope and Category

Communicating the Importance of Climate Change Measures to Suppliers

As CO₂ emissions from Scope 3 purchased materials and the disposal of sold products account for approximately 82.8% of the overall product life cycle, it is essential that we promote measures together with suppliers.

In cooperation with suppliers, we are promoting the development and use of low-carbon raw materials, such as thinner and lighter materials, as well as plant-derived biomass materials and recycled materials. These efforts significantly contribute to low carbon emissions, both during procurement and at time of disposal.

P.024 Medium- to Long-Term Policy Briefing Session for Suppliers

GHG Emissions Visualization Project

305-5

In May 2022, we launched the GHG Emissions Visualization Project to further enhance the promotion of initiatives responding to climate change in Environmental Targets 2030 and Kyo-sei Life Vision 2030. This project aims to quantitatively visualize the Carbon Footprint of Products (CFP)*1 for each of our products. For this project, we have teamed with Wastebox, Inc., and obtained the support of Deloitte Tohmatsu Consulting LLC, a company with a wealth of knowledge and experience related to comprehensive support for carbon neutrality.

Phase 1: Visible

In fiscal 2022, we obtained information on primary GHG emissions data*2 for each material covering approximately 80% (on a purchase amount basis) of personal care product materials procured mainly in Japan. This both facilitates accurate visualization of GHG emissions and reflects supplier efforts to mitigate climate change and improve productivity. We also established rules for calculating GHG emissions in accordance with the GHG protocol international standards, and have completed construction of a system that enables the calculation of CFP values by company and product.

GHG Emissions Visualization Project Road Map and Status of Progress



Phase 2: Measurable

In fiscal 2023, the CFP value calculation system constructed in Phase 1 commenced operation, and the accuracy of the values for each product was verified. We recognize that decarbonization is an issue for which it is difficult to achieve significant results on our own, and we believe it is important to expand our efforts beyond daily necessities to encompass the entire industry. To this end, we also held three information exchange meetings on the theme of visualizing GHG emissions in May, August, and November, inviting relevant government ministries and agencies, other businesses in our industry, and environment-related companies. In addition to complying with international calculation rules, we exchanged opinions extensively on how ultimately labeling should be easy to understand and familiar to consumers when they select products and services.

Phase 3: Manageable

In fiscal 2024, we will conduct hot spot analysis and take other actions to reduce GHG emissions and study reduction measures, as well as obtain primary data on materials for pet care products and begin implementation at overseas subsidiaries.

CO₂ Emissions During Manufacturing, Sales, and Distribution

305-5

Initiatives at Factories

305-1, 305-2

Regarding Scope 1 and Scope 2, we have set the goal of transitioning to 100% renewable electricity by 2030, and the entire Group is working to reduce CO₂ emissions. Energy conservation and renewable energy meetings are held four times a year with promoters of environmental activities at each site to confirm annual plans and progress, present case studies, and promote reductions in electricity consumption through energy conservation activities and the transition to renewable energy. In fiscal 2023, CO₂ emitted during manufacturing amounted to 406.2 thousand tons, a 55.4% reduction (per unit of sales) from the fiscal 2016 base year.

Progress on CO₂ Emissions (Scope 1 and Scope 2)



P.062 Scope 1 and Scope 2 CO₂ Emissions

Environmental Targets 2030: Reducing CO₂ emissions in manufacturing (Scope 1 and Scope 2)



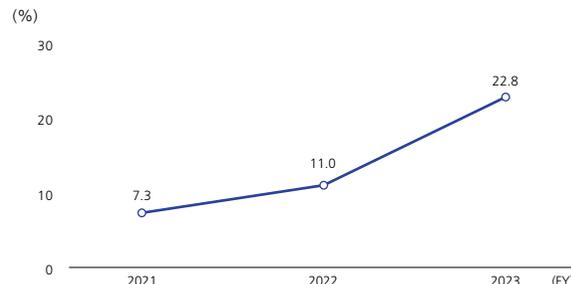
*1 System indicating GHG emissions throughout the entire life cycle of products and services, from the procurement of raw materials, to disposal and recycling, converted to CO₂.

*2 Data collected and measured by the business responsible for calculations (e.g., electricity consumed in the manufacture of its products), and interviews with external stakeholders (e.g., direct understanding of company-related emissions by business partners)

• **Switching to Renewable Electricity**

In fiscal 2023, 14 factories introduced renewable electricity, which accounted for 22.8% of the Group overall, and an approximately 34,000 tons reduction in CO₂ annually.

▶ **Percentage of Renewable Electricity Used**



▶ **Status of Transition to Renewable Electricity at Manufacturing Sites**

Commencement of Operations	Factory Name	Percentage of Renewable Electricity Used *4
January 2017	Jaguariúna Factory (Brazil)	100%
September 2020	Kyushu Factory (Japan)	100%
October 2020	Wellgrow Factory (Thailand)	Approx. 10%
December 2020	Bác Ninh Factory (Vietnam)	Approx. 14%
February 2021	Itami Factory (Japan)	Approx. 4%
April 2021	Toyohama Works, Shikoku Factory (Japan)	100%
July 2021	DSG Factory #2 (Thailand)	Approx. 21%
December 2021	Hartz Pleasant Plain Factory (United States)	100%
March 2022	Saitama Factory (Japan)	100%
April 2022	Mie Factory (Japan)	100%
April 2022	Peparlet's three factories (Japan)	100%
April 2022	Tianjin Factory (China)	Approx. 25%
April 2022	Jiangsu Factory (China)	Approx. 25%
July 2022	Karawang Factory No. 1 (Indonesia)	Approx. 11%
December 2022	DSG Malaysia Factory (Malaysia)	Approx. 20%
January 2023	Sri City Factory (India)	Approx. 14%
April 2023	Itami Factory (Japan)	100%
April 2023	Unicharm Kokko Nonwoven (3 manufacturing sites) (Japan)	100%
April 2023	Cosmotec (Japan)	100%
April 2023	Kinsei Products (Japan)	100%
May 2023	Shanghai Factory (China)	Approx. 17%
May 2023	Tianjin nonwoven fabric factory (China)	Approx. 17%
May 2023	Tianjin packaging factory (China)	Approx. 11%
July 2023	DSG Thailand Factory #1 (Thailand)	Approx. 20%
August 2023	East Java Factory (Indonesia)	Approx. 18%
August 2023	Nonwoven factory (Indonesia)	Approx. 33%
September 2023	Neemrana Factory (India)	Approx. 11%

*4 Percentage of conversion to renewable electricity throughout the year

India: Solar power generation systems were installed at the Sri City Factory in January 2023 and the Neemrana Factory in September 2023. This will generate approximately 10 million kWh per year and reduce CO₂ emissions by approximately 7,200 tons.



Sri City Factory



Neemrana Factory

China: In May 2023, solar power generation equipment was installed at the Shanghai Factory, Tianjin nonwoven fabric factory, and Tianjin packaging factory. This will generate approximately 8.5 million kWh per year and reduce CO₂ emissions by approximately 3,570 tons.



Shanghai Factory



Tianjin nonwoven fabric factory



Tianjin packaging factory

Indonesia: In August 2023, solar power generation equipment was installed at the East Java Factory and nonwoven factory. This will generate approximately 8.6 million kWh per year and reduce CO₂ emissions by approximately 7,000 tons.



East Java Factory



Nonwoven factory

Japan: In April 2023, the Saitama Factory converted a portion of its FIT Non-Fossil Certificate With Tracking*1 to renewable electricity through an Off-Site Physical Corporate Power Purchase Agreement (PPA). *2 We make efforts to proactively utilize renewable electricity that contributes to additional*3 through the use of farm-based solar power generation utilizing idle or abandoned land.

Additionally, in April 2023, the Itami Factory, three Unicharm Kokko Nonwoven manufacturing sites, Cosmotec, Kinsei Products, and a development technical center switched to using non-fossil certificates and a renewable energy power source menu.

*1 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

*2 Purchase of electricity and environmental value from off-site remotely located power generation facilities

*3 Contribution to the adoption and expansion of new renewable electricity sources through purchase of renewable electricity

• Installing Energy-Saving and Efficiently Operated Equipment

Energy-saving measures are being implemented in each policy and at each factory, including the introduction of high-efficiency motors and other energy-saving equipment, efficient equipment operations such as motor speed adjustments, and the use of LED lighting. Meetings on energy conservation and renewable energy are held four times a year to share best practices facilitating the horizontal deployment of energy conservation and renewable energy measures throughout the Group.

Development-Related Initiatives

Unicharm applies the SDGs Theme Guideline with the aim of constantly improving products and services during the new product development and improvement stages. This guideline aims to develop products and services that contribute to achieving the SDGs by realizing reduced output (contributing to reductions in environmental impact through reduced use of raw materials) and increased output (ensuring greater customer satisfaction by providing even more value through our products and services). Through these activities, we aim to provide products and services that contribute to resolving environmental and social issues through Unicharm's business.

P.068 SDGs Theme Guideline: Internal Guideline for Contributing to Sustainability

Office-Related Initiatives

We have established 22 energy-saving measures including appropriate air conditioning settings, use of blinds, turning off unnecessary lights, and recommending the use of stairs, and continue to promote energy-saving efforts in the office.

▶ 22 Energy-Saving Measures

Subcategory		Activities
1	Blinds	Blinds are lowered during work and blades are set at a 45-degree angle
2	Blinds	Blinds are closed when leaving the office
3	Air conditioning	Set at 26°C near south-side windows
4	Air conditioning	Others set at 28°C
5	Air conditioning	Circulator used to circulate air
6	Air conditioning	Window fans used on east-side windows
7	Air conditioning	Use of window ventilation openings
8	Air conditioning	Air conditioning auxiliary fans installed
9	Air-conditioning	Replace old air conditioners
10	Multi-functional machines	Power saving mode after use
11	Power supplies	Unplug microwave ovens when not in use
12	Lighting	Use outside light on sunny days
13	Lighting	Dim lighting
14	Lighting	Turn off when leaving conference rooms
15	Lighting	Changed to LED bulbs
16	Elevators	"2 Up 3 Down" policy, prioritize use of stairs
17	Computers	Set to standby mode when away from computers for long periods of time
18	Computers	Prioritize use of laptop computers on battery power
19	Vending machines	Turn off beverage vending machines
20	Work	Set up floor for working on holidays
21	Work	Introduce daylight saving time
22	Work	Concentrate flex holidays in August and September

• Unplugging Activities

In response to recent tight energy supply and demand conditions, we are promoting unplugging activities. Every day from 12:00 to 16:00 is designated peak power time, during which laptop computers are unplugged from power outlets and used on battery power to the extent that it does not interfere with business operations, and smartphone and cell phone charging is discouraged.

• Super Cool Biz and Warm Biz

To save electricity, we set air conditioning temperatures to 28°C in summer and 20°C in winter. We have implemented Super Cool Biz and Warm Biz since fiscal 2011, and permit employees to work wearing polo shirts in summer and jackets in winter.

P.111 Matching Fund (Support for Disaster-Affected Areas)

• Head Office Relocated to ZEB Ready Certified Office Tower

In July 2023, we relocated our head office to a new ZEB Ready* certified office tower that consumes 50% less energy compared with conventional buildings. Primary energy consumption has been reduced by more than 50% through the installation of solar power generation systems, highly insulated glass, and high-efficiency air conditioning and lighting equipment.

* One in four tiers of the Net Zero Energy Building (ZEB) series. The certification criteria for ZEB Ready are applied to buildings that reduce primary energy consumption by 50% or more from the standard primary energy consumption through energy conservation, excluding renewable energy.

Transportation-Related Initiatives

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 CO₂ emissions during transportation and the development of a sustainable logistics structure.

Expanding Modal Shift Using Trains and Ships

As part of Unicharm's efforts to reduce CO₂ emissions, we are promoting a modal shift to rail and maritime shipping, which emit less GHG than trucks. Unicharm Products Co., Ltd. has been certified as a leading business under the Eco-Ship Mark certification system. We are also working to expand environmentally friendly rail transportation, especially for long-distance transportation between our Fukushima and Shikoku factories, and in fiscal 2019 we received Eco-Rail Mark certification, promoted by the Ministry of Land, Infrastructure, Transport and Tourism.



エコシップマーク



エコレールマーク
認定企業 T19-006

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 weekly joint transportation system, we have reduced CO₂ emissions by a combined total of approximately two tons per year.



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 fiscal 2019. This collaborative effort enables the three companies to use the same packaging materials, bundle deliveries, reduce the use of delivery trucks, conserve resources, and minimize environmental impact through reductions in CO₂ 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.

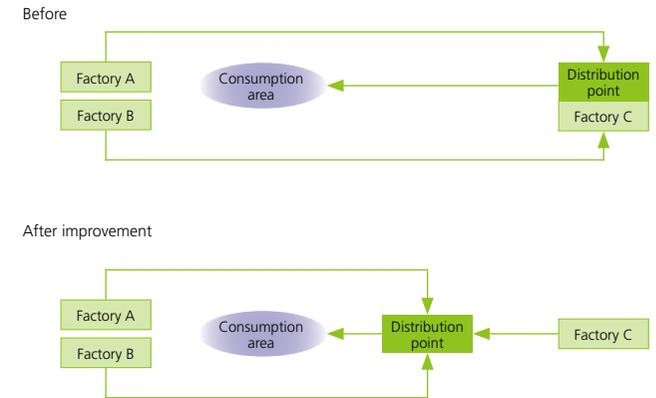
Adopting Ultrasonic Coupling Technology to Improve Transportation Efficiency

In November 2023, Unicharm launched *Lifree Thin Lightweight Comfortable Pants* with improved comfort by replacing conventional hot-melt (adhesive) thread elastic used in the waist with ultrasonic bonding. By eliminating the need to consider the impact of compression on adhesive when filling the package, the package size is made approximately 10% more compact,*¹ increasing loading efficiency during distribution and delivery. This is expected to reduce CO₂ emissions by approximately 220 tons per year.

*1 Front width comparison

Establishing Distribution Points on the Outskirts of Consumption Areas

Beyond consumption areas where products are consumed in large quantities, we are working to reduce delivery waste, improve delivery efficiency, and reduce CO₂ emissions by consolidating products from factory-based distribution points to distribution points established on the outskirts of consumption areas.

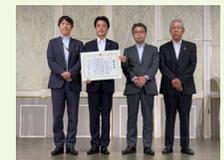


Jointly Received Excellence Award at Supply Chain Innovation Awards 2023



In recognition of efforts to improve receiving efficiency and truck turnover ratio through jointly implemented Advanced Shipping Notice (ASN) data*² distribution, Unicharm, Japell Co., Ltd., and K.R.S. Corporation jointly received the Excellence Award at the Supply Chain Innovation Awards*³ (sponsored by the Ministry of Economy, Trade and Industry and managed by the Manufacturing/Distribution/Sales Cooperation Council*⁴) held in July 2023. ASN delivery does away with the inspection process, eliminating the need to input expiration dates at time of cargo receipt and reducing the need to determine inventory at time of cargo storage. In addition, floor-by-floor

sorting and delivery reduces the need for sorting at the time of cargo receipt and the issuance and affixing of receiving labels. By sequentially implementing these initiatives at nine distribution centers, we estimate that cumulative monthly driver work is reduced by 209.6 hours and cumulative monthly warehouse employee work is reduced by 137.2 hours.



Award ceremony

*² Shipment information provided by suppliers to distribution centers in advance
*³ Awards given to businesses that have led the industry with outstanding efforts through cooperation among the manufacturing, distribution, and sales sectors to optimize the entire supply chain
*⁴ Council established in May 2011 with the aim of enhancing industrial competitiveness and contributing to human prosperity through collaboration among manufacturers (manufacturing), intermediary distributors and wholesalers (distribution), and retailers (sales) to eliminate waste throughout the supply chain and create a system for the creation of new value. GS1 Japan and The Distribution Economics Institute of Japan serve as secretariat.

CO₂ Emissions at Time of Disposal After Use

305-5

Unicharm works to reduce CO₂ emissions when used products are disposed of by promoting the 3Rs (reducing the amount of materials used by making products lighter and slimmer, using thinner packaging, and other efforts; reusing by providing refill and replacement products; and recycling used disposable diapers and other products). Through these efforts, in fiscal 2023 we reduced CO₂ emissions from the disposal and processing of used products by 35.1% (per unit of sales) compared with fiscal 2016.

P028 Reducing Usage of Plastic in Packaging Materials

P030 Product Initiatives

► Environmental Targets 2030: Reducing CO₂ emissions associated with the disposal of used products (Scope 3, Category 12)



■ Raising Awareness of Proper Waste Separation and Disposal Methods

Although waste disposal methods vary between countries and regions, in some countries and regions where we provide our products, awareness of waste separation and collection is not widespread. In addition to raising awareness of proper disposal methods through product packaging, we conduct classes in various countries and regions for children, who are the future of our society, on the correct way to dispose of garbage, how garbage can be transformed into resources through sorting, and the recycling of used disposable diapers.

P031 Raising Awareness About Proper Disposal of Used Products

Zero-Carbon Society

Disclosure Based on the TCFD Recommendations

Our Basic Approach and Strategy

Unicharm announced its endorsement of the TCFD recommendations in May 2019. We have examined the risks and opportunities associated with climate change and disclosed them in accordance with key areas of the TCFD framework: governance, strategy, risk management, and indicators and targets.



Governance

The president & CEO is responsible for evaluating risks and opportunities related to climate change and for setting and enforcing CO₂ reduction targets. The ESG Committee, chaired by the president & CEO and staffed by directors and all executive officers, meets quarterly to report and deliberate on overall environmental activities including those related to climate change, our response to social issues, and important issues for governance. For ESG 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, and after discussions with the executive officer in charge of ESG, agendas are set for committee meetings.

► Overview of TCFD Pillars and Initiative Status

TCFD Recommended Disclosure Pillars		Unicharm Initiative Status
Governance	Organizational governance with respect to climate-related risks and opportunities	<ul style="list-style-type: none"> The ESG Committee, chaired by the president & CEO, meets quarterly and reports deliberations and decisions to the Board of Directors one or more times annually In fiscal 2020, we introduced ESG criteria into the evaluation metrics for determining performance-linked remuneration of executive officers
Strategy	Impact of climate-related risks and opportunities on organization's businesses, strategy, and financial planning	<ul style="list-style-type: none"> We conducted scenario analysis of financial impacts in 2030 based on TCFD 1.5°C and 4°C conditions In Environmental Targets 2030 and Kyo-sei Life Vision 2030, we set reduction targets by scope and targets for switching to renewable electricity, and disclosed the results Through the GHG Emissions Visualization Project, we formulated the GHG emissions reduction road map and promoted the visualization of GHG emissions starting with raw materials
Risk Management	Methods for identifying, assessing, and managing climate-related risks	<ul style="list-style-type: none"> Risks and opportunities related to climate change are positioned as "Business Risks," with the ESG Committee discussing details and taking appropriate actions as necessary
Indicators and Targets	Indicators and Targets used to assess and manage relevant climate-related risks and opportunities	<ul style="list-style-type: none"> Under our 2050 Vision, we have set the target of realizing a "three zeros" society (zero plastic waste, zero CO₂ emissions, and zero deforestation) in 2050, and to achieve this, formulated medium- to long-term ESG targets in Environmental Targets 2030 and Kyo-sei Life Vision 2030, and disclosed progress toward their achievement

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 necessary measures, and aim to meet our targets. Following the recommendations of the TCFD, since fiscal 2021, we have publicly shared information about specific plans based on Environmental Targets 2030 and Kyo-sei Life Vision 2030.

Moreover, in order to accomplish ESG strategies and targets under the direction of directors and executive officers, in fiscal 2020 we introduced ESG items into the evaluation indexes used to determine performance-linked compensation for directors (excluding those who are Audit & Supervisory Committee members) and executive officers. Furthermore, ESG criteria were also added as evaluation indicators for all employees in fiscal 2023.

- P.124** Evaluation Criteria for and Basic Policy on Executive Remuneration and Fiscal 2023 Remuneration Targets and Results
- P.023** Management Structure
- P.009** Sustainability Promotion System

Strategy

Unicharm considers risks and opportunities with reference to our situation year by year (the short term), in alignment with our medium-term 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 business and other risks facing the entire Group and address climate change-related risks. In order to respond to the risks and opportunities identified, we are implementing the course of action shown on the right in conjunction with our financial plan.

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

We evaluated impacts on business and profits in terms of major, moderate, and minor scenarios.

Scenarios and Planning

Scenario analysis was conducted using two situations assuming global average temperature increases of 1.5°C and 4°C by 2100 compared to pre-industrial times. The Representative Concentration Pathways (RCP) scenario* is used as the basis for calculating estimated physical impacts.

To participate with a scientific approach in efforts focused on the 2°C target indicated in the Paris Agreement of 2015, we received approval from SBTi in 2018 for our reduction target toward 2030, but following COP26 in 2021, which called for a more stringent 1.5°C target, we are currently revising our target to 1.5°C and have resubmitted to SBTi for certification.

We set 2030 targets in Environmental Targets 2030 and Kyo-sei Life Vision 2030, which are key environmental targets for the entire Group, and have incorporated environmental considerations into product development strategies in the marketing and development divisions, as well as into short- and long-term plans in the production division, including energy-saving activities and the introduction of renewable electricity.

* Multiple representative concentration pathway scenarios are prepared to project future climates in each pathway, and various socioeconomic scenarios can be formulated to realize these concentration pathways. These include risks associated with factory operations in coastal areas where sea levels are rising, operational risks associated with supply chain disruptions caused by cyclones and other weather events, risks of lower GDP in equatorial regions due to heat waves, and raw material costs due to delays in the growth of forest resources and the harvesting of crops and other products due to changes in terrestrial ecosystems.

	Evaluation Criteria	Assessed Financial Impact	Financial Consequences in 2030		Progress of Unicharm's Measures		
			1.5°C	4°C			
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	Major	Minor	Set GHG emissions reduction targets and implemented initiatives to reduce energy use
			GHG emissions	<ul style="list-style-type: none"> Mandatory reporting of GHG emissions Highly accurate reporting level requirements 	Major	Minor	Continued to visualize GHG emissions and develop specific reduction methods by proceeding with the GHG Emissions Visualization Project
		Introduction of plastic waste regulations	Impact on commodity production costs due to regulatory compliance with regulations on petroleum-derived containers and packaging materials	Major	Minor	Set targets for reduction of petrochemical-derived plastics use and implemented initiatives to reduce usage	
			Increase in material and product costs due to mandatory use of renewable plastic	Major	Minor	Trim plastic materials generated in the manufacturing process are recycled into raw materials for product packaging	
	Technologies	Up-front costs associated with the transition to low-carbon technology	Costs for visualizing GHG emissions (system construction costs and other investments)	Major	Minor	Continued to visualize GHG emissions and develop specific reduction methods by proceeding with the GHG Emissions Visualization Project	
	Markets	Increase in energy prices	<ul style="list-style-type: none"> Fluctuations in retail electricity prices Impact of procurement costs due to the increased use of renewable electricity 	Major	Minor	Set target of 100% use of renewable electricity for our business activities by 2030, switching to renewable energy	
		Higher raw materials prices	Impact of cost increase due to conversion from petrochemical-derived materials to naturally-derived materials	Major	Minor	Established reduction targets for the use of petroleum-derived plastic and implemented measures accordingly	
			Procurement cost impact of increased demand for certified pulp for forest conservation	Major	Minor	Engaged in responsible procurement and procured raw materials through emphasis on manufacturing and supply capabilities in accordance with the Basic Policy of Procurement and the Sustainable Procurement Guidelines	
	Changes in consumer behavior	<ul style="list-style-type: none"> Growing ethical awareness among consumers Growing demand for products with low GHG emissions 	Major	Minor	Appropriately disclosed information through public relations, packaging, our website, news releases, and other methods of disclosure		
	Reputation	Criticism toward other sectors	<ul style="list-style-type: none"> Reputation risk as a company that uses pulp and other forest resources Use of certified materials as a criterion for determining whether a company is committed to environmental measures 	Major	Minor	Established targets for 100% procurement of certified pulp (PEFC- and CoC-certified) and certified palm oil by 2030 and disclosed the status of these initiatives	

	Evaluation Criteria	Assessed Financial Impact	Financial Consequences in 2030		Progress of Unicharm's Measures	
			1.5°C	4°C		
Risks	Physical					
	Acute	Criticism toward other sectors	Impact of suspended operations due to supply chain disruptions resulting from floods and other major disasters related to typhoons, cyclones, or weather anomalies	Major	Major	Conducting medium- to long-term water risk analysis using the Aqueduct Overall Water Risk Map (Aqueduct) and implement countermeasures in cooperation with external parties, especially in areas with high water risk
	Chronic	Excess demand for water	<ul style="list-style-type: none"> • Suspension of operations due to unstable supply of forest-derived raw materials (pulp, paper, etc.) indirectly caused by water resource depletion • Suspension of product sales due to tight supply of water used in the manufacturing process of wet wipes and pet food • Increased operating costs due to higher water usage fees 	Major	Moderate	Using Aqueduct to conduct medium- to long-term water risk analysis and introduce water recycling systems at water-intensive nonwoven fabric and <i>Paper-sand</i> ® manufacturing plants to reduce water withdrawal
Opportunities	Resource efficiency	Efficient use of transportation	Impact of reduced CO ₂ emissions and costs through the use of railroads and ships, including collaborations with other companies	Major	Major	Modal shift from truck to ocean vessel for material transport is underway
		More efficient production and distribution processes	Impact of reduced CO ₂ emissions and costs from promoting factory emissions recycling activities and switching to compressed packages for more efficient use of resources	Major	Major	<ul style="list-style-type: none"> • Recycling of plastic trim generated when cutting materials in the manufacturing process into raw materials for use in product packaging • Reducing emissions through secondary use of product waste, such as cat continence care products (<i>Paper-sand</i>®), throughout the entire Group • Reducing package size and improving loading efficiency by reviewing product specifications and package filling methods
		Use of recycling methods	<ul style="list-style-type: none"> • Expanded use of used disposable diaper recycling technologies and increased cost absorption opportunities • Practical application of advanced used disposable diaper recycling technology • Growing demand for products with low environmental impact 	Major	Major	Realized a system that washes and separates collected used disposable diapers and recycles them into pulp that is as hygienic and safe as unused pulp
		Reduction of water usage and consumption	Designing environmentally friendly products and promoting factory efficiency	Major	Moderate	Set target for reducing water withdrawal for the entire Group by 1% each year from the previous fiscal year, and promoting water withdrawal reduction, water recycling, and purification at production sites
	Energy sources	Use of renewable electricity	Achieve carbon neutrality in 2050, reduce energy costs	Major	Moderate	Introducing renewable electricity at production sites
	Products and services	<ul style="list-style-type: none"> • Development and expansion of lineup of low-carbon products and services • Development of new products and services through R&D and innovation • Leveraging of ability to diversify business activities • Adaption to changes in consumer preferences 	<ul style="list-style-type: none"> • Product development to encourage GHG emissions reduction • Purchasing with built-in GHG indicators • Promoting environmentally friendly products and development of environmental labels 	Major	Major	<ul style="list-style-type: none"> • Implementing system construction to visualize the GHG emissions of raw materials through the GHG Emissions Visualization Project • Continued to develop and market products conforming to the SDGs Theme Guideline, an internal guideline for contributing to sustainability
	Markets	Tapping into new markets	<ul style="list-style-type: none"> • Impact from the spread of environmentally friendly products • Impact of the proliferation of products using certified wood 	Major	Minor	Expanding 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"> • Switching to renewable electricity • Reducing electricity consumption • Reducing raw material consumption 	Major	Moderate	Establishing calculation rules and systems for the GHG Emissions Visualization Project and continuing to collect primary data from suppliers

Conforming to Regulations and Standards

In response to the transition to a 1.5°C target at COP26, Unicharm has revised its 2°C target previously approved by the SBTi in 2018 and resubmitted our 1.5°C target for certification.

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 raw materials by urging suppliers of raw materials to provide primary information concerning GHG emissions for each material.

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 (1.5°C target scenario and 4°C scenario) for the period up to 2050, using information from sources such as the IPCC*¹ *Climate Change Report* and the IEA's*² *World Energy Outlook 2023*.

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 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.

*1 IPCC: Intergovernmental Panel on Climate Change

*2 IEA: International Energy Agency

P.132 Business Risks

Indicators and Targets

To develop a specific action plan for mitigating climate change, Unicharm has endorsed SBTi since May 2017. After conducting simulations up to 2045 and consulting with SBTi, in June 2018, Unicharm became the 17th company in Japan to have its reduction plan certified for consistency with the 2°C target.



We have set specific long-term CO₂ reduction targets for both Scope 1 (direct emissions: from our own factories, offices, vehicles, etc.) and Scope 2 (indirect energy-related emissions: energy consumed by Unicharm, such as electricity).

SBTi CO₂ Emissions Reduction Targets

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

By achieving these goals, we will also be preparing for the following risks.

- (1) If regulations are strengthened in order to achieve the goals of the Paris Agreement, 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.
- (2) 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, 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 CO₂ emissions associated with raw materials procurement” (Scope 3, Category 1), “reducing CO₂ emissions in manufacturing” (Scope 1 and Scope 2), and “reducing CO₂ emissions associated with disposal of used products” (Scope 3, Category 12), which account for a large proportion of CO₂ emissions over the product life cycle, have been set as our targets for climate change response. For Scope 1 and Scope 2, meetings on energy conservation and renewable energy are held with promoters of environmental activities at each site four times a year, and implement and monitor the progress of annual plans. For “CO₂ emissions from raw material procurement” (Scope 3 Category 1) that form the bulk of our Scope 3 emissions, we perform LCAs*³ to calculate CO₂ emissions for each product from the design phase onward, and product developers and the ESG Division discuss these emissions and consider countermeasures from the perspectives of product function and CO₂ emissions. Following COP26, we have also reapplied with our 1.5°C target.

*³ LCAs: Life Cycle Assessments. A method used to quantitatively assess the potential environmental impact on our planet and ecosystem of the resources used and CO₂ emissions generated throughout a product's life cycle, encompassing raw materials procurement, production, logistics, use, and disposal.

P.035 CO₂ Emissions Throughout the Supply Chain (Overall Picture of Scopes 1 to 3)

P.035 CO₂ Emissions Associated with Raw Materials Procurement

P.036 CO₂ Emissions During Manufacturing, Sales, and Distribution

Biodiversity

Biodiversity Conservation

304-2

Our Basic Approach and Strategy

Unicharm promotes the use of resources in a sustainable manner based on the belief that damage to biodiversity caused by our business activities would result in tremendous damage to the entire value chain. With regard to pulp and paper in particular, which we use extensively as raw materials, we established the Forest-Derived Raw Materials Procurement Guidelines, procure materials only from properly managed forests, and contribute to the mainstreaming of biodiversity by eliminating illegally logged timber and protecting the rights of local residents and forestry-related workers.

Under the theme of “helping prevent deforestation (response to procurement-related issues),” part of our Environmental Targets 2030 announced in May 2020, we declared our 2050 Vision of “realizing a society with zero deforestation related to the purchasing of timber” to contribute to the preservation of biodiversity. To realize this vision, we set targets for 2030 that include ensuring traceability, completing confirmation of origin, and switching to 100% certified pulp and palm oil, as well as promoting the recycling of used disposable diapers.

▶ Forest-Derived Raw Materials Procurement Guidelines

Introduction

Unicharm recognizes the seriousness of environmental issues that have emerged in recent years, including the impact of global warming and loss of biodiversity, and 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 further specify and enhance the Basic Environmental Policy and the Basic Policy of Procurement more specific regard to biodiversity.

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 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) Prioritize 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, 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

P.022 Unicharm Group Basic Environmental Policy

P.103 Basic Policy of Procurement

Risks and Opportunities

Risks

Pulp raw materials come from North American slash pine that has been systematically planted and logged. However, if the cultivation of slash pine becomes difficult due to drought caused by global warming or forest fires caused by excessive dryness, there is a risk that the balance of supply and demand for raw materials will collapse, making stable procurement difficult, which could lead to higher purchase prices. There is also a risk that procurement costs for palm oil will increase due to higher demand for certified oil from the Roundtable on Sustainable Palm Oil (RSPO) and other organizations in consideration of sustainability, while in the absence of such consideration, there is a risk that wholesalers, retailers, and other distributors will stop handling palm oil and consumers will refrain from purchase.

Furthermore, there is a risk of incurring substantial costs to restore sites to their original state in the event of adverse impacts on biodiversity.

Opportunities

Proactive use of certified materials contributing to sustainability is expected to lead to the stable procurement of raw materials and control costs. Additionally, through collaboration with wholesalers and retailers to offer products that focus on the importance of biodiversity, we expect to gain consumer understanding and expand sales. Furthermore, by utilizing pulp made from hardwoods, which grow quickly and can be planted and logged systematically in Southeast Asia, we can expect to secure stable supplies of raw materials and reduce transportation costs in Asia, where we are expanding business. We believe these efforts will also lead to the revitalization of local economies through local production for local consumption.

Management Structure

Plans and progress on important biodiversity-related issues are shared and reported at ESG Committee meetings held four times a year and chaired by the president & CEO. Specific plans are organized in line with the Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) frameworks and reported in accordance with Environmental Targets 2030 and Kyo-sei Life Vision 2030.

We identify and review biodiversity problems and material issues through open discussions with outside experts to 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 with sustainability assurance.

P.009 Sustainability Promotion System

Indicators and Targets

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

Implementation Items		Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	2030 Targets	2050 Vision
Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw materials*1	97.0%	97.1%	98.0%	99.2%	100%	Completed	Realizing a society with zero deforestation related to the purchasing of timber
	Palm oil	77.2%	72.2%	80.0%	68.0%	95%		
Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories*2	52.0%	56.0%	64.0%	64.0%	72%	100%	
	Percentage of certified materials procured*3	76.0%	72.3%	75.0%	72.6%	73%		
Expanding the use of certified palm oil (RSPO-certified)*4	—	77.2%	72.2%	80.0%	68.0%	95%	100%	
Promoting the recycling of disposable diapers	—	Development ongoing	2*5	2	2	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

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

*3 In fiscal 2023, the calculation method was changed from a shipping weight basis to a purchase weight basis using the formula "purchase weight of 100% PEFC-certified pulp ÷ overall pulp purchase weight" and figures for fiscal 2022 and earlier have been retroactively recalculated.

*4 Certified palm oil is RSPO-certified oil based on the mass balance system.

*5 In fiscal 2022, we commenced operation of recycling facilities in two municipalities, Shibushi City and Osaki Town in Kagoshima Prefecture (conducted demonstration experiments on the collection of used disposable diapers in Higashiyamato City in fiscal 2020 and Machida City in fiscal 2021).

▶ Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Our Planet

Indicators	Fiscal 2021 Results	Fiscal 2022 Targets	Fiscal 2023 Results	2030 Targets
No. of products and services that implement the "3Rs + 2Rs" based on Unicharm's unique approach	Development ongoing	2	2	10 or more
No. of disposable paper diaper recycling facilities introduced	Development ongoing	1	1	10 or more

Initiatives and Results

Forest-Derived Raw Materials

Procuring Sustainable Forest-Derived Raw Materials

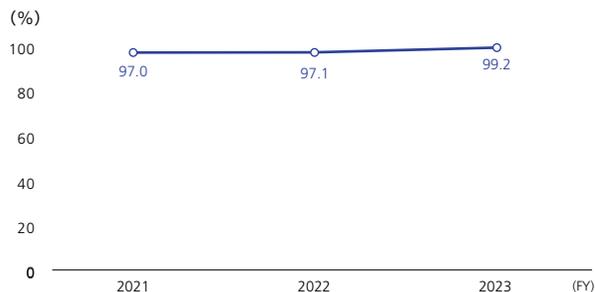
Unicharm is promoting the procurement of sustainable forest-derived raw materials. Much of the pulp used in product absorbent materials is made from Forest Management (FM)-certified softwood forests native to North and South America. We also request that suppliers not use raw materials harvested from high conservation value forests (HCVFs) and high carbon stock forests (HCSFs), which have a significant impact on biodiversity. Since fiscal 2016, we have expanded the scope of this policy to include local suppliers overseas in an effort to promote sustainable raw material procurement.

The percentage of forest-derived raw material (pulp) traceable to its origin was 99.2% for the Group overall.

Environmental Targets 2030: Ensuring the traceability of forest-derived raw materials to their origin

FY2023 Results
Percentage of forest-derived raw materials traceable to their origin
99.2%

Percentage of Forest-Derived Raw Materials Traceable to Their Origin



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), and in fiscal 2023, acquired certification for Factory #1 and Factory #2 at DSG International (Thailand), and for the Jaguariúna Factory in Brazil. As of December 31, 2023, 16 of 25 eligible factories have acquired certification, bringing the percentage of PEFC- and CoC-certified factories to 64.0%, while 72.6% of the pulp we procured was PEFC-certified.*1

PEFC- and CoC-certified labels have been included on the packaging of *Moony Natural*, *Moonyman Natural*, *Moony*, *Moonyman*,*2 *Moony Oyasumi-Man* (Japan),*2 *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.

*1 PEFC 100% certified pulp
*2 Excluding super big size

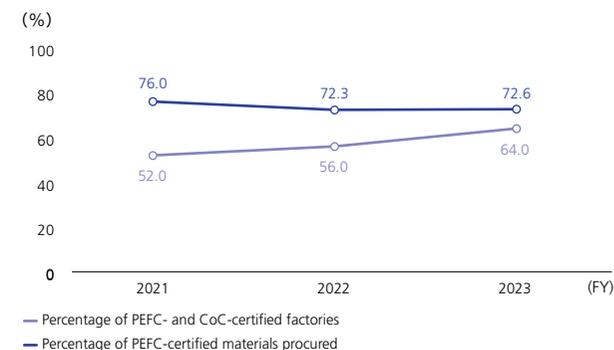


Products with the PEFC certification label (from left: Japan, South Korea, and Malaysia)

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



Percentage of PEFC- and CoC-Certified Factories and Percentage of PEFC-Certified Materials Procured



List of PEFC- and CoC-Certified Factories

Fiscal Year of Certification	Factory
2020	Karawang Factory No. 1 and No. 2, East Java Factory (Indonesia)
	Wellgrow Factory (Thailand)
	Fukushima Factory, Shizuoka Factory, Shikoku Chuo Factory, Kyushu Factory (Japan)
2021	Gumi Factory (South Korea)
	DSG Malaysia Factory (Malaysia)
	Hartz Pleasant Plain Factory (United States) Junan Factory (Taiwan-Greater China)
2022	Mie Factory (Japan)
2023	DSG Factory No. 1 and No. 2 (Thailand)
	Jaguariúna Factory (Brazil)

Concluding a Memorandum of Understanding Related to Forest Certification Joint Promotion

Unicharm, the Sustainable Green Ecosystem Council (SGEC), and PEFC Japan concluded a memorandum of understanding (MoU) in November 2022 to jointly promote the following six areas of sustainable forest use and protection. Furthermore, in an effort in an effort to “3. Conduct activities that contribute to the conservation of forest resources” as stated in the MoU, we participated in tree-planting activities conducted by SGEC and PEFC Japan in October 2023.



Forest Certification Joint Promotion Ceremony

P.049 Participation in the 5th Low-Pollen Cedar Tree Planting Festival (Japan)

MOU Related to Forest Certification Joint Promotion

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

Expanding Use of Certified Materials in Paper Packaging

From fiscal 2019, we switched to the use of certified materials for paper packaging and cardboard for masks, tampons, cosmetic cotton, cat food, and other products sold in Japan.



Paper packaging made from certified materials

Percentage of Office Paper Made from Certified Materials

We also value the importance of environmental awareness regarding paper used in our offices, and in fiscal 2023, 99.6% of office paper used was made from environmentally friendly materials (with 83.5% of office paper made from 100% recycled paper and 16.1% made from certified materials). The Unicharm Head Office is also gradually transitioning to office paper made with PEFC-certified paper.

Use of Hardwood Pulp

As hardwoods grow quickly and can be systematically harvested in Southeast Asia, we are promoting the development of products utilizing hardwood pulp as a raw material. For Unicharm, which is extensively engaged in business throughout Asia, the use of hardwood pulp diversifies raw material procurement sources and reduces transportation costs, while also leading to the development of local economies through the promotion of local production for local consumption.

Compared to the conventional softwood pulp we mainly use, hardwood pulp fibers are thinner and softer, which presents a challenge molding. In response, we developed a technology that uses a 3D fiber process to join the fibers, making them difficult to tear. This process creates an absorbent material that keeps its shape even with vigorous movement and perspiration. In fiscal 2020, we launched *Sofy SPORTS* sanitary pads that make the most of these features. In September 2023, we launched *Sofy Synchro Fit Daytime Use for Especially Heavy Menstrual Flow Thick Type*, a sanitary product leveraging the thin and soft characteristics of hardwood pulp featuring high-density absorbent materials that conform to the body and prevent leakage even when physically active, providing approximately 1.2 times greater absorbency than standard products.



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.031 Utilizing Plant-Derived Plastics

Providing and Expanding Our Line of Organic Products

Unicharm is expanding its product lineup to include products made using organic cotton, which minimizes environmental impacts on soil and water quality.

Initiatives in Japan

In Japan, along with expanding our lineup of *Moony Natural* and *Moonyman Natural* disposable baby diapers and *Sofy Organic Cotton* sanitary pads, we released *Lifree Sawayaka Pad Organic Cotton* for urinary incontinence care, *Sofy Center-in Compact 1/2 Organic Savon Scent*, and other products using organic cotton in fiscal 2023.

Number of Products Using Organic Cotton (Japan)

Fiscal Year	No. of Products
2021	23
2022	33
2023	53



Initiatives in Indonesia

During fiscal 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 infant skin. This product uses only organic cotton certified with Organic Content Standard (OCS) 100 of Control Union Certifications B.V., which certifies that the cotton is grown naturally without the use of pesticides. It has been highly praised and selected by the Indonesian World Record Museum (MURI) in October 2023 in recognition of the product's responsiveness to consumer feedback.



Recycling of Used Disposable Diapers

Since 2015, Unicharm has conducted demonstration trials involving the recycling of disposable diapers. In June 2022, select nursing care facilities in Kagoshima Prefecture began using disposable adult diapers that use recycled materials for a portion of their absorbent paper, realizing the horizontal recycling of used disposable diapers. In our recycling system, collected diapers are washed and separated, then undergo a unique ozone treatment process to sterilize and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use.

As of fiscal 2023, Unicharm operates used disposable diaper recycling facilities in the two municipalities of Shibushi City and Osaki Town, Kagoshima Prefecture.

Furthermore, although the production of virgin pulp for paper pants requires wood, we learned that 100 used adult disposable diapers recycled over a one-year period could save the equivalent of 60 trees in forest resources.*1



*1 Based on Unicharm research, March 2024

Environmental Targets 2030: Promoting the recycling of used disposable diapers



P.025 Reff Project Targeting the Realization of a Recycling-Based Society

Forest Conservation Activities

Participation in the 5th Low-Pollen Cedar Tree Planting Festival (Japan)

Unicharm has participated in tree-planting festivals held by SGEC and PEFC Japan since fiscal 2022. In fiscal 2023, we participated in the 5th Low-Pollen Cedar Tree Planting Festival held in October, donating approximately 200 cedar trees through the Matching Fund.*2



*2 Created to provide support for disaster-affected areas. Original polo shirts, jumpers, and other goods are sold within the company and worn by employees, with the company donating an amount equivalent to the purchase price of the goods to charity.

P.111 Matching Fund (Support for Disaster-Affected Areas)

Mangrove Planting (Malaysia)

In June 2023, Unicharm's local subsidiary in Malaysia collaborated with an NGO to plant mangroves in support of the "Greening Malaysia—Our Trees, Our Life" campaign launched by the Ministry of Natural Resources, Environment and Climate Change of Malaysia. Thirty employees participated in this event, planting 50 mangrove saplings.



Employee Awareness-Building (Brazil)

In June 2023, at Unicharm's local subsidiary in Brazil, a total of 400 tree and plant saplings were distributed to increase employee awareness of forest conservation.



Initiatives Aligned with Environment Day (India)

In June 2023, employees at Unicharm's local subsidiary in India conducted cleanup activities and planted trees around their respective plants in conjunction with World Environment Day.

Acacia Mangium Planting (Vietnam)

In November 2023, Unicharm's local subsidiary in Vietnam planted approximately 1,300 acacia mangium saplings in the vicinity of the Bắc Ninh Factory.



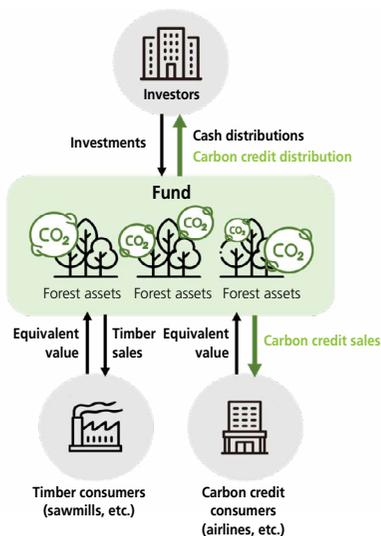
Participation in Green Campaign (Indonesia)

In December 2023, Unicharm's local subsidiary in Indonesia participated in the Green Campaign held in Karawang International Industrial City where our factory is located, planting a total of 1,150 mango and laurel saplings and vegetable seedlings in cooperation with 36 companies in the industrial park.



Participation in "Eastwood Climate Smart Forestry Fund I"

Unicharm is a participant in the "Eastwood Climate Smart Forestry Fund I" launched in June 2023 and managed by the Sumitomo Forestry Group. This fund consists of investments from 10 Japanese companies, including Unicharm, that aim to implement sustainable forest management, which contributes to combating climate change, in addition to conventional forest management for timber production. The investor companies receive profits from timber sales and carbon credits generated from the forests through appropriate forest management with the aim of contributing to carbon offsetting for society as a whole.



Participation in Forest Carbon Credit Project (Thailand)

In August 2023, Unicharm's local subsidiary in Thailand became the first manufacturer of consumer goods, including daily necessities, to participate in the "Carbon Credit from Community Forests for Sustainability" project sponsored by the Mae Fah Luang Foundation under Thai Royal Patronage. This project aims to provide proper protection for forests, prevent forest fires, conserve biodiversity, and generate sustainable income for local communities through forest carbon credits.

Palm Oil

Procuring Sustainable Palm Oil

Unicharm joined the RSPO in fiscal 2017 and promotes the procurement of certified sustainable palm oil.

The palm oil used in our pet foods is 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.

In 2023, Unicharm's procurement of RSPO-certified palm oil based on the mass balance system* was 113.1 tons, while 68.0% 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.

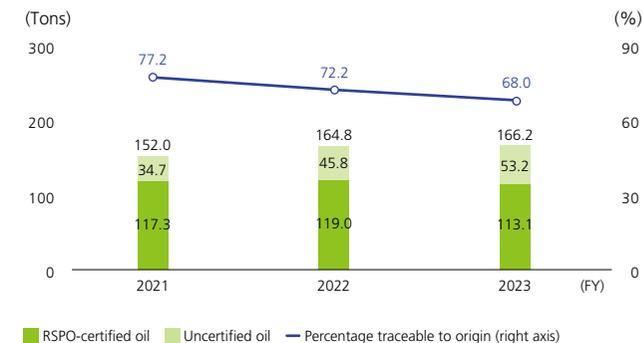


* A certification model in which certified oil produced at certified farms is mixed with other uncertified oil during the distribution process. Although the certified oil physically contains uncertified oil, the certified farms and the amount of certified oil purchased are guaranteed.

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



web Unicharm's progress can be confirmed here:
<https://rspo.org/>

web Fuji Oil Holdings Inc. > Sustainable Procurement of Palm Oil
https://www.fujioilholdings.com/en/sustainability/palm_oil/

Biodiversity

Reducing Emissions and Preventing Pollution

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

Our Basic Approach and Strategy

Unicharm recognizes its tremendous responsibility as a company that provides consumer goods essential for hygienic lifestyles, and we make efforts to minimize impacts on biodiversity at each stage of the product life cycle, from raw materials procurement to development, manufacturing, logistics, usage, and disposal, while protecting biodiversity around our factories by reducing emissions and preventing pollution.

Certified as a Ministry of the Environment Re-Style Partner Company (Japan)

Unicharm was certified as a Re-Style Partner Company by the Ministry of the Environment for promoting initiatives aimed at building a recycling-based society. We continue to promote the 3Rs (reduce, reuse, recycle) among consumers such as by our participation in the MOE-sponsored Let's Choose! 3R Campaign.



Risks and Opportunities

Risks

If we fail to dispose of emissions properly or violate laws and regulations, there is a risk we will be subject to penalties, such as suspension of operations orders from the government and other authorities. We also assume reputational risks, such as wholesalers, retailers, and other distributors suspending the handling of Unicharm products or consumers refraining from purchases due to bad publicity. There is also a risk of health hazards to employees, their families, and local residents who work at or live near business sites that generate environmental pollution. Depending on the location of the business site and its surroundings, the

impact from pollution could be widespread and include ground-water and atmospheric contamination.

We recognize that in the event of such pollution, there is a risk Unicharm will incur large financial burdens related to restoring the environment to its original condition and providing compensation in line with health hazards.

Opportunities

Unicharm takes appropriate measures centered on production sites to prevent air, water, soil, and other types of pollution. Specifically, these measures include the reporting, measurement, and management of environment-related indicators as determined by governments in each country and region. We believe that by disclosing this information, we are able to gain the trust of our stakeholders. We also believe that steadfast efforts and appropriate information disclosure will increase this trust, making it easier for consumers to choose the products and services Unicharm offers.

Furthermore, we believe our efforts to recycle used disposable diapers are recognized for their contribution to reducing emissions, thereby increasing the likelihood that our products will be selected in support of these efforts.

Management Structure

Plans and progress on important matters related to reducing emissions and preventing pollution are shared at ESG Committee meetings held four times a year and chaired by the president & CEO, and upon approval from the Board of Directors, a PDCA cycle is implemented toward the achievement of targets.

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.023 Environmental Management Structure
P.009 Sustainability Promotion System

Environmental Audits

Regarding emissions reductions and pollution prevention, activities and controls are implemented in accordance with environmental laws and regulations and ISO 14001. Three types of environmental audits are implemented 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 to confirm appropriate practices, and
- (3) Audits for specific purposes, including confirmation of legal compliance.

Indicators and Targets

With regard to reducing emissions, we have set and are promoting targets with a particular focus on addressing the problem of plastic waste. In terms of preventing pollution, we aim to achieve zero violations of environmental laws and regulations at each of our factories.

Responding to the Problem of Plastic Waste Under Environmental Targets 2030

Implementation Items		Base Year	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	2030 Targets	2050 Vision
Reducing usage of plastic in packaging materials	Per unit of sales	2019*1	-0.2%	-12.3%	-14.0%	-18.4%	-21.1%	-30%	Realizing a new society with zero plastic waste
Selling products that do not contain petroleum-derived plastic	—	—	Development ongoing	10 or more stock-keeping units (SKUs) sold					
Raising awareness about proper disposal of used products	—	—	38% (6 countries and regions)	50% (8 countries and regions)	56% (9 countries and regions)	56% (9 countries and regions)	63% (10 countries and regions)	Rolled out at all Group companies	
Eliminating the use of plastic in sales promotional items	—	2019	-8.9% (Japan)	-81.8% (Japan)	-30.0%	-86.9% (Japan) -76.5% (China)	-88.8% (Japan) -79.9% (China)	In principle, reduced to zero at all Group companies	

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

P.027 Plastic Waste Reduction Measures

Initiatives and Results

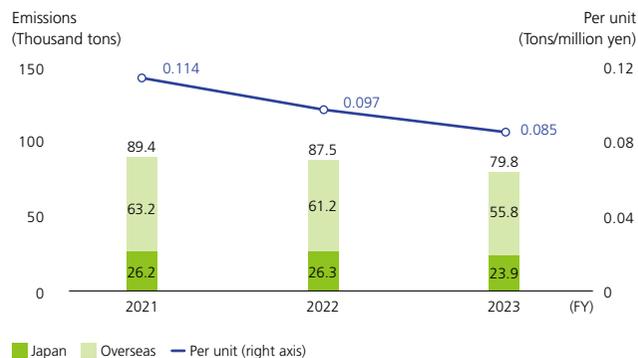
Reducing Emissions

Disposing of Emissions from Our Factories

Unicharm strives to minimize emissions by reducing product loss and recycling trim through improved manufacturing techniques. For emissions that are unavoidably generated from our factories, we look for and consign disposal for recycling to waste processors that have minimal impacts on biodiversity and the global environment from the perspective of the 3Rs (reduce, reuse, recycle). When selecting waste disposal contractors, we visit the site to verify how emissions are handled.

In fiscal 2023, emissions amounted to 79.8 thousand tons, a decrease of approximately 8 thousand tons from fiscal 2022. This is an approximately 12.4% reduction on a per unit of sales basis.

Emissions Generated



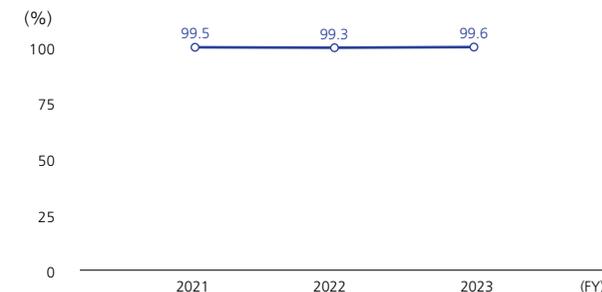
P.064 Environmental Data > Emissions Generated

Promotion of Recycling at Production Sites

Unicharm promotes the recycling of product waste and trim at production sites throughout the Group. In 2023, we attained a recycling rate of 99.6% at our production sites (four main factories) in Japan while maintaining a final landfill disposal rate of less than 1%, thereby achieving our target of zero landfill emissions at these sites for the 16th consecutive year. At production

sites overseas, our subsidiary in Thailand has adopted use of equipment that dismantles and recycles products not meeting specifications from the production process. In conjunction with our recycling efforts in Japan, we have achieved zero landfill waste at our production sites overseas.

Recycling Rate (Japan)*2



*2 Figures indicate the material and thermal recycling rates at Unicharm's four main production sites in Japan: Unicharm Products Co., Ltd.'s Fukushima Factory, Shizuoka Factory, Shikoku Factory, and Kyushu Factory (the incinerator at the Fukushima Factory was in operation until fiscal 2022).

P.064 Environmental Data > Recycling Rate

• **Secondary Uses of Product Waste**

301-2,301-3

Unicharm’s pet care product production subsidiaries Peparlet Co., Ltd. and Kinsei Products Co., Ltd. promote emissions reductions by making secondary use of Groupwide product waste as raw materials for *Paper-sand*® cat continence care products. In 2023, approximately 13 thousand tons of waste was reused as raw material.

Furthermore, the construction of a new factory in Shimada City, Shizuoka Prefecture, was completed in October 2023 to consolidate Peparlet bases around the Fujieda region of Shizuoka Prefecture. This new factory will improve production and logistics efficiency and promote the reuse of process waste and other materials generated at Group production sites in Japan and overseas, thereby reducing emissions.

• **Reusing Paper Tubes from Rolled Materials (Japan)**

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

• **Recycling Plastic Waste Generated During the Manufacturing Process for Use in Packaging (Japan)**

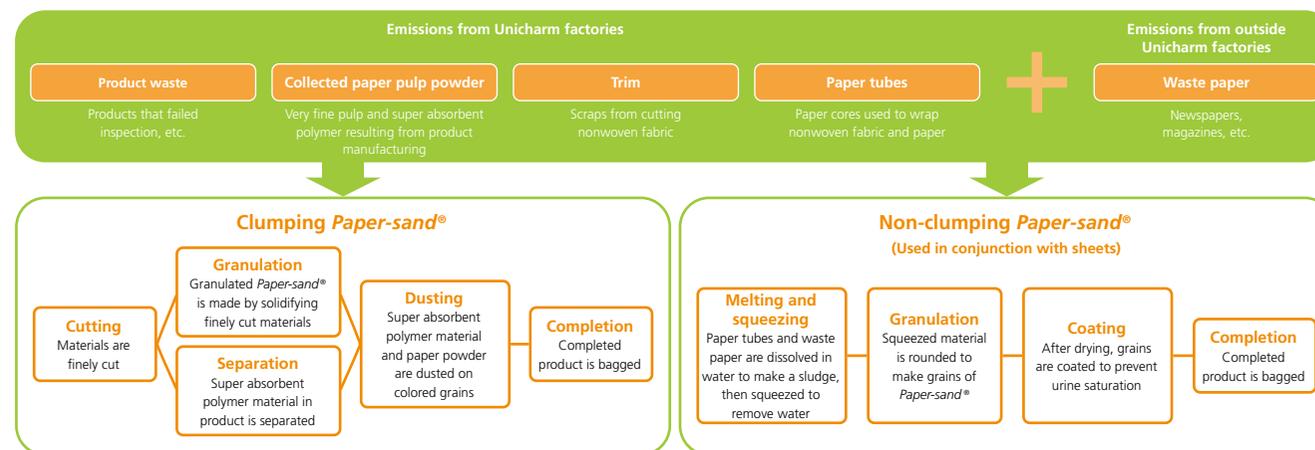
Unicharm recycles plastic materials generated at factories for use in product packaging.

P.029 Recycling Trimmings Generated in the Manufacturing Process for Use in Packaging

• **Industry Efforts to Reduce Pet Food Loss**

Unicharm endorses the Pet Life Support Project implemented by the Japan Pet Food Association and the Japan Pet Food & Suppliers Wholesalers Association with support from the Ministry of the Environment. This project facilitates a system to manage information registered by supporting manufacturers on pet food nearing its expiration date, and provides it free of charge to animal shelters upon request. Through this activity, we aim to reduce pet food loss throughout the industry and contribute to animal welfare by saving the lives of shelter dogs and cats and supporting their transfer to new foster homes.

▶ **Manufacturing Process of Paper-sand® Incorporating Secondary Use of Product Waste**



• **Reducing Waste Through the Recycling of Used Disposable Diapers (Japan)**

Since 2015, Unicharm has conducted demonstration trials involving the recycling of used disposable diapers. In June 2022, select nursing care facilities in Kagoshima Prefecture began using disposable diapers that use recycled materials as part of their absorbent paper, realizing the horizontal recycling of used disposable diapers. In our recycling system, collected diapers are washed and separated, then undergo a unique ozone treatment to sterilize and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use. Furthermore, we learned that 100 used adult disposable diapers recycled over a one-year period could reduce waste equivalent to 21 garbage trucks (two tons).*



* Based on Unicharm research, March 2024

Preventing Pollution

Unicharm is promoting measures to manage chemical substances and control the emission of hazardous chemical substances from its factories by considering their impact on people and ecosystems. We have formulated guidelines and a dedicated department investigates toxicity and legal compliance.

■ **Hazardous Waste**

• **Polychlorinated Biphenyl (PCB) (Japan)**

One unit of low-concentration PCB-contaminated equipment was discovered at the Itami Factory, but it was properly disposed of and there are currently none in storage.

P.064 Environmental Data > Polychlorinated Biphenyl (PCB) Storage Situation (Japan)

• **Substances Subject to the Pollutant Release and Transfer Register (PRTR) (Japan)**

With regard to toluene, Unicharm is gradually shifting to the use of toluene-free thinner.

P.064 Environmental Data > Pollutant Release and Transfer Register (PRTR) Substances (Japan)

Air Pollution Countermeasures

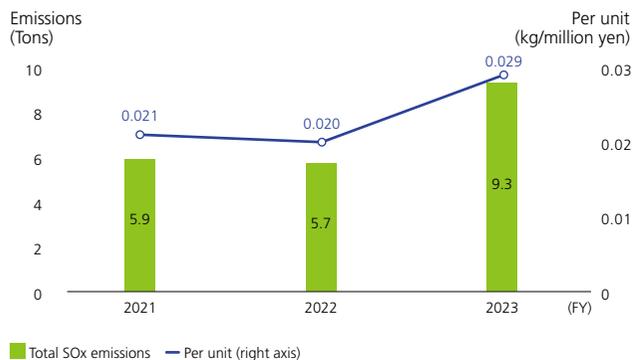
305-7

To counter air pollution, we are working to reduce nitrogen oxide (NOx) and sulfur oxide (SOx) emissions, which we are required to measure, by improving the operational efficiency of boilers and other equipment.

NOx Emissions (Japan)



SOx Emissions (Japan)



P.064 Environmental Data > NOx and Sox Emissions (Japan)

Protection of the Ozone Layer (Japan)

305-6

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

P.065 Environmental Data > Ozone-Depleting Substances (Japan)

Preventing Water Pollution, Soil Contamination, and Offensive Odors

Wastewater is discharged after measuring biochemical oxygen demand (BOD), chemical oxygen demand (COD), and other parameters in accordance with laws and regulations established by the governments of each country and region, after undergoing treatment in accordance with wastewater treatment standards. We strive to prevent pollution by setting and adhering to strict voluntary standards exceeding the standards of the Water Pollution Control Law and Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea in Japan, and the Water Pollution Prevention and Control Law of the People's Republic of China. In fiscal 2023, there were no violations of any laws, regulations, or voluntary standards, and the applicable factories properly reported to the government as required by laws and regulations.

Furthermore, to prevent soil contamination and offensive odors, we also conduct regular measurements according to in-house standards, and in fiscal 2023, there were no accidents associated with soil contamination or offensive odors.

P.065 Environmental Data > Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) (Japan)

Promoting Awareness of Proper Methods for Disposing of Products After Use

Waste disposal methods vary between countries and regions, and in some countries and regions where Unicharm provides its products, it remains common practice to bury disposable diapers in the ground or discard them in the river. For this reason, we educate customers on proper disposal methods through our product packaging. We also conduct environmental awareness classes for children in Indonesia and Thailand to educate them about waste separation and proper disposal methods. We believe these efforts will help protect rivers as water sources, and other ecosystems.

P.031 Raising Awareness About Proper Disposal of Used Products

Participating in the SPOGOMI World Cup 2023 (Vietnam)

In April 2023, three employees from Unicharm's local subsidiary in Vietnam participated in the SPOGOMI World Cup 2023 qualifying tournament. This event, which originated in Japan and combines elements of sports with trash pickup, was held at the Ho Chi Minh City University of Technology, where approximately 1.5 kg of trash was collected in one hour.



Cleanup Activities (Malaysia)

In November 2023, at Unicharm's local subsidiary in Malaysia, cleanup activities were conducted to protect the marine environment and ecosystem. 74 employees and their families and friends participated in this event, removing plastic bags, plastic bottles, glass, fishing nets, cigarette butts, and other trash along Kelanang beach and canal.



Water Recycling-Oriented Society

Water Resources

303-1

Our Basic Approach and Strategy

Although Unicharm uses limited amounts of water directly in manufacturing processes, water is an integral part of pulp, paper, and other material manufacturing processes conducted by suppliers of raw materials. Accordingly, we believe it necessary to make effective use of limited water resources, and in the interest of water conservation, we conduct water risk assessments of all our business activities and take measures accordingly, reduce water usage (water withdrawal) at production sites, and recycle and purify water, in accordance with the Unicharm Group Basic Environmental Policy.

P.022 Unicharm Group Basic Environmental Policy

Risks and Opportunities

Risks

We mainly manufacture and sell disposable diapers and sanitary pads, as well as wet wipes and other hygiene products and pet food. Although we use a small amount of water directly in our manufacturing processes, our upstream suppliers, from whom we procure materials, utilize substantial amounts of water as they use pulp, paper, and forest-derived resources as raw materials. There is a risk we will be forced to suspend operations due to instability in the supply of forest-derived raw materials, which is an underlying cause of water resource depletion; a risk of product sales suspension due to a dwindling supply of water used in wet wipe and pet food manufacturing processes; and a risk of cost increases in line with higher water usage costs and difficulty ensuring stable supplies of water. To this end, we ask all suppliers to understand and cooperate with the Unicharm Group Sustainable Procurement Guidelines.

We have conducted a medium- to long-term water risk assessment using the latest version of the Aqueduct Overall Water Risk Map, a World Resources Institute (WRI) tool, and request that our suppliers operating in particularly high-risk river basins carefully manage water resources and work to alleviate risk.

Opportunities

With the proliferation of hygiene awareness and practices, such as the habit of sanitizing with alcohol experienced during the pandemic, demand may increase for wet wipes to clean one's hands and surroundings without the use of water. The strength of our products is that they do not require water for use or disposal, and demand is particularly high in areas where droughts or disasters have occurred and lifeline services have not been established. Proactive involvement in these scenarios presents an opportunity to promote the use of Unicharm products.

P.104 Unicharm Group Sustainable Procurement Guidelines

Management Structure

Plans and progress on important matters related to water resources are shared at ESG Committee meetings held four times a year and chaired by the president & CEO, and upon approval from the Board of Directors, a PDCA cycle is implemented toward the achievement of targets. Furthermore, the ESG Division measures and monitors water usage (water withdrawal) on a monthly basis, and wastewater at least once a year.

P.023 Environmental Management Structure

P.009 ESG Promotion System

Indicators and Targets

Implementation Items	Fiscal 2023 Results	Fiscal 2024 Targets	Target Year
Reduce water usage (water withdrawal) by 1% annually YoY	Up 1.4% YoY	1% reduction YoY	Annually
Zero wastewater law and regulation violations at factories	Zero	Zero	Annually

Initiatives and Results

303-3

Water Security

303-3,303-4,303-5

Unicharm uses water mainly for equipment cooling, cleaning associated with machine maintenance, some nonwoven fabric manufacturing processes, and pet food manufacturing processes. We have set a goal of reducing water usage (water withdrawal) by 1% or higher annually year on year, and are reviewing processes, introducing water-saving equipment, and at some locations using rainwater to water plants. Water usage (water withdrawal) in fiscal 2023 was 4,821 thousand m³, an increase of 1.4% from fiscal 2022.

Water Usage (Water Withdrawal)



Water Usage (Water Withdrawal)*1



*1 Consolidated net sales are used as the denominator for per unit of sales. Some estimates have been revised since fiscal 2023 and the calculation method has been revised. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

Reducing Water Usage
(Water Withdrawal at the Kyushu Factory) (Japan)

The Kyushu Factory has reduced water usage (water withdrawal) and achieved zero wastewater by using an air-cooling system instead of a conventional water-cooling system for air conditioning equipment inside the factory. Going forward, we will expand the introduction of air-cooling systems to other factories when air conditioning systems are upgraded.

Reducing Water Usage (Water Withdrawal) by Recycling Water

Unicharm makes efforts to recycle water, with a focus on factories that use substantial amounts. We are promoting reductions in water usage (water withdrawal) by introducing water recycling systems at nonwoven fabric and Paper-Sand® manufacturing factories.

Recycling Water at Nonwoven Fabric Factories (Indonesia)

Our nonwoven fabric manufacturing factory in Indonesia has been equipped with water recycling equipment since the factory was established in 2013 to recycle water used in the manufacturing process. In fiscal 2023, the factory wastewater recycling rate was 87.3%.

Recycling Water at Peparlet Factories (Japan)

Peparlet factories recycle water by pumping wastewater from the dehydration process during Paper-sand® production back into the manufacturing process. Factory wastewater recycling rates for fiscal 2023 were 100%, achieving zero factory wastewater.

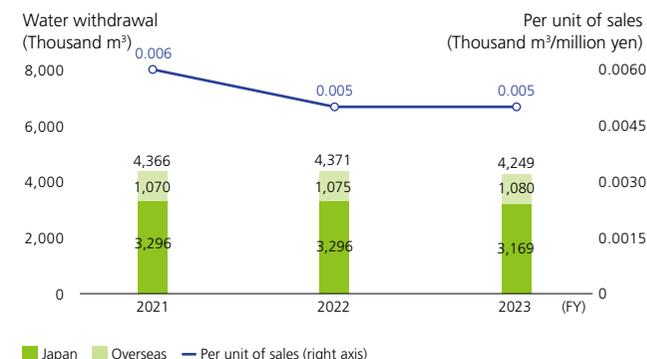
Water Usage and Wastewater Volumes

303-2

Unicharm defines water usage (factory usage + product usage) as “water withdrawal volume – wastewater volume.” Main water usage occurs at factories during the Paper-sand® manufacturing process and the evaporation of cooling water, while product water usage includes wet wipes and pet food.

In addition, wastewater volumes include some locations where wastewater is considered equal to water withdrawal. Wastewater is mainly discharged during the absorbent paper and pet food manufacturing processes. Wastewater in fiscal 2023 amounted to 4,249 thousand m³, a 2.8% reduction from fiscal 2022.

Wastewater*2



*2 Consolidated net sales are used as the denominator for per unit of sales. At sites where wastewater is not measured, wastewater volume is considered equal to water withdrawal. Some estimates have been revised since fiscal 2023 and the calculation method has been revised. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

Reducing Wastewater Volumes at the Itami Factory (Japan)

The Itami Factory, which manufactures pet food, invested in equipment to control wastewater in fiscal 2021 and fiscal 2022. Wastewater was reduced approximately 30% compared to wastewater volumes before capital investment by circulating cooling water after use, installing flow meters in each area, and replacing water supply pipes.

Identifying and Responding to Water Risks*

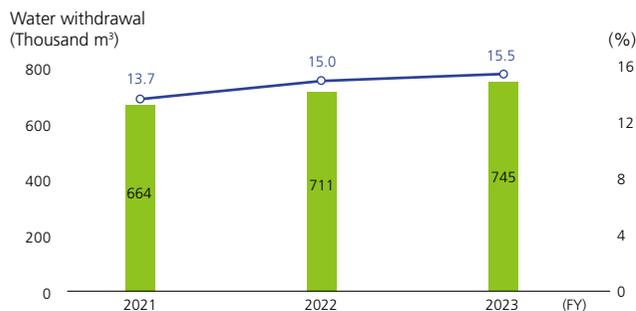
Of 39 total factories in the Unicharm Group, 14 were identified as having “extremely high” or “high” water stress scores in fiscal 2023 using Aqeduct. Even in areas with high water stress scores, we have set the goal of reducing water usage (water withdrawal) by 1% or more annually year on year, and are engaged in efforts to achieve these reductions. Furthermore, based on climate change and other future scenarios, we also identified seven factories that will have “extremely high” water stress scores in 2050, and recognize the need to address water risk going forward.

* Water stress is identified using the latest version of the Aqeduct Overall Water Risk Map, a World Resources Institute (WRI) tool.

Water Stress Score of Unicharm's Factories



Water Withdrawal and Percentages in Areas with High Water Stress



■ Water withdrawal in areas with high water stress
— Percentage of water withdrawal in areas with high water stress (right axis)

P.065 Environmental Data > Water Usage by Source (Water Withdrawal) (Overseas)

Collaborating with Relevant Agencies and Associate Companies in Response to Flooding (Thailand)

The Wellgrow Factory in Thailand is located in an industrial park near the Bang Pakong River, which is at high risk of flooding. This factory is an important manufacturing base for disposable diapers and sanitary pads for the domestic market in Thailand, as well as exports to other countries and regions. Although damage to this factory caused by flooding in 2011 was limited, we are cognizant of risks including labor and production capacity reductions and stoppages and sales declines, and are implementing countermeasures in collaboration with relevant agencies and associate companies.

Logistics Function Responses

- We created a shipping plan with logistics providers taking into account several alternative transportation routes in anticipation of flooding.
- We established a communication system using social media for daily operations and enhanced cooperation.

Employee-Focused Responses

- We created emergency evacuation procedures from Stage 1 to 6 with the highest priority placed on employee safety.
- We established a factory emergency organizational chart, communication network, and emergency response team that are revised annually in January. Emergency evacuation drills are also held regularly.

Factory Facility Responses

- Every year before the rainy season, we inspect sandbags and waterproof board partitions, and clean drains and gutters around the factory to prevent clogging.
- We collect river flooding information and monitor water levels as appropriate in cooperation with government agencies and Wellgrow Industrial Estate Co., Ltd.
- We strengthen advance preparations for location, design, and disaster-prevention products to minimize flood damage when building new factories. During factory expansions in 2014, designs were changed to raise the height of factory floors and drainage systems were upgraded.

Preventing Pollution

Water Pollution Control

Wastewater is discharged after measuring biochemical oxygen demand (BOD), chemical oxygen demand (COD), and other parameters in accordance with laws and regulations established by the governments of each country and region, after undergoing treatment in accordance with wastewater treatment standards. We strive to prevent pollution by setting and adhering to strict voluntary standards exceeding those of the Water Pollution Control Law and Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea in Japan, and the Water Pollution Prevention and Control Law of the People's Republic of China. In fiscal 2023, there were no violations of any laws, regulations, or voluntary standards, and the applicable factories properly reported to the government as required by laws and regulations.

P.054 Preventing Water Pollution, Soil Contamination, and Offensive Odors

Promoting Awareness of Proper Methods for Disposing of Products After Use

Waste disposal methods vary between countries and regions, and in some countries and regions where Unicharm provides its products, it remains common practice to bury disposable diapers in the ground or discard them in rivers. For this reason, we educate customers on proper disposal methods through our product packaging. We also conduct environmental awareness classes for children in Indonesia and Thailand to educate them about waste separation and proper disposal methods. We believe these efforts will help protect rivers as water sources, and other ecosystems.

P.031 Raising Awareness About Proper Disposal of Used Products

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 for which data has been compiled (100% of net sales)

All business locations inside Japan (however, data of sales offices and Unicharm Mölnlycke K.K. has been collected only for fuel, electricity, and CO₂)

Unicharm Corporation (headquarters, 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. (Toyohama Manufacturing Team, Kawano Manufacturing Team, Kokko 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., (Shanghai Factory, Tianjin Factory, Jiangsu Factory), 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 Private Limited (Sri City Factory and Neemrana 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 internal rules concerning the management of environmental information with reference to GHG protocols.

Notes

1. Scope 1 is calculated based on emission factors in the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

Vehicles used for business purposes were included under Scope 3-8 through *Sustainability Report 2023* as leased items, but in *Sustainability Report 2024*, vehicles used for business purposes were included in Scope 1 resulting fiscal 2021 and fiscal 2022 were as well.

2. Regarding Scope 2, CO₂ emissions from electricity in Japan are calculated based on emission factors of electric utility providers under the Greenhouse Gas Emissions Calculation, Reporting, and Publication System established by the Ministry of the Environment, while overseas emissions are calculated based on factors specific to laws and regulations in each country. As overseas emission factors have been revised in *Sustainability Report 2024*, results for fiscal 2021 and fiscal 2022 have been revised accordingly.

Brazil now uses 100% renewable electricity and Myanmar uses 100% private power generation. Steam is calculated using emission factors from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

3. Scope 3 was calculated only for Japan through *Sustainability Report 2023*, but in *Sustainability Report 2024*, overseas companies are included in the boundary.

In calculating overseas figures, emission factors are changed from the Ministry of the Environment database to the LCI database IDEA version 3.2.

Due to the expansion of boundaries and revision of emission factors, overseas Scope 3 emissions up to

fiscal 2022 have been added retroactively, and Japan emissions have been recalculated using the LCI database IDEA version 3.2.

Vehicles used for business purposes were included under Scope 3-8 through *Sustainability Report 2023* as leased items, but in *Sustainability Report 2024*, vehicles used for business purposes were included in Scope 1 resulting fiscal 2021 and fiscal 2022 were as well.

Overseas, Scope 3-1, 3-2, 3-3, 3-5, 3-6, 3-7, and 3-12 are calculated based on activity volume, with other categories estimated as a percentage of net sales.

4. In terms of transportation, we have statistics only for within Japan. The overseas portion of Scope 3 on P.062 is estimated based on the ratio of sales with Japan.

5. Energy conversion is calculated based on the Act on Rationalization of Energy Use and Shift to Non-fossil

Energy. Calculations for fiscal 2021 and fiscal 2022 are also based on the latest laws.

6. For sites where wastewater volume is not measured, wastewater volume is considered to be equal to water withdrawal.

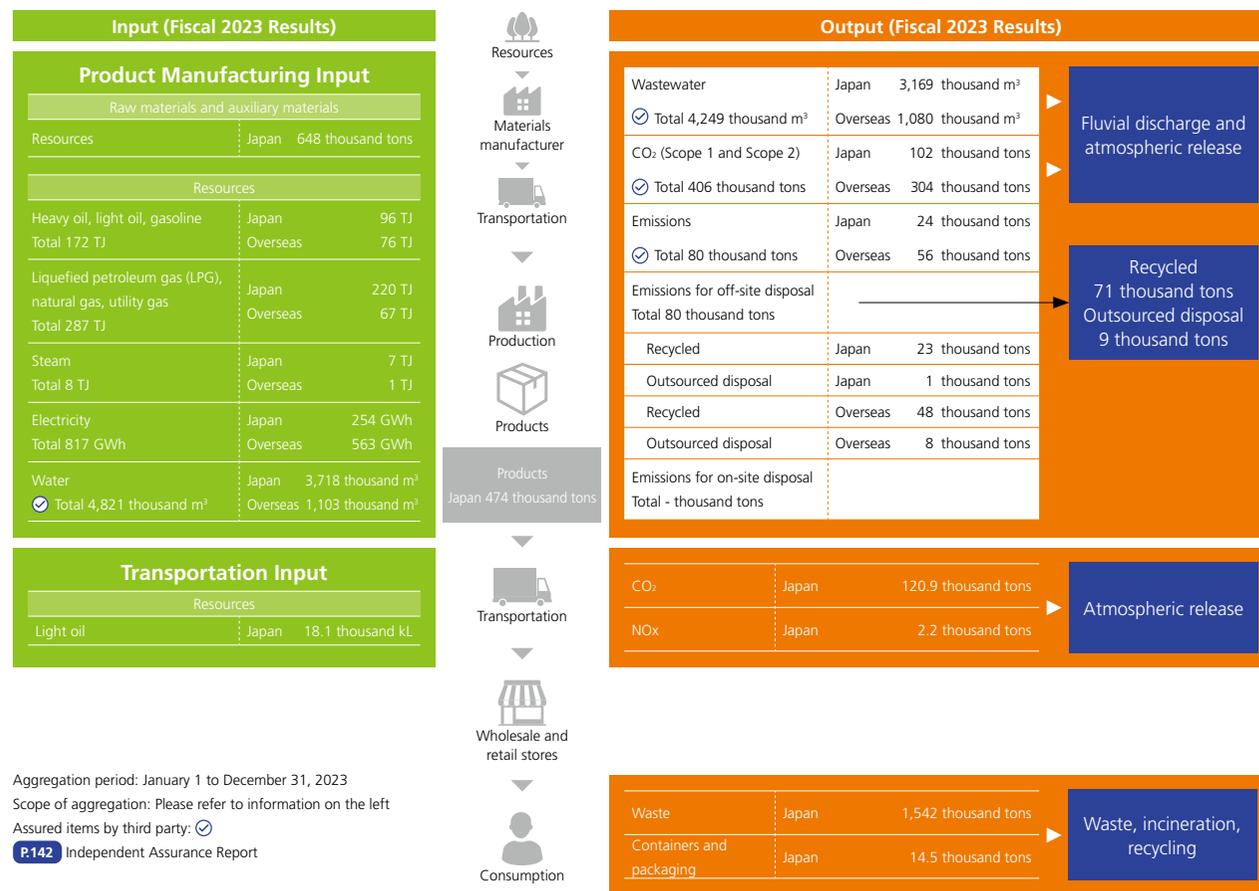
7. Emissions include industrial waste, general waste from offices, and recyclables.

8. Thermal recycling volumes calculated as on-site emissions have been eliminated in line with the decommissioning of the Fukushima Factory incinerator (October 2022).

9. To increase the reliability of our non-financial data, we have received independent assurance report from KPMG AZSA Sustainability Co., Ltd., in accordance with ISAE 3000 and ISAE 3410. Items with a check (✓) have been independently assured by a third party.

► 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



Aggregation period: January 1 to December 31, 2023

Scope of aggregation: Please refer to information on the left

Assured items by third party: (✓)

P.142 Independent Assurance Report

Resources Used in Product Manufacturing

Raw Materials and Auxiliary Materials

		Unit	2021	2022	2023
Resources	Japan	Thousand tons	687	658	648

Resources

		Unit	2021	2022	2023
Heavy oil, light oil, gasoline	Japan	TJ	93	76	96
	Overseas	TJ	9	12	76
	Total	TJ	102	88	172
Liquefied petroleum gas (LPG), natural gas, utility gas	Japan	TJ	238	190	220
	Overseas	TJ	107	75	67
	Total	TJ	345	265	287
Steam	Japan	TJ	78	90	7
	Overseas	TJ	—	1	1
	Total	TJ	78	91	8
Electricity	Japan	GWh	273	272	254
	Overseas	GWh	449	587	563
	Total	GWh	721	859	817
Water	Japan	Thousand m ³	3,754	3,670	3,718
	Overseas	Thousand m ³	1,080	1,082	1,103
	Total	Thousand m ³	4,834	4,752	4,821
Light oil used for transportation	Japan	Thousand kL	18.3	18.3	18.1

Output

		Unit	2021	2022	2023
Wastewater	Japan	Thousand m ³	3,296	3,296	3,169
	Overseas	Thousand m ³	1,070	1,076	1,080
	Total	Thousand m ³	4,366	4,371	4,249
CO ₂ (Scope 1 and Scope 2)	Japan	Thousand tons	142	136	102
	Overseas	Thousand tons	294	350	304
	Total	Thousand tons	437	486	406
Emissions	Japan	Thousand tons	26	26	24
	Overseas	Thousand tons	52	61	56
	Total	Thousand tons	78	88	80
Emissions for off-site disposal	Japan recycled	Thousand tons	22	23	23
	Japan outsourced disposal	Thousand tons	1	1	1
	Overseas recycled	Thousand tons	40	49	48
	Overseas outsourced disposal	Thousand tons	11	12	8
	Total	Thousand tons	75	86	80
Emissions for on-site disposal	Total	Thousand tons	3	2	—
CO ₂ emissions in transportation	Japan	Thousand tons	126.6	121.2	120.9
NOx emissions in transportation	Japan	Thousand tons	2.4	2.3	2.2
Waste in consumption	Japan	Thousand tons	1,611	1,566	1,542
Containers and packaging in consumption	Japan	Thousand tons	15.6	14.7	14.5

Total Product Weight (Japan)

	Unit	2021	2022	2023
Total product weight	Thousand tons	491	481	474

Basic Environmental Policy

► The Unicharm Group's ISO Certifications

(As of January 31, 2024)

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.	○	○	—	○
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

► CDP Rating

	2021	2022	2023
Climate Change	A–	A–	A–
Forests	B	B	A
Water Security	B	B	A

Recycling-Based Society

Plastic Waste Reduction Measures

► Raising Awareness About Proper Disposal of Used Products

	2021	2022	2023
Rate of awareness raised about proper disposal of used products	38% (6 countries/regions)	50% (8 countries/regions)	56% (9 countries/regions)

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

	2019 (Base Year)	2021	2022	2023
Display hooks	6.25	0.49	1.45	0.09
Fixtures	0.92	0.56	0.18	0.02
Racks	6.89	23.53	0.58	0.00
Others (including packaging materials)	17.04	3.77	3.46	3.97
Total	31.10	28.35	5.67	4.08

► Plastic Use (Tons) in Sales Promotional Items (China)

	2019 (Base Year)	2023
Plastic use (tons) in sales promotional items	119.8	28.2

Zero-Carbon Society

Responding to Climate Change

► Energy Use

		Unit	2021	2022	2023
Japan		TJ	1,382	1,379	1,237
Overseas	Thailand	TJ	430	397	390
	China		465	372	382
	Indonesia		572	561	532
	India		146	230	256
	Vietnam		173	139	139
	Taiwan–Greater China		31	27	26
	United States		24	22	17
	South Korea		48	49	46
	Saudi Arabia		210	213	212
	Egypt		51	59	73
	Myanmar		5	7	7
	Brazil		44	48	53
	Malaysia		47	44	36
	Total		TJ	2,245	2,169
Total	TJ	3,627	3,548	3,406	
Per unit*1	TJ / million yen	0.005	0.004	0.004	

Note: Calculations are based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and figures for fiscal 2022 and earlier have been retroactively recalculated based on the latest revisions.

*1 Unit denominators are consolidated net sales.

► CO₂ Emissions by Scope and Category

Scope	Category	Unit	2021	2022	2023	Remarks
Scope 1	Direct emissions	Thousand tons	35.5	31.6	29.2	*4
Scope 2	Indirect emissions from energy sources	Thousand tons	465.2	454.5	376.9	
Scope 3**3	1 Purchased goods and services	Thousand tons	3,781.6	3,774.1	3,400.5	
	2 Capital goods		140.6	85.2	100.8	
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2		62.2	59.1	52.9	
	4 Upstream transportation and distribution		364.2	376.4	348.5	
	5 Waste generated in operations		43.1	45.0	28.7	
	6 Business travel		2.1	2.1	2.1	
	7 Employee commuting		12.5	12.7	13.1	
	8 Upstream leased assets		0.0	0.0	0.0	*4
	9 Downstream transportation and distribution		108.3	110.5	111.3	
	10 Processing of sold products		0.0	0.0	0.0	*5
	11 Use of sold products		0.0	0.0	0.0	*5
	12 End-of-life treatment of sold products		2,033.4	2,138.0	1,896.3	
	13 Downstream leased assets		0.0	0.0	0.0	*5
	14 Franchises		0.0	0.0	0.0	*5
	15 Investments		40.2	39.6	34.7	
Total for Scope 3	Thousand tons	6,588.2	6,642.7	5,988.9		
Total for Scopes 1, 2, and 3	Thousand tons	7,088.9	7,128.8	6,395.0		

*2 Scope 3 was calculated only for Japan through *Sustainability Report 2023*, but in *Sustainability Report 2024*, overseas companies are also included in the boundary. In calculating overseas figures, emission factors were changed from the Ministry of the Environment database to the LCI database IDEA version 3.2. Due to the expansion of boundaries and revision of emission factors, overseas Scope 3 emissions up to fiscal 2022 have been added retroactively, and Japan emissions have been recalculated using the LCI database IDEA version 3.2.

*3 Overseas, Scope 3-1, 3-2, 3-3, 3-5, 3-6, 3-7, and 3-12 are calculated based on activity volume, with other categories estimated as a percentage of net sales.

*4 Vehicles used for business purposes were included under Scope 3-8 through *Sustainability Report 2023* as leased items, but in *Sustainability Report 2024*, vehicles used for business purposes were included in Scope 1 resulting fiscal 2021 and fiscal 2022 were as well.

*5 Does not apply to any business process

► Scope 1 and Scope 2 CO₂ Emissions

		Unit	2021	2022	2023
Japan*1		Thousand tons	147.6	136.3	102.1
Overseas	Thailand	Thousand tons	42.9	40.5	37.2
	China		58.1	47.5	25.7
	Indonesia		121.4	119.9	106.6
	India		32.6	46.4	44.2
	Vietnam		27.3	22.3	21.3
	Taiwan–Greater China		4.3	3.8	3.3
	United States		0.1	0.1	0.1
	South Korea		11.7	12.1	11.2
	Saudi Arabia		38.2	39.2	37.6
	Egypt		8.1	9.7	11.5
	Myanmar		0.3	0.6	0.5
	Brazil		0.1	0.1	0.1
	Malaysia		8.0	7.7	4.8
	Total		Thousand tons	353.1	349.8
Total	Thousand tons	500.7	486.1	406.2	
Per unit*2	Tons / million yen	0.640	0.541	0.431	

*1 Vehicles used for business purposes were included under Scope 3-8 until *Sustainability Report 2023* as leased items, but in *Sustainability Report 2024*, vehicles used for business purposes were included in Scope1 resulting fiscal 2021 and fiscal 2022 were as well.

*2 Unit denominators are consolidated net sales.

► Scope 3 CO₂ Emissions

		Unit	2021	2022	2023
Japan*3		Thousand tons	2,737.2	2,613.9	2,446.1
Overseas	Thailand	Thousand tons	864.9	801.9	778.6
	China		896.8	945.9	814.3
	Indonesia		663.3	602.2	481.2
	India		384.8	536.8	487.1
	Vietnam		165.3	163.7	156.2
	Taiwan–Greater China		83.9	72.6	57.5
	United States		103.6	143.5	109.1
	South Korea		66.6	68.0	60.6
	Saudi Arabia		391.9	442.3	371.9
	Egypt		54.4	82.1	68.0
	Myanmar		74.5	79.6	91.9
	Brazil		3.1	6.0	5.0
	Malaysia		98.0	84.1	61.4
	Total		Thousand tons	3,851.0	4,028.9
Total	Thousand tons	6,588.2	6,642.7	5,988.9	
Per unit*4	Tons / million yen	8.417	7.397	6.359	

*3 Vehicles used for business purposes were included under Scope 3-8 through *Sustainability Report 2023* as leased items, but in *Sustainability Report 2024*, vehicles used for business purposes were included in Scope1 resulting fiscal 2021 and fiscal 2022 were as well.

*4 Unit denominators are consolidated net sales.

► Procurement of Renewable Electricity

		Unit	2021	2022	2023
Japan		Thousand kWh	15,854	34,274	77,006
Overseas	Thailand	Thousand kWh	9,958	10,678	14,707
	China		19,813	23,143	53,831
	Indonesia		0	927	8,229
	India		0	0	5,880
	Vietnam		5,159	5,146	5,231
	Taiwan–Greater China		0	0	390
	United States		541	6,188	4,361
	South Korea		0	0	0
	Saudi Arabia		0	0	0
	Egypt		0	0	0
	Myanmar		0	0	0
	Brazil		12,374	13,230	14,199
	Malaysia		0	0	2,087
	Total		Thousand kWh	47,844	59,312
Total	Thousand kWh	63,698	93,586	185,921	
Percentage of renewable electricity use	%	7.3	11.0	22.8	

Biodiversity

Biodiversity Conservation

► Forest-Derived Raw Materials

		Unit	2021	2022	2023
Amount of third-party certified forest-derived raw materials procured	Japan	Tons	117,606	155,378	163,317
	Overseas	Tons	273,667	299,731	257,829
	Total	Tons	391,273	455,109	421,146
Percentage of paper and pulp traceable to place of origin*1	Japan	%	100.0	100.0	100.0
	Overseas	%	96.0	95.7	97.5
	Total	%	97.0	97.1	99.2

*1 Percentage of forest-derived raw materials (pulp) 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

► PEFC and CoC Certifications

		Unit	2021	2022	2023
Percentage of PEFC- and CoC-certified factories	%		52.0	56.0	64.0
Percentage of PEFC-certified pulp procured*2			76.0	72.3	72.6

*2 In fiscal 2023, the procurement ratio calculation method was changed from a shipping weight basis to a purchase weight basis using the formula “purchase weight of 100% PEFC-certified pulp ÷ overall pulp purchase weight” and figures for fiscal 2022 and earlier have been retroactively recalculated.

► Percentage of Office Paper Made from Certified Materials

		Unit	2021	2022	2023
Ratio of environmentally friendly office paper	%		98.9	99.9	99.6
Office paper made from 100% recycled paper			97.0	97.7	83.5
Office paper made from certified materials			1.9	2.2	16.1

► Number of Products Using Organic Cotton (Japan)

	No. of products
2021	23
2022	33
2023	53

▶ Palm Oil

	Unit	2021	2022	2023
Amount of palm oil procured	Tons	152.0	164.8	166.2
Amount of certified palm oil*1 procured		117.3	119.0	113.1
Percentage of raw materials traceable to place of origin	%	77.2	72.2	68.0
Percentage of certified palm oil*1 procured		77.2	72.2	68.0

*1 Certified palm oil is RSPO-certified oil using the mass balance system.

Reducing Emissions and Preventing Pollution

▶ Emissions Generated

		Unit	2021	2022	2023
Japan		Thousand tons	26.2	26.3	23.9
Overseas	Thailand	Thousand tons	8.0	7.6	7.3
	China		19.5	17.1	17.8
	Indonesia		8.3	8.1	7.2
	India		6.5	8.0	6.6
	Vietnam		6.0	5.8	5.7
	Taiwan–Greater China		0.8	0.8	0.7
	United States		4.4	4.0	1.0
	South Korea		1.6	1.5	1.3
	Saudi Arabia		3.9	4.1	4.2
	Egypt		1.5	1.7	1.9
	Myanmar		0.010	0.011	0.013
	Brazil		1.2	1.2	1.2
	Malaysia		1.5	1.3	1.0
	Total		Thousand tons	63.2	61.2
Total	Thousand tons	89.4	87.5	79.8	
Per unit*2	Tons / million yen	0.114	0.097	0.085	

*2 Unit denominators are consolidated net sales.

▶ Recycling Rate

	Unit	2021	2022	2023
Japan*3	%	99.5	99.3	99.6

*3 Calculated based on total material recycling and thermal recycling (the Fukushima Factory incinerator was in operation until fiscal 2022) at the four main domestic plants (Unicharm Products Co., Ltd.'s Fukushima Factory, Shizuoka Factory, Shikoku Factory, and Kyushu Factory)

▶ Polychlorinated Biphenyl (PCB) Storage Situation (Japan)

	Unit	2021	2022	2023
Units of PCB stored	Units	0	0	0

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

	Unit	2021	2022	2023
Toluene	Tons / year	43.1	43.2	180.1
Ethylene oxide	kg / year	18.8	95.8	31.9
Dioxin	mg-TEQ / year	0.085	0.290	0.000
Methylnaphthalene	Tons / year	0.10	0.10	0.04

▶ NOx and SOx Emissions (Japan)

	Unit	2021	2022	2023
NOx	Tons	15.7	15.2	12.2
NOx per unit	kg / million yen	0.056	0.053	0.038
SOx	Tons	5.9	5.7	9.3
SOx per unit	kg / million yen	0.021	0.020	0.029

► Ozone-Depleting Substances (Japan)

Substance	Business Site	Use	Unit	2023
Halon (Class 1)	Unicharm Products Shizuoka Factory	Fire retardant	Tons	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)	Refrigerant	Tons	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	2021	2022	2023
BOD	Tons	23.0	14.4	16.2
COD		20.5	9.8	18.6

Water Recycling-Oriented Society

Water Resources

► Water Usage (Water Withdrawal)*1

	Unit	2021	2022	2023
Japan	Thousand m ³	3,754	3,670	3,718
Overseas		1,080	1,082	1,103
Total	Thousand m ³	4,834	4,752	4,821
Per unit of sales*2	Thousand m ³ / million yen	0.006	0.005	0.005

*1 Some estimates and calculation methods have been revised since fiscal 2023. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

*2 Unit denominators are consolidated net sales.

► Water Usage by Source (Water Withdrawal) (Japan)*3

	Unit	2021	2022	2023
Surface water (rivers, lakes, and ponds)	Thousand m ³	155	157	152
Groundwater		760	697	660
Other water sources		2,840	2,816	2,906
Total	Thousand m ³	3,754	3,670	3,718
Of these, locations that have specified facilities under the Water Pollution Control Law				
Surface water (rivers, lakes, and ponds)	Thousand m ³	7	6	4
Groundwater		385	406	389
Other water sources		2,840	2,816	2,906

*3 Some estimates and calculation methods have been revised since fiscal 2023. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

► Water Usage by Source (Water Withdrawal) (Overseas)*4

	Unit	2021	2022	2023
Surface water (rivers, lakes, and ponds)	Thousand m ³	1,003	960	1,009
Groundwater		42	79	61
Other water sources		36	43	33
Total	Thousand m ³	1,080	1,082	1,103
Of these, areas with high water stress				
Surface water (rivers, lakes, and ponds)	Thousand m ³	630	640	691
Groundwater		33	71	54
Other water sources		0	0	0

*4 Some estimates and calculation methods have been revised since fiscal 2023. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

▶ Wastewater*1

	Unit	2021	2022	2023
Japan	Thousand m ³	3,296	3,296	3,169
Overseas		1,070	1,075	1,080
Total	Thousand m ³	4,366	4,371	📌 4,249
Per unit of sales*2	Thousand m ³ / million yen	0.006	0.005	0.005

*1 For sites where wastewater volume is not measured, wastewater volume is considered to be equal to water withdrawal. Some estimates and calculation methods have been revised since fiscal 2023. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

*2 Unit denominators are consolidated net sales.

▶ Water Stress Score*3

	Unit	2023
Extremely high	No. of factories	11
High		3
Moderate		10
Low		15

*3 The latest version of the World Resources Institute (WRI) tool Aqueduct (Aqueduct Overall Water Risk Map) is used to ascertain water stress.

▶ Percentage of Water Withdrawal from Areas with High Water Stress*4

	Unit	2021	2022	2023
Water withdrawal from areas with high water stress	Thousand m ³	664	711	745
Percentage of water withdrawal from areas with high water stress	%	13.7	15.0	15.5

*4 Some estimates and calculation methods have been revised since fiscal 2023. Accordingly, figures for fiscal 2022 and earlier have been retroactively recalculated.

068 Innovation Management

068 Product Development

1 2 3 4 5

1 2 3 4

1

072 Digital Transformation (DX)

1 2 3 4 5

1 2 3 4

1

075 Intellectual Property

1 2 3 4 5

1 2 3 4

1

076 Customer Satisfaction

076 Responsibility to Our Customers
(Consumers)

4

079 Quality

079 Quality Assurance

5

082 Human Rights

082 Respect for Human Rights

1

086 Human Resources

086 Development and Utilization of
Human Resources

4

092 Diversity and Inclusion

3

096 Employee Health

5

100 Occupational Health and Safety

5

103 Supply Chain Management

103 Sustainable Procurement

1

108 Communities

108 Social Contribution Activities

113 Social Data

Society

Kyo-sei Life Vision 2030

1	Extension of healthy life expectancy and improvement of QOL	4	Improvement of customer satisfaction
2	Support for society where gender and sexual orientation do not restrict people's activities	5	Provision of safe, reliable products
3	Coexistence with pets	1	Development of eco-friendly products
4	Improvement of childcare	1	Management practices that account for sustainability
5	Improvement of public hygiene	3	Promotion of diversity management
1	Innovations to achieve "NOLA & DOLA"	4	Fostering development of competent human resources
2	Practice of sustainable lifestyles	5	Construction of healthier workplaces and workplace safety systems
3	Construction of value chains that account for sustainability		

Innovation Management

Product Development

Our Basic Approach and Strategy

Unicharm's basic policy on product development declares that we will continuously create new value through technology innovation. Under this policy, Unicharm constantly conducts research on nonwoven fabric, super absorbent polymers, pulp and paper, pet food ingredients, and other raw materials while developing and upgrading 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 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 pet care products, we strive to precisely cater our development to specific breeds and age groups with the goal of helping ensure the well-being of dogs and cats, enabling them to live in harmony with their family and society.

In both areas of product development, we value the importance of being closely connected to the living spaces of our customers and, therefore, Unicharm's team of product developers visit households to identify needs and turn ideas into products by repeatedly developing and verifying hypotheses. In addition to conventional on-site surveys by product developers, our internally developed Digital Scrum System has proven highly useful to this process. The system uses the latest technology to enable visual and audio data collection 24 hours a day from remote locations. All subjects are family members and are monitored unobtrusively, enabling them to live their lives as normal with peace of mind while allowing timely observation of lifestyles and usage patterns in their actual state.

We believe this system will allow us to gain insight into our customers more quickly, spurring new ideas for product development. It also allows us to offer guidance and instructions on appropriate product and facility improvements to countries and regions located remotely from our Technical Center in Shikoku, which functions as the core hub of our product development.

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 confident and timely manner.



Management Structure

At Unicharm, we develop new products and rapidly revamp existing ones through an R&D&E (research, development, and engineering) system spanning four product categories (baby care, feminine care, wellness care, and pet care) which 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 for the stable mass production of these materials and technologies. Furthermore, as a company that continues to expand business globally, 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.

SDGs Theme Guideline: Internal Guideline for Contributing to Sustainability 302-5

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)

Specifically, we have adopted key themes for contributing to the achievement of the SDGs and aim to reduce input and increase output by 10%.

Examples of products conforming to the guideline in fiscal 2023 include *Silver Spoon Domestic Bonito in*, for which we reduced packaging weight and began using raw bonito from Japan for added value.



Indicators and Targets

► Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Individuals

Indicators	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	2030 Targets
Percentage of products and services that contribute to the realization of a society where everyone can have a sense of individuality	100%	100%	100%	100%
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%	100%
Percentage of products and services that contribute to the realization of a society where pets are welcomed by family members and community residents	100%	100%	100%	100%
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%	100%
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%	100%

► Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Society

Indicators	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	2030 Targets
Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life	100%	100%	100%	100%
Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	100%*1	10.5%	5.9%	50%
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	Development ongoing	Double (compared with fiscal 2020)
Percentage of products and services supported by consumers (No. 1 market share)	23.5%	23.7%	23.2%	50%

*1 The 2021 result for "Practice of sustainable lifestyles" was changed from number of cases (products and services) to percentage of products and services in accordance with the SDGs Theme Guideline.

► Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Our Planet

Indicators	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	2030 Target
No. of products and services that implement the "3Rs + 2Rs" based on Unicharm's unique approach	Development ongoing	2	2	10 or more

Initiatives and Results

Lifree Overnight Relief Absorption Pads for Sensitive Skin (Japan)

In April 2023, Unicharm released *Lifree Overnight Relief Absorption Pads for Sensitive Skin*, the strongest deodorizing absorption pads ever for the *Lifree* brand. Designed for use at hospitals and care facilities, they offer enhanced odor-eliminating and absorption capabilities through the use of activated carbon sheets, reducing stool odor components found in the urine of the elderly by around 50%.^{*2} They also come with a rapid absorption polymer that increases the absorption speed by 20%^{*3} to better prevent leakage.



*2 Unicharm product comparison

*3 Unicharm product comparison

Lifree Stretchable Tape-Type Perfect Fit Diapers (Japan)

In May 2023, Unicharm introduced *Lifree Stretchable Tape-Type Perfect Fit Diapers*, offering greater comfort for diaper use at hospitals and care facilities. These disposable diapers come with two separate stretchable tapes that can be attached together to hold the diaper firmly in place, fitting perfectly to any body shape. We have also increased the elasticity of these tapes by around 30%,^{*4} reducing the feeling of tightness.



*4 Unicharm product comparison

Sofy Active Pregnancy Monitorable Pantyliners (Japan)

In November 2023, we introduced *Sofy Active Pregnancy Monitorable Pantyliners* in our line of *Sofy* brand menstrual care products. To support women who are trying to conceive,*¹ Unicharm has long conducted research on possible methods for easily predicting when conception is most likely*² while leading an everyday life. As a result, we discovered that discharges contain certain substances which are key indicators of such timing. When these pantyliners detect moisture and said substances through *Sofy's* specially designed technology, two lines appear to indicate the optimum time for conceiving.

In conjunction with this product release, we launched a "Pregnancy Planning Mode" function for the *Sofy* menstruation management app that offers a product-linked function to monitor one's physical condition and notify them on when to begin using *Sofy Active Pregnancy Monitorable Pantyliners*.



*1 Refers to acquiring knowledge, discussing with family members, monitoring one's physical condition, and receiving fertility treatment, among other activities people often engage in when trying to conceive a child

*2 A time span of six days, which is the optimum time for conceiving

P.073 Providing Apps and Information That Help Women Address Concerns and Changes in Physical Condition and Menstruation

Sofy Lab Sanid Talord Khuen (Thailand)

Unicharm released *Sofy Lab Sanid Talord Khuen*, a sanitary pad for nighttime use that features a "3D lock pad," to provide reassurance of a good night's rest even during menstruation. The pad fits perfectly in all areas, preventing leakage from gaps. In addition, the packaging is designed in soothing black and purple with hand-drawn star and moon imagery, appealing to the tastes of our younger audience in particular.



Silcot Facial Towel Suhada Omoi (Japan)

In April 2023, Unicharm released *Silcot Facial Towel Suhada Omoi* silk-touch sheets, which reduce friction and irritation on the face after washing.*³

The sheets realize a gentle a silk-like texture through the use of 100% natural fiber, which is about 20 times thinner than pile yarn used in ordinary cloth towels. They have also been approved for safety by OEKO-TEX® STANDARD 100, an international safety certification for textile products, having cleared its most stringent standard, class I.



*3 Compared to ordinary towels

Unicharm Silcot Firming & Repairing Face Masks and Unicharm Silcot Firming & Brightening Face Masks (China)

In November 2023, Unicharm's first *Silcot* brand face masks were released in China. These products use hydrophilic nonwoven fabric, which stretches easily, and are uniquely designed to allow the mask to be hung over the ears and prevent shifting in motion. Also, pulling and fitting the mask allows beauty serum to easily penetrate the skin. They contain beauty ingredients such as hyaluronic acid for moisturizing, CICA (centella) for skin repair, rosa roxburghii fruit extract extract for lightening, and caffeine extract for skin tightening.



Gran-Deli MARIE Biscuits for Dogs (Japan)

The dog treat market continues to expand while more and more people are keen to enjoy meals and snacks with the beloved canine members of their family. Millennial customers, in particular, have expressed that they would be delighted if their favorite snacks were also available for their dogs. Taking this into account, in September 2023 Unicharm released *Gran-Deli MARIE Biscuits for Dogs*, a product jointly developed with Morinaga & Co., Ltd. As they are only 3 cm in diameter, these mini biscuits are designed to be fed easily, and the recipe was adjusted specifically for dogs to realize a gentle milky taste.



Gaines Golden Spoon Canned Wet Cat Food (China)

In October 2023, Unicharm launched *Gaines Golden Spoon*, a new line of canned wet food for adult cats, in China. It has a meat content of roughly 90%*⁴ and the chicken is cut into 1x1 cm pieces to allow the texture and taste of the ingredients to be savored. This product comes in three flavors (chicken, chicken & salmon, and chicken & beef) and can be fed to cats with peace of mind as it is free of starch, coloring agents, and seasonings.



*4 Excluding water

World's First One-Sided Opening*¹ Disposable Baby Diaper (Vietnam)

In October 2023, Unicharm's local subsidiary in Vietnam released *Bobby One Side Open Pants* for its *Bobby* brand of pants-type disposable baby diapers.

In Vietnam, people are highly cautious when it comes to choosing disposable diapers for newborns, based on widespread belief that lifting a baby's legs to change diapers would cause hip dislocation and that the diaper should be secured as tightly as possible around the waist. In response, we developed *Bobby One Side Open Pants*, a disposable baby diaper that comes with retractable tape on one side of the waist so that newborns can lie on their back for diaper changes without lifting their legs. When closed, the side tape covers the baby's stomach firmly and gently for a perfect fit.



*¹ Diapers featuring a wing on one side of the waist that can be opened and closed and is longer than the other side, which are the first of their kind among the world's leading disposable baby diaper brands (based on Unicharm research, October 2022)

Unicharm Pet Deo-Clean (Thailand)

Unicharm's local subsidiary in Thailand released *Unicharm Pet Deo-Clean*, wet wipes for pets available in unscented, powder-scented, and floral-scented types. They are designed to be safe even when licked by pets, as they contain 99% pure water.

These large 20x20 cm sheets are soft, thick, and durable, allowing pets to be wiped comfortably, contributing to their hygiene and well-being.



MamyPoko Pants Extra Absorb (India)

In October 2023, Unicharm's local subsidiary in India introduced *MamyPoko Pants Extra Absorb*, the most highly absorbent disposable diapers ever for the *MamyPoko* brand*² that allow babies to sleep soundly through the night.*³

In India, people are increasingly underscoring the importance of good sleep on their infant's development. These diapers feature an additional inner layer that is highly absorbent, abundantly absorbing urine and keeping the inner surface dry. In addition, the surface of the top sheet is enriched with coconut extract, ensuring that it is safe for babies' delicate skin. Its innovative Flexi Fit waistband gently wraps around the baby's belly, holding the diaper firmly in place and preventing leakage.



*² Compared with other *MamyPoko* brand products sold to date in India (based on Unicharm research, May 2023)

*³ Results of a diaper wearing experiment using a body movement sensor showed less body movements during sleep compared with existing products on the market (based on Unicharm research, December 2021)

Kirey Care Alcohol-Free Disinfectant Wet Wipes for Outdoor Use (Indonesia)

In Indonesia, it has become commonplace for people to wear face masks and use disinfectants due to growing awareness of health and hygiene since the COVID-19 pandemic. In view of this, Unicharm's local subsidiary PT. UNI-CHARM INDONESIA Tbk (UCI) introduced *Kirey Care*, alcohol-free disinfectant wet wipes that can be conveniently used on the go and cater to the growing health and hygiene awareness of customers in the country. They have met the sterilization test requirements of Indonesia and can be used without the concerns of skin irritation or odor that come with alcohol disinfectant wet wipes. Having received MUI*⁴ halal certification, this product is also approved for use by people of Islamic faith. Moreover, this product marks UCI's debut in the personal care field and wet wipes market.



*⁴ Indonesian Ulema Council

Recipient of Porter Prize 2023

The Porter Prize (administered by the Hitotsubashi University Business School Department of International Corporate Strategy (ICS)) was established in July 2001 to recognize companies that achieve and maintain high profitability in their respective industries through innovation in products, processes, and management skills, and the execution of unique strategies based on this innovation. The award is named after Professor Michael E. Porter of Harvard University.

Unicharm received the award in recognition of its dedication to the personal care field using technology cultivated in the area of nonwoven fabric and absorbent material processing and molding, and the synergies it is expected to generate in the pet care field, a relatively new line of business.



Innovation Management

Digital Transformation (DX)

Our Basic Approach and Strategy

Unicharm aims to create new value centered on the processing and molding technology for nonwoven fabric and absorbent materials that it has cultivated since its founding. This new value is the type of value truly sought by customers and defines our commitment to improving quality of life across the globe. However, as values continue to diversify, fulfilling the specific needs of each customer is no easy task.

In response, we visualize the vast array of data accumulated through our research and development activities over the years to develop insights into hidden desires of which customers themselves may be unaware. In addition to the specific needs of each customer, we strive to identify and grasp precise needs that subtly change according to situation, allowing us to provide the best possible products and services in the most suitable time and manner, and so endear ourselves to customers that they “could not imagine a world without Unicharm.”

These are the kinds of measures we take to closely connect with people at all stages of life, from newborns to the elderly, and continue to provide incremental value so that they, as well as their pets, who are beloved members of the family, continue to use our products and services throughout their lifetime.

Management Structure

In January 2021, the Company established the DX Promotion Division and launched an initiative to centrally manage and systematize measures related to digital transformation. Specifically, the DX Promotion Division plays a central role in forming a digital transformation alliance that organizes the DX representatives of Group companies. The alliance oversees the promotion of DX throughout the Company, such as managing the progress of various DX initiatives and developing employees into DX specialists.

Moreover, in July 2023 we established the Marketing by DX (MDX) Division. Aiming to maximize lifetime value, the MDX Division will develop a system that draws on digital technology to continue strengthening customer relations over the long term and accelerate the diversification of our products and services.

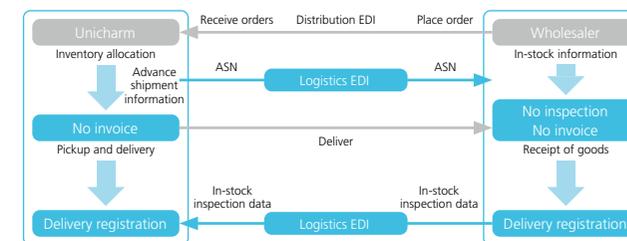
Initiatives and Results

Streamlining Logistics Operations Using Logistics EDI

In August 2023, Unicharm began distributing Advanced Shipping Notices (ASN)^{*1} to wholesalers using the Logistics Electronic Data Interchange (EDI)^{*2} provided by PLANET, INC., to improve productivity by digitalizing logistics operations. The distribution of ASN to wholesalers will simplify inspections at time of delivery and digitalize the invoicing process (reduce paper use), thereby improving productivity by reducing time spend on receiving goods and enhancing the efficiency of logistics resources. In addition, the digitalization of individual logistics transaction information, such as ASN, is expected to optimize transportation and delivery efficiency and inventory throughout the supply chain.

We will continue to improve the efficiency of logistics operations throughout the daily commodity goods industry in cooperation with wholesalers and logistics operators.

▶ Workflow Using ASN



▶ Benefits of Using ASN

1. Digitalization of invoices reduces the use of paper
As the manufacturer can distribute delivery statement information to the wholesaler using ASN data and the wholesaler can distribute inspection data to the manufacturer via the logistics EDI upon receipt of goods, neither manufacturers nor wholesalers need to print, store, or input invoice information, thereby improving operating efficiency.
2. Simplifies inspections at time of delivery between manufacturer and wholesaler
As the manufacturer can distribute ASN via the logistics EDI and the wholesaler can perform warehousing and storage tasks based on delivery statement information obtained in advance, the inspection process for incoming goods is simplified, thereby reducing throughput time^{*3} for delivery vehicles.

^{*1} Advance shipment information provided by the shipper to the receiver, consisting of ship-from and ship-to codes, order number, product code, delivery quantity, and other information

^{*2} EDI for logistics standards between manufacturers and wholesalers in the daily commodity goods industry; allows the manufacturer to distribute ASN to the wholesaler and the wholesaler to distribute in-stock inspection data—which provides information on receipt of goods—to the manufacturer

^{*3} The time it takes for a product to enter and exit the delivery site

Development of Smart Factories

The Kyushu Factory, completed in March 2019, is the Group's first smart factory. With the aim of streamlining tasks to be performed by anyone, realizing a safe working environment, and developing safe and reliable products, the Kyushu Factory has introduced IoT technology to provide timely access to on-site information, automated*¹ the movement and supply-related tasks of heavy items through the adoption of driverless vehicles and robots, and implemented AI-based data diagnostics to detect irregularities and predict malfunctions along production lines, thereby reducing labor and increasing efficiency.

We are also steadily proceeding with efforts to develop smart factories at our other locations through the introduction of collaborative robots and SCADA.*²



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

*2 Supervisory Control and Data Acquisition: A supervisory control system that controls processes and centralizes monitoring in manufacturing and industrial settings

UniChat AI Text Generation Service

In August 2023, Unicharm began using UniChat, an AI text generation service that utilizes Large Language Models (LLM) for employees in Japan. UniChat is provided in a safe and secure environment exclusively for the use of our employees, and is mainly used for summarizing, correcting, and translating text, and generating ideas for copywriting. We will continue to apply AI in the use of internal information to expand the scope of functionality for AI assistance services.



Providing Apps and Information That Help Women Address Concerns and Changes in Physical Condition and Menstruation

Unicharm is working to develop and provide informative content that helps women address concerns and changes in their physical condition and menstruation. Specifically, we offer Sofy First Body Navi, a website featuring useful content on menarche, as well as the Sofy Girl app and Sofy app, which help users of various age address menstruation-related concerns. As of December 31, 2023, these apps have a total of approximately two million registered users.

The Sofy app, which is designed mainly for adult women, can be readily used by anyone seeking advice on cramping, premenstrual syndrome (PMS),*³ and other menstruation-related concerns based on a diagnosis of 24 types of physical condition under the supervision of a physician. In November 2023, we launched a "Pregnancy Planning Mode" function for the Sofy app, which provides useful information for those trying to conceive*⁴

and offers a product-linked function to track the use of *Sofy Active Pregnancy Monitorable Pantyliners*.



In April 2023, we also launched official TikTok account "Sofy Sarakeda-so (Let's talk it out)" to help young people gain proper knowledge and promote mutual understanding of menstruation. TikTok users can learn various information through conversations held between characters Tsukiko, an expert on menstruation, and Nanoka, a first-year university student. The account has received more than 21 million views as of December 31, 2023, and will continue to regularly provide content that helps users address their menstruation-related concerns without having to deal with them on their own.



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

*4 Refers to acquiring knowledge, discussing with family members, monitoring one's physical condition, and receiving fertility treatment, among other activities people often engage in when trying to conceive a child

P070 Sofy Active Pregnancy Monitorable Pantyliners (Japan)

web Sofy First Body Navi (in Japanese only)
<https://jp.sofygirls.com/ja/girls.html>

web Sofy Girls 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>

web Sofy "Sarakeda-so" TikTok account (in Japanese only)
https://www.tiktok.com/@sofy_official_7days/

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 to 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 15.0 billion cases, and Unicharm's long-cultivated technologies for cat food and care products. Combining Unicharm's *Deo-Toilet* litter box for cats 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 improve their quality of life.



DOQAT 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 pets, with approximately 44,000 registered users as of December 31, 2023. Through the sharing of experiences and ideas between people with dogs and cats of similar breeds and ages, the service enables owners to gain insights from one another and lead happier and more peaceful lives with their pets. We also utilize Q&A data to develop even better products and communications with our customers.



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

Online Moony-Chan Classroom

To offer support for mothers and fathers with concerns about childbirth and childcare, Unicharm introduced its online Moony-Chan Classroom in fiscal 2020, which has been livestreamed on 10 occasions as of the end of fiscal 2021. In fiscal 2022, we created and provided video content on five themes that were particularly well received, such as changing baby diapers for the first time. In 2023, we continued to provide informative content by drawing on the advantages of video, which can be viewed with family members and partners at any place and any time.



Moony-Chan Classroom

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

Hands-Free Commute: A Subscription-Based Model for Disposable Diapers

A subscription-based model for disposable diapers to alleviate the burden on both parents and childcare workers, Hands-Free Commute has been introduced at several childcare facilities throughout Japan. Under Hands-Free Commute, we developed a system that monitors data on the number of disposable diapers and baby wipes at nursery schools and automatically calculates the order quantities of 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 approximately 4,500 childcare facilities as of December 31, 2023.



Recognized as a DX-Certified Operator

The DX certification system is a national system recognizing companies that meet the basic requirements specified in the Digital Governance Code based on the Act on Facilitation of Information Processing. Certified operators are deemed to be DX-Ready—that is, ready to transform their businesses using digital technology. Unicharm was recognized as a DX-Certified Operator in fiscal 2022.



Selected as a Noteworthy DX Company 2023

Unicharm was selected as a Noteworthy DX Company 2023 under the Digital Transformation Stocks (DX Stocks) 2023 program jointly administered by the Ministry of Economy, Trade and Industry (METI), Tokyo Stock Exchange (TSE), and Information-technology Promotion Agency, Japan (IPA). We position DX as one of our most important management strategies and utilize it to the fullest to explore and develop insight into the potential desires of customers and to innovate technology that adds new value to product functions.



DX注目企業2023
Digital Transformation

Innovation Management

Intellectual Property

Our Basic Approach and Strategy

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

The Intellectual Property Division centralizes the management of the Unicharm Group’s IP assets and formulates and executes IP strategies linked to its business and development strategies. 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 IP rights, we are also working to establish and strengthen our IP portfolio. To this end, we will acquire patent and trademark rights in a timely manner through the active use of the Patent Prosecution Highway Program of the Japan Patent Office and accelerated examination systems in Japan and overseas. We are also working to promote IP policies through active exchanges of opinion with the Japan Patent Office.

Meanwhile, Unicharm also takes a firm stance on protecting its IP 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 IP in both Japan and overseas. Through regular meetings with the relevant divisions and subsidiaries, the Intellectual Property Division devises countermeasures after discussing whether to secure IP to establish competitive advantages for Unicharm.

Initiatives and Results

Making Active Use of Intellectual Property

At Unicharm, we actively use IP rights to protect our high-value-added products and services. One of the most important areas of focus is the IP mix, which provides multifaceted protection of products and services with multiple IP rights, including patents, utility models, designs, and trademarks. We have two objectives 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 leverage our trademarks, designs, and utility models to minimize any potential damage to our sales.

We also analyze and keep abreast of information on the status of our IP in comparison with that of other companies. Objectively viewing the strengths of our IP, we communicate this information to senior management, business divisions, and the R&D Division.

In-House Training Programs

Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of the IP 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 matters such as patents, trademarks, and misleading representations.

Invention Reward Program

Unicharm has established the Invention Reward Program to recognize and reward inventors for inventions that have achieved results in all aspects, including not only a product’s functional value but also its social value, technical value, and patent value. 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 20-year history since fiscal 2004.

Customer Satisfaction

Responsibility to Our Customers (Consumers)

Our Basic Approach and Strategy

102-16

At Unicharm, it is a top priority of our corporate activities to continuously provide products and services that bring customer satisfaction. As a part of this policy, the Customer

► 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.

Center Vision and the Complaint Correspondence Policy.

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

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 Initiatives and Results

- III. Swift response through systematic collaboration between relevant departments

P.077 ISO 10002 Complaint Response Management System

P.080 ISO 9001 Quality Management System

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

P.078 Measures to Enhance Customer Satisfaction

P.078 Providing Useful Information and Services to Customers

- V. Improvement and development based on consumer and social needs

P.078 Training Sessions for Employees Using Feedback from Customers

P.078 Examples of Products Reflecting Customer Feedback

▶ 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.

Second Consecutive Award for Good Practices of Consumer-Oriented Management

At the Consumer Affairs Agency’s Awards for Good Practices of Consumer-Oriented Management, Unicharm received the Minister of State for Special Missions Award in fiscal 2022 and the Commissioner of the Consumer Affairs Agency Commendation in fiscal 2023. The 2023 award was in recognition of Unicharm’s approach to developing *Sofy Active Pregnancy Monitorable Pantyliners* and other products that reflect the voices of consumers, and its contributions to creating working environments that are accommodating to women through corporate seminars on menstruation.



Management Structure

With the Chief Quality Officer (CQO) in charge of quality control, Unicharm strives to improve quality and safety through customer opinions, which are collected by the CCC and relevant departments, and develop products that are tailored to customer needs.

Moreover, as an independent department that reports directly to the president & CEO, the CCC consults with the president & CEO and the CQO on the customer response policy once every six months. In addition, at meetings held by the CQO roughly once a month, we have developed and are operating a system to check the progress of targets and discuss and confirm the appropriate promotion of consumer-oriented management.

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.

Indicators and Targets

	Fiscal 2023 Target	Fiscal 2023 Result	Fiscal 2024 Target
Customer satisfaction level	Over 85.0%	91.8%	Over 85.0%

Initiatives and Results

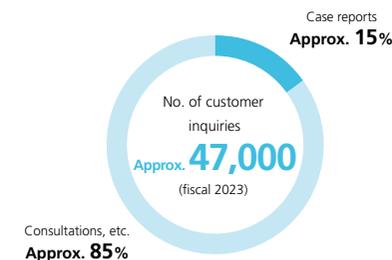
Reflecting Customer Feedback in Our Products and Services

In fiscal 2023, the number of customer inquiries decreased by 9.6% to approximately 47,000 (from approximately 52,000 in fiscal 2022) and of these, the number of cases reported were 7,142, a decline of 15.4% (from 8,444 in fiscal 2022). The introduction of chatbot AI technology and Store Locator System service, the addition of Q&A sections on our corporate website, and other measures to improve customer access to information contributed to the decrease in the number of inquiries.

Customer feedback is shared internally in real time using our FAIN centralized customer information management system and compiled into monthly reports to provide information to the relevant departments. In addition, members of the CCC actively participate in debriefing sessions with the R&D Division and the Marketing Division as well as product package confirmation meetings (communication assurance meetings) to continue to develop even better products and services for our customers.

P.081 Measures to Ensure Appropriate Product Labeling

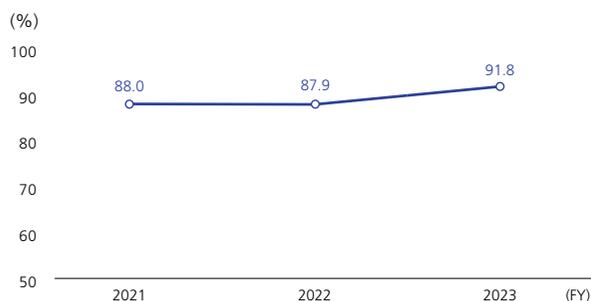
▶ Breakdown of Customer Inquiries



Measures to Enhance Customer Satisfaction

Unicharm conducts training sessions led by outside instructors and study sessions on specialized knowledge to enhance the quality of firsthand customer service provided by employees. In addition, we carry out a customer satisfaction survey each year through the participation of a third party as a part of our various efforts to continuously enhance the quality of service provided by the CCC. According to our fiscal 2023 survey, 91.8% of respondents were satisfied with our level of customer service, an increase of 3.9 percentage points from the previous year.

Customer Satisfaction Level



Training Sessions for Employees Using Feedback from Customers

The CCC provides employee training aimed at improving quality and customer-oriented approaches. In fiscal 2023, the CCC provided a curriculum using voice data, such as recordings of actual phone conversations with customers, to 93 newly hired graduates and employees of R&D, marketing, and other divisions. By providing such opportunities to hear the voices of customers, employees learn about the significance of incorporating customer feedback into our product development. It also inspires us to improve our customer-oriented approaches across the Group and further strive to provide products that bring satisfaction to our customers.

Activities of Overseas CCCs

With the aim of improving customer satisfaction across the Group, including its overseas subsidiaries, Unicharm is working to strengthen customer service skills based on the ISO 10002 complaint response management system and interoffice collaboration.

A meeting is held every six months with the participation of the CCC in Japan and overseas CCCs in China, Taiwan–Greater China, Thailand, Indonesia, Australia, India, Vietnam, and South Korea. By sharing issues in each country and region and developing solutions together, we continue to improve the quality of our customer service across the Group.

Providing Useful Information and Services to Customers

The “Know and Useful” section (in Japanese only) of Unicharm’s corporate website offers information and advice on nursing care, incontinence care, menstruation, trying to conceive, pregnancy and childbirth, childcare, and living with pets.

In addition, we offer a range of services to improve customer satisfaction. Specifically, we introduced the chatbot-based Adult Diaper Navi service, which helps users select the right adult diaper in an interactive manner, in fiscal 2017; 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, in fiscal 2021; and the Store Locator System service, which allows customers to immediately look up stores in their vicinity that sell Unicharm products at any place and time using their location information, in fiscal 2022.



Adult Diaper Navi service



Adult Diaper Counseling service



Store Locator System service

web Know and Useful (in Japanese only)
<https://www.unicharm.co.jp/ja/useful.html>

web Adult Diaper Navi service (in Japanese only)
<https://jp.lifree.com/ja/product/adult/choose/navi.html>

web Adult Diaper Counseling service (in Japanese only)
<https://www.unicharm.co.jp/ja/company/news/2021/1207-02.html>

web Store Locator System service (in Japanese only)
<https://map.unicharm.co.jp/>

TV Commercials with Subtitles

All Unicharm TV commercials aired in Japan are now subtitled* to ensure that the information we provide is communicated effectively to people who are hard of hearing.



TV commercial with subtitles

* The Company uses closed captioning, which allows viewers to turn subtitles on or off by using their remote control or pressing a button.

Examples of Products Reflecting Customer Feedback

Simplified packaging

We redesigned the individual packaging of *Sofy Synchro Fit* for improved accessibility by printing OPEN at its opening in response to customer feedback that the previous design was difficult to understand.



Additional larger sizes

In April 2023, we introduced an extra-large size of nighttime underwear brand *Oyasumi-Man* in response to requests for larger sizes that can be worn by children up to 35 kg in weight until the following morning without concerns of leakage.



Words of Appreciation from Customers

I purchased a pack of *Moony Newborn* diapers recently and they had a marking on the top sheet indicating where the baby’s bottom should be placed. The marking made it easy to know where to place the diaper, and I was able to put it on perfectly in just one try. I was really impressed. This will certainly benefit moms and dads who are not used to changing diapers as well.



My daughter recommended that I try out *Manner Wear for Cats* due to my concerns about the incontinence care of my elderly cat. These diapers are really convenient as they absorb urine well. Pets that have lived together for a long time are like family, so I wanted to share how great this product is to as many people as possible.



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 must not only continuously strive for improvements in quality and safety but also provide labels that convey information appropriately so that customers can use our products with peace of mind.

Policy on Management of Chemical Substances

To provide safe and reliable products and services to customers while reducing their impact on the global environment, Unicharm is committed to ensuring the high standards of safety it sets for itself 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 global 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

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

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.

Safety Confirmation Workflow



Reference Information Examples

- GHS (Globally Harmonized System of Classification and Labelling of Chemicals)
- ECHA (European Chemicals Agency)
- SVHC (Substances of Very High Concern)
- RoHS (Restriction of Hazardous Substances) Directive
- REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals)
- OEKO-TEX® STANDARD 100
- Commission Regulation (EU) 2015/1221
- DIRECTIVE 2009/48/EC
- POPs (Persistent Organic Pollutants)
- 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, 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 January 31, 2024, 90.3% (84.6% in Japan, 94.4% overseas) of Unicharm's business sites were ISO 9001-certified while 100% of its relevant business sites were ISO 13485-certified.

P.060 Environmental Data > The Unicharm Group's ISO Certifications

Indicators and Targets

▶ Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Society

Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2030 Target
Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted	100%	100%	100%	100%

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, Vietnam, and Malaysia. 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.

Operation of Chemical Substance Management System

In fiscal 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, 2023, 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.

Pet Food Safety Initiatives

Only those ingredients that have been confirmed as safe in accordance with 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 pet food. Standards and specifications established by the MAFF are used to verify the progress of measures taken against foreign substances, pesticide residues, and microbial contamination during the raw materials production stage. We also regularly visit manufacturers of these raw materials to confirm the status of quality control. Moreover, to ensure that they comply with the standards and thresholds stipulated in the Pet Food Safety Act established by the MAFF, 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 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 verify that the information on product labels is based on scientific evidence and to ensure that they meet 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.

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

Quality Management Initiatives in Manufacturing

Unicharm's quality management initiatives standardize factory manufacturing conditions and manual processes, minimizing variations in equipment and manual processes by maintaining and monitoring them to ensure the consistency of product quality. In addition, the Company provides information it receives from customers on defects to its production sites and improves quality, primarily through the Unicharm Total Manufacturing 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.

Under the UTMSS improvement activities, a presentation ceremony is held at least once a month. At the ceremony, the team that achieved the highest results in their improvement activities is recognized as the year's most outstanding team at the Global Production Award, which is attended by representatives of all Group factories worldwide. 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 activities, Unicharm's production sites 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 devices 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 are further improving the consistency of our product quality and the efficiency of our production activities and reducing product defects, thereby 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, a communication assurance council is established at the product design and packaging design stages to serve as a specialized screening function for product 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.

Acquisition of OEKO-TEX® STANDARD 100 Certification

Unicharm is working to expand its line of products accredited with 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 bear the STANDARD 100 label, which assures high standards of safety, all raw materials used in the product must clear the specified safety criteria.

In Japan, our STANDARD 100-certified products include *Moony Natural* and *Moonyman Natural* disposable baby diapers, *Silcot Premium Cotton* cosmetic cotton, and *Silcot Facial Towel Suhada Omoi* disposable facial wipes. These products are sold in Taiwan–Greater China, Russia, and Australia and are a prime example of our commitment to continuously expand our line of safe and reliable products across the Group.



Unicharm Receives Dermatest®'s Highest Rating on Dermatological Skin Test

Dermatest® is an internationally renowned dermatological laboratory established in Germany in 1978 that specializes in clinical trials using human subjects, cosmetics testing, and dermatology by adhering to strict testing standards.

BabyJoy Olive disposable baby diapers and *Sofy Olive* sanitary pads and panty liners, which are coated with olive oil and sold in Saudi Arabia, were certified as "excellent" by Dermatest®, receiving the highest rating of five stars in its dermatological skin test. This certification mark is printed on packaging to assure customers that these products are safe to use on the skin. Having already been certified with Dermatest®'s highest rating, *Lifree* disposable adult diapers will also feature this certification mark on packaging from fiscal 2024, and will be printed in Arabic to ensure even greater awareness of the safety of our products in Saudi Arabia.

Furthermore, a portion of Unicharm's sanitary pads sold in Taiwan–Greater China and South Korea have also been certified as "excellent" by Dermatest®, receiving the highest rating in its dermatological skin test.



BabyJoy Olive
(sold in Saudi Arabia)



Sofy Natural Cotton
(sold in Taiwan–Greater China)



Sofy Organic Cotton Slim
(sold in South Korea)

Human Rights

Respect for Human Rights

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

Our Basic Approach and Strategy

Since its founding, Unicharm has taken appropriate measures to promote respect for human rights based on its “spirit of respecting humanity and dignity” as stated in its management policy.

However, as a company that operates across the globe, where a variety of human rights issues exist, we must comply with and respect international human rights standards. In fiscal 2017, we established the Unicharm Group Policy on Human Rights, which aligns with the aims of the Universal Declaration of Human Rights (adopted in 1948 by the United Nations General Assembly), declaring our commitment to respect human rights through all our business activities. This human rights policy has also been incorporated into the Unicharm Group Charter of Actions, a statement of corporate ideals that are instilled in all Group employees.

Furthermore, to contribute to the economic growth of the countries and regions in which we operate, our local subsidiaries are given full control of business operations, actively creating employment in product manufacturing and sales and procuring raw materials from local suppliers based on the principle of local production for local consumption. In view of this, the Unicharm Group CSR Procurement Guidelines, which were upgraded to the Basic Purchasing Policy in fiscal 2017, and the Unicharm Group Sustainable Procurement Guidelines were formulated and implemented in fiscal 2009 and fiscal 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. We also encourage our business partners and suppliers to uphold and comply with this policy and to work together to promote human rights initiatives. Through these and other measures, we not only eliminate forced and child labor and ensure respect for children’s rights, but also

prohibit discrimination on the basis of nationality, race, religion, gender, sexual preference, age, family background, disability, or any other factors. We also ensure that Unicharm employees have

the right to freedom of association, collective bargaining, minimum wage, and that they are not subjected to excessive working hours.

► 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

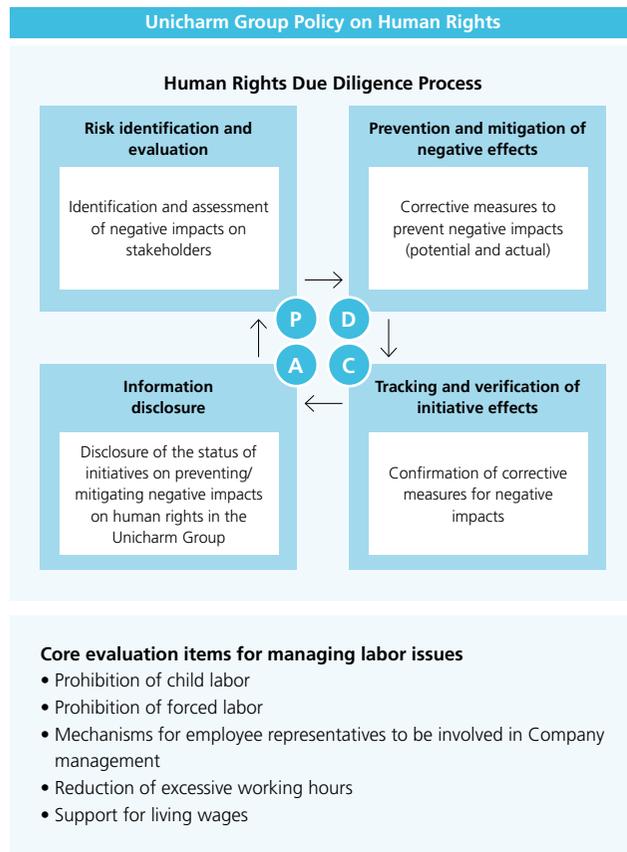
Revised: February 10, 2021

Takahisa Takahara

President & CEO

Unicharm Corporation

► Human Rights Due Diligence Process



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.104 Unicharm Group Sustainable Procurement Guidelines
- P.102 Prohibition of Child and Forced Labor
- P.074 Hands-Free Commute: A Subscription-Based Model for Disposable Diapers

Participation in the Kodomo-Mannaka Child Support Program

In July 2023, Unicharm endorsed the aims of the Kodomo-Mannaka ("child-centered") Declaration, which aims to realize a society in which children can grow in a healthy and happy environment by constantly considering what is best for them. The Kodomo-Mannaka Support program is an initiative that encourages people to share their own child-centered activities using social media.

Participation in the My Declaration of Human Rights Program

In fiscal 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).

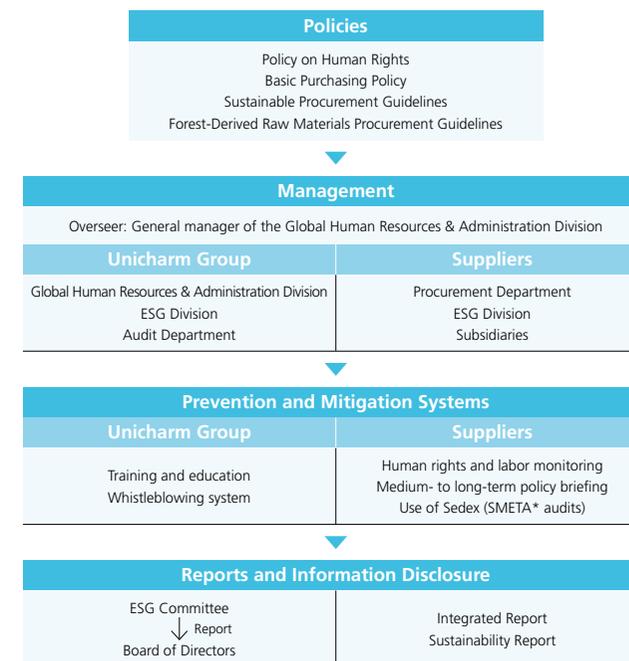
The Unicharm Group stands behind the realization of a society where human rights are respected as a fundamental right granted to all people. We will work to help realize a cohesive society in which everyone can continue to lead their lives in the way they so wish by being independent and supporting each 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 through 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.

- P.009 Sustainability Promotion System
- P.105 Supply Chain Management > Management Structure

► Overview of Human Rights Initiatives



* Sedex Members Ethical Trade Audit

Indicators and Targets

► Kyo-sei Life Vision 2030: Unicharm Principles

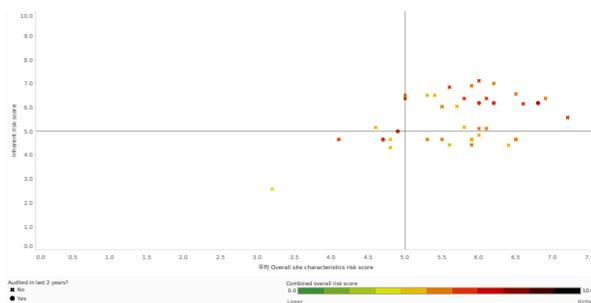
Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Annual Target
No. of serious human rights violations in the value chain	Zero	1 (revised)	1 (revised)	Zero

Initiatives and Results

Human Rights Risk Assessment at Unicharm Group Factories

In fiscal 2023, the Sedex*1 Self-Assessment Questionnaire (SAQ) was conducted and these results were used along with Sedex's risk assessment tool to calculate a risk score. The risk score is determined by calculating an inherent risk score based on each factory's country and region of operation and line of business and a site characteristic risk score based on the SAQ results. These scores are used as a reference to conduct an even more in-depth analysis of high-risk factories and formulate other risk mitigation measures.

► Risk Score of Unicharm Group Factories



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

*1 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 85,000 business members in 180 countries and regions use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

Human Rights Risk Assessments of Supplier Factories

P.105 Human Rights Risk Assessments of 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. Specifically, we utilize the Sedex Members Ethical Trade Audit (SMETA)*2 to identify such issues, which 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.

*2 A social auditing methodology developed by Sedex that 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: Number of Audits and Evaluations

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
2023	4	0	10	19	14	43

Audits of Supplier Factories

P.106 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 employee absentee rates and employee turnover rates at each factory, as well as to monitor progress made. In fiscal 2023, 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 human rights and the prevention of human rights 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 fiscal 2018, in order to promote awareness of the importance of respecting human rights around the world. The Unicharm Group Charter of Actions was amended and recited by all of our employees in fiscal 2021.

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 through which employees learn about harassment and other issues that are likely to occur in the workplace and the appropriate measures to take in the event of a human rights issue.

In fiscal 2023, all Unicharm Corporation employees were trained to gain a better understanding of unconscious bias by means of scrum meetings on how to respond in certain situations that are likely to occur in the actual workplace.

P.092 Diversity and Inclusion

P.130 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*1 of Unicharm Corporation and its subsidiaries and affiliate companies, and users are able to maintain anonymity when receiving consultation and reporting on matters. In fiscal 2023, there were no cases of serious human rights violations reported to these hotlines.

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

P.129 Whistleblowing System

Human Rights Education for Suppliers

In October 2023, the Unicharm Medium- to Long-Term Policy Briefing Session was held to ensure suppliers' awareness of and compliance 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's local subsidiary in Australia conducts training and educational programs on the risks of and measures against modern human slavery,*2 particularly for material suppliers and distributors and retailers along the downstream portion of the supply chain. These programs were held for five suppliers in fiscal 2023.

*2 Forms or acts of bonded labor, forced labor, human trafficking, etc., in which people are forced into slavery and servitude

P.024 Medium- to Long-Term Policy Briefing Session for Suppliers

Modern Slavery Statement 2022 (Australia)

In July 2023, Unicharm Australasia Pty Ltd. (UcA), a Group subsidiary in Australia, released Modern Slavery Statement 2022, which details the structural, operational, and monitoring frameworks for identifying risks concerning modern slavery within the supply chain network. Unicharm works as a Group implementing new policies and actions to mitigate modern slavery and positively impact human rights. In fiscal 2022, UcA continued to provide human rights training and education to primary, secondary, and tertiary suppliers, further demonstrating leadership in promoting respect for human rights in the regions in which it operates. UcA also solicited constructive feedback on Modern Slavery Statement 2022 from industry leaders around the world, and their meaningful advice on improvements to modern slavery measures have been reflected in the fiscal 2023 report and action plan.



web Unicharm Australasia Pty Ltd.
Modern Slavery Statement 2022

<https://modernslaveryregister.gov.au/statements/13860/>

Stakeholder Engagement for Human Rights

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

	Initiatives	Results
2020	<ul style="list-style-type: none"> Joined Sedex as an AB member to expand the building of a sustainable supply chain Participated in the Global Conference on Business and Human Rights in Tokyo, administered by CRT Japan, involving overseas experts on business and human rights as well as businesses and specialists in Japan 	<ul style="list-style-type: none"> Used the Sedex platform for respecting human rights and improving the work environment Gained an understanding of global trends and urgent issues related to business and human rights Obtained information on preventing/countering human rights abuses from the examples of practical efforts implemented by other companies
2021	<ul style="list-style-type: none"> Participated in the Global Conference on Business and Human Rights in Tokyo, organized by CRT Japan and the Institute for Human Rights and Business (IHRB) Participated in Sedex's JANZ (Japan, Australia, and New Zealand) Conference 2021 Participated regularly in Sedex's various community events (on the use of SAQ, audits, and gender-specific data, approaches to indirect suppliers for materials and services, and other topics) 	<ul style="list-style-type: none"> Gained diverse viewpoints and information from companies in various sectors, government authorities, NPOs, international organizations, attorneys, and providers of services related to human rights due diligence, which were used to determine the themes and specific approaches we must undertake on a priority basis
2022	<ul style="list-style-type: none"> Participated in forums on business and human rights and human rights due diligence held by the United Nations Development Programme (UNDP) Participated in subcommittee activities of Global Compact Network Japan Held discussions on human rights risk assessment through the ESG Committee 	<ul style="list-style-type: none"> Compiled information on recent developments in Japan and the rest of the world and on initiatives carried out by other companies; conducted risk analysis internally and incorporated the results into management decisions of the ESG Committee
2023	<ul style="list-style-type: none"> Participated in seminar on business and human rights and dialogue on human rights due diligence held by the United Nations Development Programme Participated in subcommittee activities of Global Compact Network Japan Participated in Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team Explained the Company's human rights policy to 143 supplier companies at the Unicharm Medium- to Long-Term Policy Briefing Session 	<ul style="list-style-type: none"> Compiled examples of best practices in other industries and expert opinions and information to determine direction of the Company's human rights initiatives

Human Resources

Development and Utilization of Human Resources

404-1,404-2,404-3

Our Basic Approach and Strategy

The Unicharm Group maintains a basic policy on human resources of enabling each employee to pursue three aspects of wealth: aspirational wealth, economic wealth, and wealth of 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 to society as a whole through their work while having an ambitious and broad outlook. Utilizing My Career Vision & Career Plan, a framework unique to Unicharm, each employee takes the initiative to formulate their own career development plan. Specifically, employees reflect on their own values and what matters to them most, on the basis of which they draw up a life vision and career vision for where they would like to be in three and 10 years. They then devise a career plan to realize these visions. Accordingly, we are working to expand the scope of various training programs and enhance employee appetites for learning and growth to help them fulfill their individual goals.

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 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.

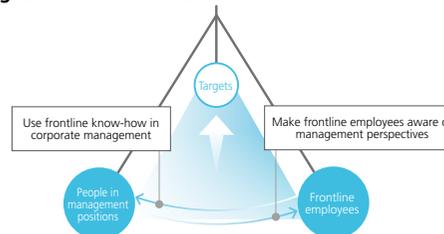
By means of such measures, Unicharm will continue to strengthen investment in human capital, ensuring that it continues to achieve business results and enhance corporate value by creating a rewarding workplace environment where diverse human resources are able to utilize their individual strengths to the fullest.

Management with Resonance: Unicharm's Unique Management Method

Unicharm has developed a unique management method in which the industriousness of each and every employee becomes the epicenter of change, increasing the resonance of individuals who work 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 practice of management with resonance, management can get firsthand information from the front lines in a honest, timely, and frequent manner while, through dialogue with management, employees can learn management perspectives, viewpoints, and time frames to develop mutual understanding. In this way, employees and management firmly work toward a shared goal, fostering a sense of unity that offers both challenges and comfort. The resonance we envision is like a pendulum, one in which daily ingenuity and know-how swing back and forth between employees and management.

Management with Resonance

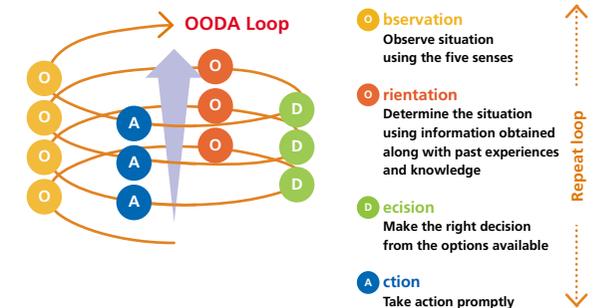


Operation of the OODA Loop Methodology

Since fiscal 2003, Unicharm has operated the Schedule–Action–Performance–Schedule (SAPS) management model through which each employee thinks and acts on their own initiative to achieve goals by actively operating a PDCA cycle, enhancing the strengths of both employees and the organization. However, it became necessary to establish a model that adapts to today's ever-changing business environment more flexibly than ever. Recognizing this need, we replaced the SAPS management model with the Observe–Orient–Decide–Act (OODA) Loop methodology in fiscal 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 quickly take action. This cycle is repeated while constantly reviewing approaches and continuously making fundamental changes. By rotating the OODA Loop methodology, we nurture employees who can autonomously take action based on quick situational judgment and decision-making in response to changes in the business environment.

Philosophy of the OODA Loop Methodology



- Observation**
Observe situation using the five senses
- Orientation**
Determine the situation using information obtained along with past experiences and knowledge
- Decision**
Make the right decision from the options available
- Action**
Take action promptly

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

Relationship Between Management Strategy and Human Resource Strategy

At Unicharm, we believe that business results are determined through the combination of strategic planning and strategy execution.

In terms of strategic planning, it is imperative that each employee formulates detailed strategies that reflect the specific circumstances of the economy and lifestyles of each country and region without compromising the intuition, know-how, and key aspects of the Company's strategies. Specifically, each employee formulates a plan independently every six months using the Objectives–Goals–Issues–Strategies–Measures–Action Plan (OGISM (A))* table, which incorporates the steps of strategic planning in a standardized format. In analyzing the current situation, predicting environmental changes, and identifying risks and opportunities, we refer to The Unicharm Way, which is infused with management know-how accumulated since the Company's founding in 1961, to enhance the accuracy of plans.

We then proceed to the strategy execution stage using the OODA Loop methodology to achieve our goals.

To instill and accelerate this series of efforts across the Group, we utilize KYOSHIN, a Groupwide human resource development platform, to invigorate communication between leaders and members.

* 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 based on the global development of resonant personnel who embody Best Practiceship, Ownership, & Partnership (BOP-Ship)—one of Unicharm's strategies under the 11th Medium-Term Management Plan. Upon management approval, human resource development strategies and measures are deployed across the Group, in conjunction with the human resource managers of the relevant divisions and the human resource departments of Group companies and affiliates.

Indicators and Targets

► Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	2030 Target
Percentage of positive answers received for the "Growth Through Work" section of the employee awareness survey	81.4% (Japan)	89.2%	88.7%	80% or more

Note: Results for fiscal 2022 and thereafter cover all Group companies.

Initiatives and Results

A Human Resource Development Program Inspired by 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. We promote management with resonance by ensuring that The Unicharm Way is practiced by employees in their day-to-day business activities. Previously available only in booklet form, since fiscal 2021, this statement of corporate ideals has been accessible through a Company smartphone app offered in nine languages, including English and Japanese, enabling all employees to immerse themselves in The Unicharm Way at any place and time.



My Career Vision & Career Plan

Unicharm has introduced a system called My Career Vision & Career Plan in which each year employees create their own career vision and career plan and receive career-related advice and support from their supervisor toward the realization of their

personal goals. We encourage employees to envision where they want to be in three and 10 years, backtrack from there and think proactively about the skills they need to acquire now, and take action.

KYOSHIN Human Resource Development Platform

Appropriate guidance from supervisors is essential to the development of employees. To strengthen the leadership skills of supervisors across the Group, Unicharm has utilized the KYOSHIN human resource development platform since fiscal 2021. KYOSHIN has helped to reduce inconsistencies in the leadership skills of supervisors and establish a global system that tracks the development of each employee. Specifically, employee goals are entered into KYOSHIN every six months, which are approved by a supervisor upon confirming details via interview. At quarterly interviews thereafter, supervisors confirm the progress of these goals and provide feedback. KYOSHIN has played an integral role in enhancing the frequency and quality of communication between supervisors and employees, and in turn, employees have become more motivated to pursue ambitious goals while supervisors have become more adept at developing younger talent. The KYOSHIN platform was introduced at 17 local subsidiaries in Japan and overseas in fiscal 2023.

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

At Unicharm, we use the term "scrum" to describe the smallest organizational unit, such as a section or a group. Scrum leaders play a pivotal role in developing resonant personnel by helping scrum members achieve their goals and enhance productivity. The Scrum Leader On-the-Job Training (OJT) Workshop was held for the first time in Japan in fiscal 2022. In fiscal 2023, it was held a total of 17 times and attended by 262 scrum leaders. This workshop is an opportunity for leaders to learn how behavioral changes should be made to simultaneously achieve strategy execution and human resource development. Through daily OJT, we aim for scrum members and leaders to grow together and, going forward, this workshop will be expanded across the Group as mandatory training for new leaders. Furthermore, scrum leaders are provided an allowance of ¥20,000 per month for

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.

To build a foundation and develop all employees into individuals who can resolve business issues using digital technology, in fiscal 2023 we held the Python Intermediate Level Training for sales staff, 11 of whom completed the program. Moreover, to promote reskilling and thereby enhance IT literacy, develop more digital human resources, and acquire qualifications, we encourage employees to acquire IT Passport certification and provide allowances to those who get certified. In fiscal 2023, over 200 employees acquired IT Passport certification.

Additionally, a DX e-learning seminar was held four times in fiscal 2023 for employees to learn, in quiz-based format, basic ways to effectively use AI in their work. The seminar was attended by 72.5% of Unicharm employees and 61% of Group employees in Japan, and the use of generative AI continues to increase across the Group.

Furthermore, 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 introduced in Japan and 12 overseas subsidiaries. In fiscal 2023, over 3,000 employees attended an average of 4.5 hours of courses offered on this platform.

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.

P073 UniChat AI Text Generation Service

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 positions they hope to be transferred to and reconsider the required skills and background by allowing them to directly experience working in these positions. We have also introduced a career challenge program that facilitates the personal development and the achievement of career plans by enabling employees to voluntarily request transfers to their desired positions. Employees can apply to the recruiting departments through the Company's intranet by outlining the goals and objectives they hope to achieve through the transfer based on their My Career Vision & Career Plan, and taking stock of the skills and knowledge required.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Coverage
No. of employees participating in the in-house internship program	32	26	28	Unicharm Corporation
No. of employees participating in the career challenge internship program	17	26	25	

Grand Prize at LinkedIn Talent Awards 2022

Unicharm received the Grand Prize in the Learning Champion category of LinkedIn Talent Awards 2022, which recognizes companies using LinkedIn Talent Solutions. The award was in recognition of our strong track record in the use of LinkedIn Learning from the aspects of percentage of repeat learners, average percentage of logins, and average viewing time per learner, as well as the frameworks we have adopted to motivate employees to learn on their own.



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. By designating a senior employee of relatively similar age, this program provides an environment that fosters the growth of everyone involved, enabling new graduate employees to comfortably discuss their concerns and senior employees to contribute to the growth of their subordinates. In fiscal 2023, an allowance system was introduced, in which ¥15,000 per month is provided to each brother and sister for their role in the program.

Career Navigator Program

This is an internal program that recruits current employees to work closely and communicate with students who wish to become future Unicharm employees, enabling those students to gain a strong understanding of the Company by navigating a path toward their first day on the job. Employees who take on the role of a career navigator are provided an opportunity to self-reflect and enhance their knowledge and skills. They also receive an allowance of ¥10,000 per month for their role in the program.

Strengthening Employee Engagement Through Reading Session of Integrated Report

At Unicharm, we regard each employee as an important stakeholder and, in view of this, we have held the Reading Session of Integrated Report in scrum teams throughout the Group every year since fiscal 2021. By ensuring awareness of our specific initiatives for realizing a cohesive society among each employee, we believe we will enhance motivation, improve strategy implementation capabilities, and accelerate the achievement of business results and the development of human resources.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result
Percentage of scrum teams holding Reading Session of Integrated Report (%)	100	100	100

The Unicharm Awards

The Unicharm Awards are 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 know-how to management. Held via video conferencing with Group companies around the world, the Unicharm Awards serve 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 fiscal 2023, presentations were made by 16 representative teams, with the SOFY Project Jagriti team from India taking home the Gold Prize, the Lifree Moderate & Heavy Degree team from Japan winning the Silver Prize, and the SOFY Olive Feminine Care Cross-Organizational Project team from Saudi Arabia receiving the Bronze Prize.



Gold Prize winner: SOFY Project Jagriti team

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.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Coverage
Succession preparedness rate (%)	208.3	201.6	219.1	Unicharm Corporation employees
No. of employees participating in the Strategy Secretary to CEO program (total enrollment to date)	7 (45)	6 (51)	6 (57)	Unicharm Group

Successor Development Plan

- (1) Each executive officer conducts interviews with prospective 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.
- (6) 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 a strategy secretary to the president & CEO for a two-month period to learn about the mindset and behavior of managers through OJT.
- (7) The Co-Chief Officer program is held to break down barriers of existing organizations, demonstrate the driving force behind the Company's key strategies on a cross-divisional basis, and promote the growth of new and young talent. Executive officers and senior level executives appointed as chief officers work in tandem to establish and promote action plans for key strategies.

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.

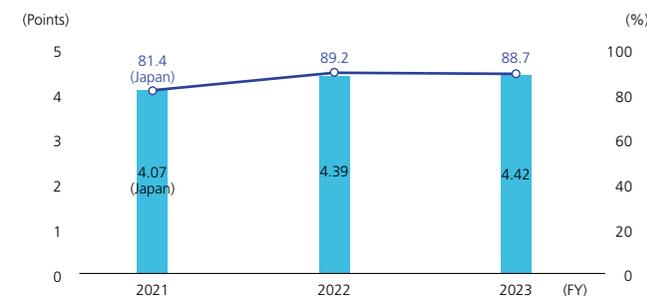
Employee Survey

Aiming to establish a virtuous cycle in which employees develop through their work, in turn leading to the growth of our business, we conduct an employee survey once a year at all Group companies to verify employee satisfaction, fulfillment, and attitudes 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. As an example, in fiscal 2023 the percentage of positive responses for the "Growth Through Work" section of the employee survey was 88.7% in fiscal 2023.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Targets	Coverage
Percentage of employees who responded to the employee survey (%)	100	100	100	100	Unicharm Group
Percentage of positive answers received for the "Growth Through Work" section of the employee awareness survey (%)	81.4 (Japan)	89.2	88.7	90.0	
Average score on a five-point scale on the level of satisfaction section of the employee survey	4.07 (Japan)	4.39	4.42	4.50	

Note: Results for fiscal 2022 and thereafter cover all Group companies.

Results of Employee Survey



■ Employee satisfaction (average score on a five-point scale)
— Percentage of positive answers received for the "Growth Through Work" section of the employee awareness survey (right axis)

Skills Development and Career Planning Support Programs

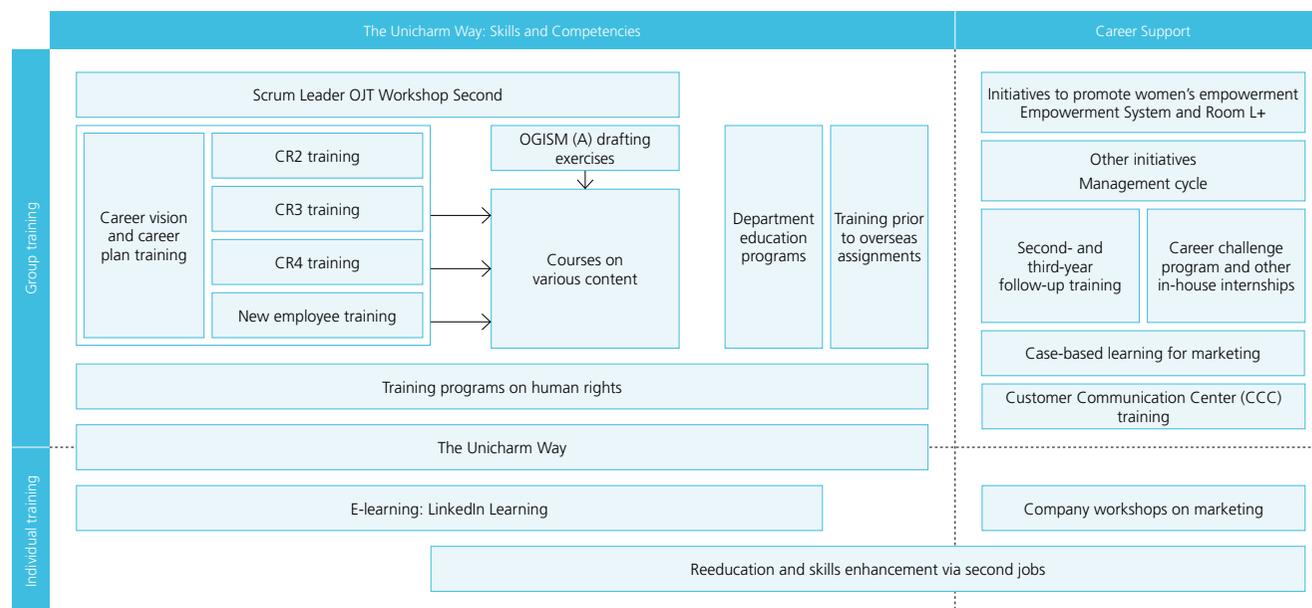
The growth of our employees is essential to growth of the Company. At Unicharm, we are expanding our training programs and systems so that each employee continues to learn and grow toward the realization of their career vision.

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.

Time and Costs Allocated to Employee Skills Development Training

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Coverage
Total training hours allocated to employee skills development	45,018	49,824	50,503	Unicharm Corporation
Total training costs allocated to employee skills development (thousand yen)	42,000	84,000	75,310	
Training days per employee	3.9	4.4	3.5	
Training hours per employee	31	35	28	
Training cost per employee (yen)	28,669	58,618	42,119	

Skills Development and Career Planning Support Programs (Fiscal 2023)



CR (Competency Ranking): Internal qualification standard

Our Distinctive Skills Development Training Programs (Excerpt)

Title	Target	Summary	No. of Participants in Fiscal 2023
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	60
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	40
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	48
CR-based training	Qualified employees and employees who correspond to these roles	Training in line with their respective levels and roles 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; creating a 10-year career vision and career plan based on their thoughts of the leadership vision and their self-evaluations; education on harassment using specific examples and discussing prevention and solutions for various scenarios	129
E-learning for new leaders	New leaders	Training including practical methods for developing leadership, as the most important responsibility for such persons is the development of personnel; also motivating subordinates, creating a good workplace, and preventing harassment	47
Training program for employees posted overseas	Employees posted overseas	Developing and fostering 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, in consideration of the high level of responsibility during overseas assignments, so that expatriate employees can deliver results as soon as they begin overseas; 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 to avoid potential trouble in their new positions	20

Second Job System

The Second Job System was introduced in fiscal 2018 to facilitate the further growth of our employees. A number of employees have benefited from this system by acquiring new skills and expertise and expanding their network of contacts.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Coverage
No. of employees using the Second Job System	36	56	59	Unicharm Corporation

Career Development Evaluations

We believe personnel evaluations are about the systematization and implementation of three aspects of human resource development: 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 approach to evaluation and training takes into consideration not only results (outcomes) but also the process and requires practices (behaviors) that lead to results. Accordingly, we must operate the evaluation and development system in a manner that aligns with the concept of the OODA Loop methodology in order to form an appropriate link between practices (behaviors) and results (outcomes). 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 employee progress each quarter and provide support for their career development by adjusting individual trajectories so that employee efforts will lead to good outcomes and successful experiences.

In addition, in fiscal 2023 ESG criteria were incorporated into the performance assessments of all employees with a view to achieving the SDGs.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Coverage
Percentage of employees who regularly receive assessment reviews for career development (%)	100	100	100	Unicharm Corporation

Selection for Human Capital Leaders 2023 and Human Capital Management Quality 2023 Gold

Unicharm was selected as one of the Human Capital Leaders 2023 from approximately 500 companies that responded to Human Capital Survey 2023 in recognition of the various measures we have established and conduct based on our unique management model, management with resonance, to foster the growth of each employee through their work. In addition, upon quantitatively analyzing the details of these survey responses, Unicharm was also awarded the Human Capital Management Quality 2023 Gold for our efforts in demonstrating the highest levels of human capital management and disclosure.



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 individuals 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.

Indicators and Targets

► Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	2030 Target
Percentage of female managers driven by the provision of various opportunities for women	22.5%	23.2%	24.7%	30% or more

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 all employees regardless of gender or life stage to constantly play an active role. We are also strengthening our efforts to promote women's advancement, such as holding networking events for young employees.

In fiscal 2021, we launched our Room L+ mentorship system as a way to help female employees build networks and dispel or eliminate career and life concerns through mentoring and roundtable discussions. We then established Maternity Leave Room L+ and Development Room L+, providing a venue to exchange information based on type of profession and fostering a sense of security for those preparing to return to work from maternity or childcare leave. Furthermore, we introduced our Empowerment System, in which we provide individual support to women who are candidates for division head positions and for executive positions, as well as develop executive officer

candidates through one-on-one interviews with executive officers who are not in charge of personnel development (immediate supervisors). In fiscal 2023, lunch meetings were held between the president and female executives to share management perspectives through direct dialogue. As a result of such efforts, women hold 24.7% (15.4% in Japan, 30.7% overseas) of our management positions as of December 31, 2023.

In support of the aims of the Women's Empowerment Principles, Unicharm has signed a statement to act in accordance, 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



	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Targets	Coverage
Percentage of female employees (%)	36.8	35.8	36.4	—	Unicharm Group
Percentage of female managers (%)	22.5	23.2	24.7	25.7	
Percentage of female executive officers (%)	3.7	3.4	3.6	3.4	
No. of female executives (Japan)	2	2	2	2	
No. of female executives (overseas)	14	12	10	—	

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 primarily held by those hired locally in their respective countries and regions. Meanwhile, in Japan we also hire and promote employees to managerial roles regardless of nationality or race. In these ways, we strive to create a system and foster a corporate culture in which all employees across the Group can engage and flourish.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Target	2030 Target	Coverage
Percentage of locally hired employees in management positions (general manager and above) at overseas subsidiaries (%)	45.5	52.2	52.3	55	80	Unicharm Group's overseas subsidiaries

Hiring Experienced Personnel and Promoting Them to Management Positions

We actively recruit individuals who are experts in their field with a wealth of experience and skills. 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.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Target	Coverage
No. of mid-career hires	47	43	43	63	Full-time employees of Unicharm Corporation
Percentage of mid-career hires in management positions (%)	29.1	29.1	33.5	—*	

* Numerical targets are not established as diversity is currently being met.

Expanding Our Recruitment of People with Disabilities

Unicharm actively employs highly motivated individuals regardless of disability and aims to create a workplace where they can demonstrate their abilities and achieve continuous growth. Specifically, we have set appropriate goals in accordance with the respective abilities and desires of employees while establishing a corporate cultural environment that emphasizes team accomplishments by helping one another succeed through the provision of appropriate guidance and advice on a weekly basis.

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 free and safe mobility by removing obstacles, and giving due regard to providing work instructions by means of email or chat.

In fiscal 2023, a nationally certified anma massage therapist with a visual impairment was hired for our new massage room at Unicharm headquarters. Moreover, at Unicharm's satellite office in Mito City, Ibaraki Prefecture, employees with disabilities are engaged in scanning and other duties.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Target	Coverage
Average annual employment rate of people with disabilities (%)	2.2	2.1	2.2	2.5	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.



In December 2022, Unicharm was registered as a Tokyo Metropolitan Government Barrier-Free Support Company for its efforts to foster awareness among employees and society about the importance of equal participation and being free from preconceptions.



Creating a Workplace for People of All Life Stages

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 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.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Target	Coverage
Rehiring rate of retired employees (%)	84.0	92.9	86.2	—	Unicharm Corporation
Hiring rate of retired employees seeking reemployment (%)	100	100	100	100	

Expansion of Regional Employment Through Respect for Different Cultures and Religions

Unicharm helps expand employment in the various countries and regions in which it operates through its business activities. By providing employment opportunities and respecting the characteristics and cultures of these countries and regions, we uncover promising individuals.

In Saudi Arabia, women were traditionally 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. 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, due in part to the easing of various restrictions, 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.



Best Workplace Recognition at D&I AWARD 2023

Unicharm was recognized by JobRainbow Co., Ltd. as a "Best Workplace" at D&I AWARD 2023, Japan's largest award for companies that excel in diversity and inclusion initiatives.

The Company received this award in honor of its commitment to respecting the autonomy and human rights of employees, providing fair and equal opportunities to achieve self-growth, fostering a corporate culture that enables and encourages confidence and pride in one's work, and realizing a cohesive society through the proactive efforts of each employee.



Respect for Sexual Orientation

At Unicharm, we respect all sexual orientations and gender identities, and strive to provide a workplace environment where employees can work to their potential. In fiscal 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 level-specific training.

As part of diversity and inclusion training, in fiscal 2023 we provided e-learning programs to strengthen employee knowledge of sexual minorities and introduce specific examples of harassment for employees to contextualize as a personal matter. We also held a study session featuring videos on unconscious bias and reviewed and discussed how to deal with specific cases in scrum teams. In addition, a same-sex partnership system was established in February 2024, enabling sexual minorities to receive equal benefits.

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.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Coverage
Ratio of basic remuneration amount of starting salaries by gender (female : male)	100:100	100:100	100:100	Unicharm Corporation employees
Ratio of basic remuneration amount by gender (female : male)	100:124	100:123	100:129	
Ratio of total remuneration amount by gender (female : male)	100:140	100:139	100:137	

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.

Support for Balancing Work and Childcare

Unicharm offers a variety of support programs (Moony Childcare Support System) with the aim of realizing a workplace environment that is conducive to balancing work and childcare.

Moony Maternity Leave

Employees may take up to six weeks of paid leave before childbirth (14 weeks for multiple pregnancy) and up to eight weeks of paid leave after childbirth.

Moony Childcare Leave

Employees may take childcare leave until the arrival of their child's second birthday. Those with paid vacation days remaining at the start of this leave may use up to 15 of those days as part of this leave. While employees do not receive salary during the period of the leave, they are provided childcare benefits from unemployment insurance. Male employees may take this leave during their partner's pregnancy.

Moony Childcare Involvement

Male employees may take up to five days of this special paid leave within eight weeks of the birth of their child.

Postpartum Paternity Leave

Male employees may take up to four weeks of this childcare leave within eight weeks of the birth of their child.

Moony Shortened Work Hours for Childcare

Employees with children up to the age of third-year elementary school who have returned to work from childcare leave may reduce their work hours to as few as five hours per day.

Covering the Cost of Hands-Free Commute

The Company covers the cost of this disposable diaper subscription service for childcare facilities when used by employees.

P.074 Hands-Free Commute: A Subscription-Based Model for Disposable Diapers

► Moony Childcare Support System

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Targets	Coverage
No. of employees taking Moony Childcare Leave	160	128	140	—	Unicharm Corporation and Unicharm Products Co., Ltd.
Percentage of employees taking Moony Childcare Leave (%)	95.5	95.8	96.1	Over 95%	
Percentage of male employees taking Moony Childcare Leave (%)	91.0	94.7	100	100	
Percentage of employees taking Moony Childcare Involvement Leave (%)	85.7	93.2	83.7	100	Unicharm Corporation

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



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

System	Target	Summary
Moony Maternity Leave	Employees expecting the birth of their child	Can take up to six weeks of paid leave before childbirth (14 weeks for multiple pregnancy) and up to eight weeks of paid leave after childbirth
Moony Childcare Leave	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 for Childcare	Employees who have children up to the third year of elementary school	Can shorten work hours to five hours a day
Covering the Cost of Hands-Free Commute	Employees using childcare facilities	The Company fully covers the cost of Hands-Free Commute (disposable diaper subscription service for childcare facilities) when used by employees
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, sickness, or physical or mental disorder	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 for more than one month as a result of injury, sickness, or 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 Pets Leave	Employees with a pet (dog or cat) at home	Can take one day of special leave upon the passing of a pet (dog or cat)
Anniversary Leave	All employees	Can take paid leave for anniversaries and other planned holidays (four days per six months/eight days per year)
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 bone marrow	Can take, upon application, up to seven business days of leave per donation of bone marrow for procedures required to donate to a patient in Japan (excluding donor registrations)
Flextime System	All employees (with the exception of certain positions)	A flextime 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	Employees who were full-time at the time of retirement	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

Human Resources

Employee Health

403-6,403-10

Our Basic Approach and Strategy

Unicharm aspires to remain a company where employees gain a sense of pride and accomplishment in their work as well as fulfillment in their personal and professional lives. Based on this desire, we promote various measures, such as employee health management initiatives 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 established the Health Management Declaration in April 2007, and promote health and productivity management across the Group to enhance the health literacy of all employees based on the principle of “protecting our health on our own.” In fiscal 2023, Unicharm also became a member of the Health Management Alliance in pursuit of a healthy society. By promoting collaborative health* between companies and health insurance associations, we make every effort to ensure that employees are healthy and able to perform at their very best, spurring the growth of both employees and the Company. Furthermore, the Health Management Declaration is revised as appropriate.

* In which insurers, such as health insurance associations, and businesses actively work together, clarifying their respective roles and creating a positive working environment to effectively and efficiently protect and promote the health of insured parties (employees and their families)

[web Health Management Alliance \(in Japanese only\)](https://kenkokeiei-alliance.com/)
<https://kenkokeiei-alliance.com/>

Basic Policy

1. Employees give priority to primary prevention and strive to improve lifestyle habits based on the principle 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.

Health Management Declaration

Unicharm is committed to resolving environmental and social issues in the aim to realize a cohesive society. Resolving such issues entails diverse and vibrant employees who can demonstrate their potential to the fullest and therefore, the health of each employee is of utmost importance.

In addition, Unicharm’s three aspects of wealth (aspirational wealth, economic wealth, and wealth of mind and body) are positioned as a common goal for all employees. We believe that fulfilling one’s professional and personal dreams is only possible by maintaining good mental and physical health, that this fulfillment will lead to the happiness of employees, enabling the Company to maintain and improve productivity, and that employees and the Company can share in the health of one another.

Unicharm is strengthening existing measures to maintain and improve health and promoting health management as part of its human resource strategy to enable employees to work vigorously and in good health while creating added value.

We vow to strategically maintain and promote the mental and physical health of employees with the conviction that their health is our most important management resource in realizing a society where individuality is respected and everyone supports one another.

Takahisa Takahara
President & CEO
Unicharm Corporation

Health Management Action Policy

1. Improve the health literacy of employees and contribute to the creation of healthy workplaces as a group of professionals who support the health of employees
2. Enhance individual performance by bringing smiles to the faces of employees and increasing the number of employees who are physically and mentally healthy
3. Raise health awareness by supporting self-care activities casually but rigorously based on the principle of “protecting our health on our own”

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, established within the Global Human Resources & Administration Division, take the lead in reporting on matters related to employee health promotion regularly to management and planning and implementing measures upon approval. We also work with industrial physicians, public health nurses, and other experts to constantly ensure the physical and mental well-being of employees.

Indicators and Targets

Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	2030 Target
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	7 employees (Japan)	7 employees (Japan)	9 employees (Japan)	Reduced by half (compared with fiscal 2020)

Initiatives and Results

Creating Vibrant and Healthy Working Environments

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. Specifically, the Company has introduced a remote work system that allows employees to work from home and a flextime system (without set core work hours) that allows them to choose when to work so that they can flexibly adjust their work-style according to life events. We are also striving to improve working environments by considering ways of taking time off from work, allowing employees to refresh their mind and body by delineating work and non-work times, such as by prohibiting phone calls and emails between supervisors, colleagues, and subordinates on days off.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Coverage
Percentage of employees utilizing the remote work system (%)	58.0	57.0	52.0	Unicharm Corporation

Encouraging the Taking of Paid Leave

We encourage employees to take at least five days of paid leave per year, including four days every six months, as well as anniversary leave, in which paid leave can be taken for anniversaries and other planned holidays.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Target	Coverage
Percentage of paid leave taken (%)	57.7	61.8	71.2	75.0	Unicharm Corporation

Appropriate Management of Working Hours

We monitor working hours through log records on employee computers. We ensure employees are able to rest between workdays through initiatives such as the Work Interval Program, which requires employees to take at least 12 hours in principle and 10 hours at minimum between the end of a workday and the start of the next workday. We have also introduced monthly no-overtime days and premium Fridays to encourage employees to leave the office on time.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Target	Coverage
Total working hours per employee	1,992.3	2,000.2	1,966.6	Less than 2,000 hours	Unicharm Corporation

Annual Health Checkups

To encourage employees to monitor their own health status, Unicharm conducts health checkups once a year for all employees. We have achieved a 100% uptake rate for 15 consecutive years since fiscal 2009.

Employees required to undergo further examination as a result of the health checkup receive guidance from an industrial physician to detect and treat conditions as early as possible. Moreover, since fiscal 2020 we have digitized the results of health checkups and analyze them to provide educational activities and health management support that cater to the specific needs of each employee.

	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Coverage
Percentage of employees receiving health checkups (%)	100	100	100	Unicharm Corporation

Women's Health

As an early prevention measure for breast and cervical cancer, we offer breast and gynecological exams to all female employees of Unicharm, regardless of age, which is paid for by the Company. In addition, our menstrual leave system "Sofy Leave" bears the brand name of our sanitary pads, to promote internal awareness and foster a culture that encourages employees to take such leave.

P.110 Pink Ribbon Activities (Health)

Promotion of a Smoke-Free Environment

Unicharm has banned smoking at all its business sites since fiscal 2016. In introducing this smoke-free policy, we posted relevant information on popup displays of our Company intranet to enhance awareness. During work hours, sales staff and other employees are prohibited from smoking even outside of Company premises. Also, each year, the May issue of our Healthy Lab Newsletter, a monthly internal newsletter to promote health awareness, contains information on smoking cessation in honor of World No Tobacco Day, with nicotine as the central theme in fiscal 2023.

Promotion of Exercise

At Unicharm, we hold radio calisthenics each morning at 8 a.m. at the start of the workday to encourage employees to exercise on a daily basis. Employees working from home or other remote location also participate in these exercises online. We also strongly encourage employees to use the stairs when moving from floor to floor within the office to prevent deterioration in their physical fitness.

To help refresh the minds and bodies of employees during break times at work, enhance productivity, and improve health awareness, Unicharm offers one-on-one stretching programs at its head office by outside trainers, massages by anma therapists, and physical fitness tests to measure health and fitness levels. In recognition of these and other efforts, Unicharm was selected as a White 500 company under the 2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program.



Unicharm is a supporter of the Sport in Life Project, which aims to make sports a part of daily life, and is a member of the Sport in Life Consortium. We were also recognized as a Sports Yell Company 2024+ by the Japan Sports Agency and as a Tokyo Sports Promotion Company by the Tokyo Metropolitan Government in 2023 for our efforts to actively support and promote sports activities to improve the health of employees.



Construction of a Soccer Field (Vietnam)

To improve employee health and communication, our local subsidiary in Vietnam constructed a soccer field on the site of the Bắc Ninh Factory, which hosts in-house soccer tournaments and a variety of health promotion events.



Participation in Activ@Work Challenge 2023 (Malaysia)

Unicharm's local subsidiary in Malaysia took part in Activ@Work Challenge 2023, an initiative held from July to September 2023 that encourages employers to inspire change in the lifestyles of employees through physical activity. It encourages employees to become more active in the workplace by monitoring their step count, recognizing those with the highest number of steps as well as departments with the highest average number of steps.



Holding of 1st Solidarity Walk (Brazil)

Unicharm's local subsidiary in Brazil held its inaugural Walk-in-Unity event in September 2023 in which approximately 300 employees and their families participated. Walk-in-Unity is an event that fosters unity through the experience of walking together with fellow employees while learning the importance of health management and paying consideration to safety. Basic health checks, such as measuring blood pressure and lung capacity, and an activity to make juice by pedaling a bicycle were among the programs offered for participants to enjoy learning about health.



Measures Against Infectious Diseases

Unicharm makes every effort to prevent the spread of COVID-19 and other infectious diseases. For employees assigned or traveling to our overseas bases, we provide information on infectious diseases such as COVID-19, HIV/AIDS, tuberculosis, malaria, and hepatitis through the overseas support information on our

Company intranet. During 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 from home or other remote location and eliminating core hours from our flextime system.

In Japan, while COVID-19 was downgraded to a Class 5 infectious disease in May 2023, we continue to promote internal measures against infectious diseases by giving employees the option of voluntarily wearing face masks and encouraging them to wash their hands, ensuring proper ventilation and social distancing, and restricting those infected from coming to work.

Meanwhile, in Malaysia, Singapore, and Thailand, 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 ANTIMOST™ capsules which repel mosquitoes carrying the dengue virus, and introduced an educational program through this product's website.

web [MamyPoko Extra Dry Protect website](https://mamypokoagainstdengue.com/)
<https://mamypokoagainstdengue.com/>

P.110 Educational Activities Regarding Dengue Fever (Health)

Participation in Conference for Tuberculosis Prevention 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 to promote awareness of the importance of early detection toward the government's goal of eliminating tuberculosis by 2030. To help achieve this goal, in July 2022 our Indonesian subsidiary launched a program to eliminate tuberculosis in the workplace through the support of the country's Ministry of Health and Otsuka Pharmaceutical Co., Ltd. In fiscal 2023, the program continued to provide online consultation, medication, and other forms of support to those infected with tuberculosis.

Mental Health Measures

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 advised to consult with an industrial physician or a public health nurse immediately. In fiscal 2023, our mental health training was attended by all 1,944 employees subject to the program.

	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Coverage
Percentage of employees who underwent stress checks (%)	94.4	98.2	99.5	Unicharm Corporation
No. of employees who participated in mental health training	1,785	1,934	1,944	
No. of employees on mental health leave	7	7	9	

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 support 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 fulfilling lives by reducing health-related concerns.

Presenteeism and Absenteeism

Presenteeism is a state in which one's performance declines due to headache, backache, anxiety, hay fever, or other conditions, despite being able to continue with one's work. Unicharm regularly measures the degree and causes of presenteeism using the Single-Item Presenteeism Question (SPQ) developed by the University of Tokyo.

Meanwhile, absenteeism is when one is absent from work due to health issues. The number of sick days due to employee illness or injury is calculated using a formula ($= \text{Total number of sick leave days including weekends and holidays} \div (\text{Number of employees} \times 365) \times 100$) and monitored over time, along with the causes of these absences. This and other relevant information is used to formulate health measures and promote the health of employees.

	Fiscal 2022 Result	Fiscal 2023 Result	Coverage
Presenteeism (%)	14.3	15.2	Unicharm Corporation
Absenteeism (%)	0.493	0.733	

Occupational Health and Safety at Production Sites

Unicharm implements an occupational health and safety management system (OSHMS) at its production sites to continuously maintain and improve health and safety activities. We follow 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 Dialogue Between Labor, 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 employees 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 Safety and Health Management Systems

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

Indicators and Targets

Occupational Health and Safety Targets and Results

	Manufacturing Industry Average (Fiscal 2022)	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Targets	Coverage
No. of violations of the Industrial Safety and Health Act	—	0	0	0	0	Unicharm Corporation employees
No. of fatal workplace accidents	—	0	0	0	0	
No. of workplace accidents resulting in inability to work*1	—	0	0	0	0	
Workplace accident frequency rate*2	1.25	0.22	0.22	0.22	Below the industry average	
Workplace accident severity rate*3	0.08	0.00	0.00	0.02		

*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

Initiatives and Results

Occupational Health and Safety Targets and Results

Every year, we aim for zero workplace accidents. We continue to promote a range of measures aimed at improving occupational health and safety, including visits to manufacturing floors by factory and production site managers. In fiscal 2023, there were zero cases of workplace accidents resulting in fatalities or the inability to work, and the workplace accident frequency and severity rates were both below the industry average.

Recognizing health and safety as a matter of utmost importance, and with the aim of creating a safe and comfortable workplace environment, the Company will continue to thoroughly enforce basic safety standards and improve the work environment by strengthening safety measures through equipment inspections and other efforts. 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.

Occupational Safety Risk Assessment

As a company that operates in various countries and regions, Unicharm maintains a risk management information website on its corporate intranet, which specifically provides information on risks that may impact the lives of employees 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 work environment.

In fiscal 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. We hold a safety convention with the participation of all production sites in Japan and overseas, where they 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.”

Moreover, 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).

Daily Safety Briefings (Malaysia)

Each day after morning exercise, Unicharm’s local subsidiary in Malaysia holds safety briefings led by office and factory managers. This briefing serves as a reminder for all employees and enhances their awareness of the importance of safety and accident prevention.

Alcohol Checks (Japan)

All sales staff at Unicharm’s branch and sales offices in Japan are required to undergo alcohol checks prior to the operation of vehicles to ensure that they do not do so while under the influence of alcohol. Our alcohol check management system is designed to monitor blood alcohol levels of our sales staff via PC or smartphone even when driving directly home or on business trips.

Occupational Health and Safety Education and Training

Unicharm’s production sites provide training on occupational health and safety to employees upon joining the Company or when changing roles. 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 prior to the assignment to their respective departments or when changes are made to the nature of their duties.

Occupational Health and Safety Education and Training

Targets	Details	No. of Participants in Fiscal 2023	Coverage
Newly appointed leaders	Education on occupational health and safety, including leader training, as required by law	92	Unicharm’s production sites in Japan
Employees prior to the assignment to their respective departments or changing roles	Education and training on occupational health and safety for new employees prior to the assignment to their respective departments and for employees changing roles	90	

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 fiscal 2023, all 39 business sites (16 in Japan, 23 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

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 fiscal 2023, discussions were held on matters such as reducing overtime work, regulation changes, the human resources system, employee benefits, and health management measures. We will continue with efforts to foster workplaces that can motivate and fulfill employees.

Selected by Vietnam 100 Best Places to Work 2023 (Vietnam)

Unicharm’s local subsidiary in Vietnam was selected as by Vietnam 100 Best Places to Work 2023, the first time a Japanese consumer goods manufacturer has received such an honor. Conducted by human resources consulting firm Anphabe and market research firm Intage Vietnam, this annual ranking aims to enhance corporate brands and improve work environments.

In fiscal 2023, surveys were conducted among 63,878 business people in 18 different job categories and 9,638 students of 113 universities on the attractiveness of corporate brands and on recent developments in human resources and work environments.



Supply Chain Management

308-1,308-2

Sustainable Procurement

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

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.

Working closely together through mutual communication with suppliers, we share and seek 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 overseas as those in Japan is not sufficiently effective. For this reason, we also gather information on local communities and promote the development of supply chains suited to 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 particular emphasis on crisis management and, when starting new business transactions overseas, we conduct environmental and ethical risk assessments to establish 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 light of increasing expectations for sustainability initiatives from companies that operate globally

and to prevent human rights and labor issues 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. Therefore, 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 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. 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

a. 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.)

b. 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.

c. 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

a. Working hours

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

b. 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 local laws and regulations of the individual country and region.

c. 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.

d. 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

a. Legal compliance

- Comply with 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.

b. 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.

c. 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.

d. 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

P.045 Forest-Derived Raw Materials Procurement Guidelines

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, and the Production Management 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.

P.009 Sustainability Promotion System

Effective Use of 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.

In fiscal 2023, we participated in the Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team—which was introduced to efficiently promote responsible procurement, including human rights due diligence—using supplier evaluation information provided via the Sedex platform and sharing it across the industry.

* 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 85,000 business members in 180 countries and regions use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

Indicators and Targets

► Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Annual Target
No. of serious human rights violations in the value chain	Zero	1 (revised)	1 (revised)	Zero

Initiatives and Results

412-1,412-3

Human Rights Risk Assessments of Supplier Factories

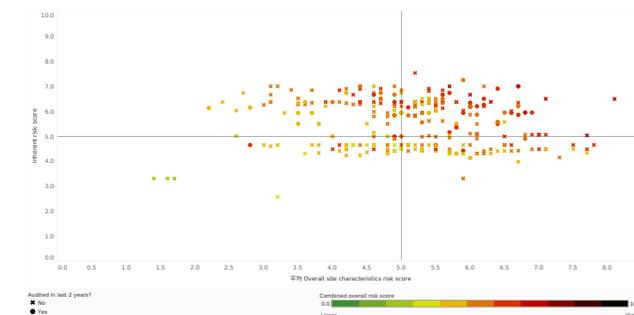
Unicharm conducts risk assessments of supplier factories using Sedex's risk assessment tool, and in fiscal 2023 began assessing risks related to the contract manufacturers of its pet care products.

As of December 31, 2023, we have reached an agreement with approximately 77% of material suppliers of personal care products and contract manufacturers of personal care and pet care products for use of the Sedex platform, enabling access to risk-related information. Of these factories, 70% have consented to sharing their inherent risk score while 53% have consented to sharing their site characteristic risk score. Using these scores as a reference point, we will continue to consider our approach to suppliers, including use of the Sedex platform for material suppliers of pet care products from fiscal 2024.

► Human Rights Risk Assessment Results in Fiscal 2023

		Percentage of Suppliers Using the Sedex Platform (%)	Percentage of Suppliers Sharing Inherent Risk Score (%)	Percentage of Suppliers Sharing Site Characteristic Risk Score (%)
Personal care products	Material suppliers	81.0	72.0	56.8
	Contract manufacturers	66.2	63.6	39.0
Pet care products	Contract manufacturers	65.8	65.8	44.7
Total		77.4	70.2	53.0

► Risk Score of Supplier Factories



Note: 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 2023, a SMETA audit was carried out in 26 different scenarios, serving as a source of information on 188 cases of violations. The detected violations are classified according to the four ratings of Business Critical, Critical, Major, and Minor, and are 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 fiscal 2023, of the 32 cases classified as Critical, four violations (three suppliers) that were not yet confirmed as amended within three months were discussed with suppliers to confirm the corrective action plan. In addition, we confirmed one Business Critical violation at a contract manufacturer facility, which was confirmed as amended after discussions.

* 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: Number of Audits and Evaluations

Year	No. of Audits	No. of Issues Identified				Total
		Business Critical	Critical	Major	Minor	
2021	50	0	29	181	95	305
2022	31	1	41	182	109	333
2023	26	1	32	111	44	188

Human Rights Risk Assessment at Unicharm Group Factories

P.084 Human Rights Risk Assessment at 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.

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. In October 2023, we held the Unicharm Medium- to Long-Term Policy Briefing Session to outline the 12th Medium-Term Management Plan, which will get underway in fiscal 2024, and explain our procurement policy to existing suppliers, and requested their cooperation in the GHG Emissions Visualization Project and our initiatives related to quality control and digital transformation.

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. We hold briefing sessions on procurement themes at distribution warehouses and supplier factories to distribute copies of the Unicharm Group Sustainable Procurement Guidelines, which have been made available in various languages, 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.

Medium- to Long-Term Policy Briefing Session for Suppliers

In October 2023, we held the 14th Unicharm Medium- to Long-Term Policy Briefing Session for suppliers to ensure consistent quality of materials and instill awareness of our procurement policy and guidelines. A total of 371 representatives from 143 companies, including material suppliers and contract manufacturers of personal care and pet care products, attended the session in person and online. Among the items covered were an introduction to our 12th Medium-Term Management Plan and an explanation on the division and transfer of production and logistics functions of the Pet Care Business. We also requested the understanding of suppliers on our policy and guidelines for establishing a sustainable supply chain, in addition to their cooperation on the use of the Sedex platform, in providing data for the GHG Emissions Visualization Project with a view to achieving Kyo-sei Life Vision 2030 and Environmental Targets 2030, and in quality control activities aimed at improving customer satisfaction through the supply of safe and reliable products.



Medium- to Long-Term Policy Briefing Session

P.036 GHG Emissions Visualization Project

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 fiscal 2023, we held training sessions for the managers of contract manufacturers in charge of our pet care products to request cooperation 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 non-complying 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.

Moreover, at the Unicharm Medium- to Long-Term Policy Briefing Session, we discussed recent tendencies of material defects with all suppliers, and requested that they share details of serious defects and that we conduct on-site inspections to prevent recurrence.

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.

Meanwhile, our ability to reduce waste and lower environmental impact and costs through procurement of energy-efficient resources that minimize CO₂ emissions and use of recycled materials, and selling products made from these forest-derived resources by promoting them as environmentally friendly products, presents opportunities for the Company. We will continue to step up recycling efforts in-house while working to ensure that resources are recycled and utilized more efficiently throughout society.

Procurement of Sustainable Pulp and Paper

P.047 Expanding the Use of Certified Pulp (PEFC- and CoC-Certified)

Procurement of Sustainable Palm Oil

P.050 Procuring Sustainable Palm Oil

Procurement of Sustainable Seafood (United States)

All tuna species used in our *Delectable* brand of cat foods are sustainable natural seafood provided by wild-capture fisheries that are appropriately managed and operated in consideration of marine resources and the environment and certified by the Marine Stewardship Council (MSC).

Declaration of Partnership Building

Unicharm announced its Declaration of Partnership Building to build new partnerships by advancing cooperation, coexistence, and co-prosperity with supply chain partners and businesses that create value.



web Unicharm Corporation Declaration of Partnership Building (in Japanese only)
<https://www.biz-partnership.jp/declaration/47703-05-06-tokyo.pdf>

Communities

Social Contribution Activities

203-1,203-2,413-1

Our Basic Approach and Strategy

Unicharm promotes a management approach that contributes to the betterment of society through its business activities. Specifically, we address various social issues by providing products and services that are tailored to the characteristics of the countries and regions in which we operate. We also strive to be a corporate citizen that is deemed essential to the lives of the people in these communities.

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 develops business activities on its own initiative. In countries and regions outside of Japan, local subsidiaries take the lead in developing business operations and social contribution activities that are specifically catered to each community. Policy decisions for the Group as a whole are discussed and made by the ESG Committee, which is chaired by the president & CEO.

P.009 Sustainability Promotion System

Spending on Social Contribution Activities

In fiscal 2023, Unicharm spent a total of ¥159.7 million on social contribution activities, of which ¥38.0 million was in the form of donations.

Aiming to further revitalize local communities through achievement of the Sustainable Development Goals (SDGs), Unicharm endorses the SDGs for Regional Revitalization Public-Private Partnership Platform, which was established as a forum for public-private partnerships that work to strengthen ties with a wide range of stakeholders.

地方創生SDGs
官民連携
プラットフォーム

Initiatives and Results

#NoBagForMe Project (Health)

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 fiscal 2020, a corporate training program called “Education on menstruation for everyone”^{*} was developed to promote mutual understanding between 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. According to a survey conducted in February 2023 among 30 companies and organizations that participated in “Education on menstruation for everyone,” 73.3% responded that their view of men-

struation had changed after attending the training program.

In April 2023, “Education on menstruation for everyone” was held at Shinagawa Shouei Junior High School & Senior High School, a coeducational school, through cooperation with CLAIR., a volunteer group at Shinagawa Joshi Gakuin that promotes activities to ensure proper knowledge and awareness of menstruation from a student’s perspective. As of December 31, 2023, we have provided training and video content to approximately 430 companies and organizations, and will continue to provide educational activities on menstruation, regardless of age or gender, while expanding the content of our training programs.



^{*} A training program for external companies and organizations to enhance knowledge and promote mutual understanding of menstruation

Unicharm is a member of the Japan National Chapter of the Unstereotype Alliance, a global initiative led by UN Women to promote gender equality and eliminate harmful gender stereotypes through the use of media and advertising.



Education on Menarche and Menstruation (Health)

Unicharm conducts lectures on menarche and menstruation, primarily in Asia, for young women experiencing puberty so that they can gain a proper understanding of menstruation and the ways 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 fiscal 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 proper care in managing menstruation. Approximately 580,000 students have taken part in this project over the 11 years that have followed. In fiscal 2023, lectures on menstruation were provided to students at more than 1,000 schools and universities in the National Capital Region of Delhi including Maharashtra and Rajasthan, and other areas.

We also continue to provide such educational programs in Japan, China, Taiwan–Greater China, Indonesia, Myanmar, Vietnam, Thailand, and Saudi Arabia, and promote efforts to raise menstruation awareness through information on our corporate website and the supply of educational materials and sanitary pads.

► Initiatives to Raise Awareness of Menarche and Menstruation Worldwide (Fiscal 2023 Results)

	Fiscal 2023 Results and Details
India	<ul style="list-style-type: none"> Conducted educational programs on menarche and menstruation (including online lectures) for approximately 97,000 students (1,186 schools) Held educational sessions for approximately 450 mother–daughter pairs (24 times)
Japan	<ul style="list-style-type: none"> Provided information on menarche via Sofy First Body Navi website (in Japanese only) <ul style="list-style-type: none"> web https://jp.sofygirls.com/ja/home.html Provided approximately 256,000 menarche education sets in cooperation with Nippon Calmic Ltd.
China	<ul style="list-style-type: none"> Presented sanitary pads and printouts for First Body Navi to around 370 female students at four junior high schools in Ningxia Provided sanitary pads and printouts for First Body Navi to around 350 young girls without guardianship in Shanghai
Taiwan–Greater China	<ul style="list-style-type: none"> Provided information via corporate website of local subsidiary Provided 15,000 sets of sanitary pads (in cooperation with lingerie brand Been Teen to accommodate requests from healthcare teachers at elementary schools)
Indonesia	<ul style="list-style-type: none"> 82,000 users registered on Charm Girl's Talk menarche education website (as of December 31, 2023) <ul style="list-style-type: none"> web https://www.charmgirlstalk.com/ Provided information on menstruation, ways to live more comfortably during menstruation, and women's health on the <i>Charm</i> official website, Instagram, and other social media
Myanmar	<ul style="list-style-type: none"> Conducted menarche education program for 110,000 students (241 schools)
Vietnam	<ul style="list-style-type: none"> Provided information through various social media
Thailand	<ul style="list-style-type: none"> Provided educational content on menstruation through Sofy brand website <ul style="list-style-type: none"> web https://th.sofyclub.com/th/advice/howtocare/Sofygirlguidebook.html
Saudi Arabia	<ul style="list-style-type: none"> Conducted lectures at high schools in Saudi Arabia, Yemen, and Iraq to teach female students about menstruation and approaches to menstruation care
Egypt	<ul style="list-style-type: none"> Held lectures for approximately 3,000 students (8 schools) in Cairo to teach them about menstruation, offered advice on how to select the right product, and provided free sanitary pads



Menstruation education set (Japan)



Presented sanitary pads and printouts to junior high school students in Ningxia (China)



Charm Girl's Talk (Indonesia)



Sofy Girl Guide (Thailand)

Pink Ribbon Activities (Health)

Pink Ribbon activities are a global awareness campaign aimed at promoting proper knowledge of breast cancer and awareness about the importance of early detection and appropriate treatment. Unicharm is a strong supporter of this campaign in the countries and regions in which it operates.

In Japan, where the Company has supported Pink Ribbon activities for the past 16 years, the dedicated website Sofy Pink Ribbon was established in fiscal 2023 to provide information and enable visitors to acquire basic knowledge on breast cancer and conduct self-checks for early detection. At the same time, Unicharm released limited edition versions of the product *Sofy Body Fit* in specially designed Pink Ribbon packaging and donated a portion of the proceeds.

In addition, as an early prevention measure for breast cancer, Unicharm covers the cost of breast cancer screenings for all female employees. Also, we designate October of each year “Pink Ribbon Month,” during which employees wear Pink Ribbon badges and may raise awareness of breast cancer among their families and those close to them.



Following the announcement of its slogan “Ayo SADARI Setelah Menstruasi (Let’s conduct self-checks regularly after menstruation)” in fiscal 2022, Unicharm’s local subsidiary in Indonesia held a fun walk on Car Free Day on October 1, 2023 in Jakarta in cooperation with a local breast cancer foundation. The event was attended by more than 200 people, including 100 breast cancer survivors, as well as members of the local breast cancer foundation, employees of our subsidiary, and those taking part in Car Free Day who walked for approximately three kilometers. This was our third Pink Ribbon activity for the *Charm* brand of sanitary pads, and we hope to raise health awareness among women in Indonesia through our contributions to the early detection of breast cancer.



Meanwhile, our local subsidiary in Taiwan–Greater China sponsored the Pink Ribbon Walk, held for the first time in three years. Free sanitary pads were given to those who finished the walk, in which a total of 53 employees and their families participated. Our local subsidiary in Thailand is also active in Pink Ribbon activities, raising awareness of breast cancer screening in cooperation with universities, research institutes, and other companies.

Educational Activities Regarding Dengue Fever (Health)

Unicharm’s local subsidiary in Malaysia held the #MamyPokoAgainstDengue campaign with the Malaysian Department of Social Welfare to promote awareness of dengue fever. Due to the rapidly increasing number of dengue cases in fiscal 2023, we have distributed 1,500 packs of *MamyPoko ANTIMOS™ Pants*—disposable baby diapers released in June 2023—in five areas at high risk of dengue fever infection. In addition, community cleanup activities and other efforts are being made to prevent the outbreak of mosquitoes that transmit dengue fever.



Our Thailand subsidiary has also introduced a project to educate people residing in the nearby communities of its factories on the use of citronella—an herb that repels mosquitoes and other insects—as a means to prevent dengue fever.

Supporting the Financial Independence of Women (Regional Contributions)

In fiscal 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 fiscal 2023, the project selected and supported an additional 100 female entrepreneurs in the Bulandshahr district in Uttar Pradesh and the Sikar district in Rajasthan, and these women have secured steady incomes through this project.

Moreover, as part of the project, these selected female entrepreneurs lead awareness-raising activities to spread accurate knowledge about menstruation to women in rural areas. In fiscal 2023, they conducted approximately 300 sessions for more than 12,000 women and girls. By providing knowledge about menstrual cycles and educating participants on proper use of sanitary pads, these sessions contribute to improved menstrual hygiene practices in the local community.

* Jagriti means “awakening”



Shops established by female entrepreneurs



Menstruation awareness session

GO WITH YOUR DOG Project (Regional Contributions)

Since fiscal 2022, Unicharm has promoted the GO WITH YOUR DOG Project to provide more opportunities for people to enjoy outings with their dogs.

In November 2022, we concluded a partnership agreement with Fighters Sports & Entertainment Co., Ltd. for the development in March 2023 of “Unicharm Manner Wear DOG SUITE” special seats at the new ES CON FIELD HOKKAIDO baseball stadium in HOKKAIDO BALLPARK F VILLAGE, established in Kita-Hiroshima City, Hokkaido, where people can enjoy watching baseball games with their beloved canine companions. Meanwhile, Unicharm DOG PARK, which features three types of dog runs for dogs of various sizes as well as a washing station, was also established near the stadium in June 2023.

In October 2023, “Wan Wan Skybus supported by GO WITH YOUR DOG” was introduced in cooperation with Hinomaru Jidosha Kogyo Co., Ltd., enabling people to enjoy bus tours with their dogs wearing *Manner Wear* diapers.



Matching Fund (Support for Disaster-Affected Areas)

We have continued to hold our Matching Fund* and Super Cool Biz and Warm Biz employee dress code activities since 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. Over the past 13 years, a total of 28,488 employees have participated in these activities.

To date, the Matching Fund donations have been used for relief supplies and donations to areas affected by the Great East Japan Earthquake and various other disaster-stricken areas, as well as aid to war-torn areas in Ukraine and other parts of the world. To support those affected by the earthquakes that hit Turkey and Syria in February 2023, we used the Matching Fund to donate ¥3,386,000 through UNHCR, the UN Refugee Agency.

* An employee participation initiative that provides 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

Support for Victims of the Noto Peninsula Earthquake (Support for Disaster-Affected Areas)

To support those affected by the Noto Peninsula Earthquake that occurred on January 1, 2024, Unicharm delivered emergency relief supplies, including sanitary pads, disposable adult diapers, and disposable baby diapers, through the Japan Hygiene

Products Industry Association at the request of the Japanese government. Moreover, as part of relief efforts and recovery support, we donated ¥10 million through the Japanese Red Cross Society in addition to providing ¥5,013,000 in donations collected from employees through the Matching Fund.

► Key Social Contribution Activities in Fiscal 2023

Health Support for Medical Institutions, Welfare Facilities, etc.

- South Korea: Provided 27,104 disposable diapers for infants in incubators in neonatal intensive care units
- South Korea: Provided 9,000 sanitary pads to a bazaar held by a charitable organization and donated proceeds to various social welfare organizations
- Vietnam: Held a blood donation day in cooperation with Vietnam–Germany Friendship Hospital (135 participants)
- Vietnam: Held healthcare consultations for over 1,600 elderly patients at a hospital and provided disposable diapers
- Taiwan–Greater China: Held fundraising activities through the efforts of employee volunteers (NT\$518,000 donated to United Way, a social welfare organization)
- Taiwan–Greater China: Donated goods to a social welfare organization
- India: Held a joint donation drive with NGO The Earth Saviours Foundation, and employees visited healthcare facilities and interacted with people in unhused circumstances
- Australia: Raised funds through “Australia’s Biggest Morning Tea,” a community event to support the Cancer Council, donating the AU\$141 raised
- Indonesia: Held blood donation event at a factory in cooperation with the Indonesian Red Cross in Mojokerto (approximately 80 participants)
- Brazil: Held an in-house blood donation campaign (33 participants)
- Japan: Donated 20 wheelchairs and 10,000 face masks to the Sapporo Social Welfare Council in cooperation with Tsuruha Holdings Inc.

Support for Pink Ribbon Activities

- Japan: Promoted awareness of our activities via our corporate website and product packaging and donated a portion of the proceeds in our 16th consecutive year as sponsor
- Indonesia: Held a fun walk in cooperation with the Breast Cancer Foundation
- Taiwan–Greater China: Sponsored the Pink Ribbon Walk and provided free sanitary pads
- Thailand: Promoted activities to raise awareness of breast cancer screening

P.110 Pink Ribbon Activities (Health)

Menarche and Menstruation Education

- All countries and regions of operation: Held classes on menarche and menstruation

P.108 #NoBagForMe Project (Health)

P.109 Education on Menarche and Menstruation (Health)

▶ Key Social Contribution Activities in Fiscal 2023

Maternity and Parenting Classes

- Myanmar: 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 (6,180 participants)
- Japan: Held Childcare Leave for All, a parenting class for companies, in cooperation with Ezaki Glico Co., Ltd.

Continence Care Education

- Japan: Held seminars on incontinence and continence care in cooperation with local communities and education institutions (39 times, 1,978 participants)
- Indonesia: Conducted joint research with the Faculty of Medicine, University of Indonesia on the subject of elderly pressure ulceration
- Thailand: Signed a Memorandum of Understanding with the Department of Older Persons of the Ministry of Social Development and Human Security on comprehensive health and hygiene care for the elderly
- Thailand: Organized educational activities for health volunteers assisting in home care in the nearby communities of our factories

Support for Pets

- United States: Donated products to animal shelters
- United States: Organized Hartz Loving Paws™ activities to help develop facilities for shelter dogs (18 participants, US\$30,000 donated)
- China: Donated pet-related products to an NGO that conducts rescue activities for dogs and cats (RMB50,000 value donated)
- China: Provided support to the Companion Animal Partnership Program of the Japanese Animal Hospital Association

Regional Contributions

Sponsorship of Childcare Support

- Japan: Provided diapers to parents of newborn babies in Kakegawa City (Shizuoka Prefecture) and Shibushi City and Osaki Town (Kagoshima Prefecture)
- Japan: Sponsored the Smiles Child-Rearing Support Project in Ehime Prefecture and a program to provide disposable baby diapers in Shikokuchuo City
- Thailand: Supported Children's Day (second Saturday of January) activities at five schools (870 student participants)
- India: Held Namaste Poko-chan PR Event in Kolkata, West Bengal to promote awareness of disposable diapers
- South Korea: Donated approximately 600,000 sanitary pads and

- disposable baby diapers to single-parent families living in 107 facilities
- Australia: Organized volunteer activities sponsored by St Kilda Mums, a charitable organization that donates strollers, clothes, and car seats to children in local communities (11 participants)
- Brazil: Donated disposable baby diapers to low-income mothers in partnership with a local maternity hospital (approximately 60 recipients)

Support for Supply Shortage

- Taiwan–Greater China: Donated sanitary pads and disposable diapers to New Taipei City, where our local subsidiary is based, to help address period poverty
- China: Donated sanitary pads to minors from impoverished households in Changning District, where our local subsidiaries are based (50 recipients)
- China: Donated 571 cases of disposable adult and baby diapers to people with severe disabilities through the Suzhou Disabled Persons' Federation
- South Korea: Signed an agreement with the city of Gumi for the "Share Pad Campaign" to donate approximately 600,000 sanitary pads and disposable baby diapers
- South Korea: Donated 6,000 disposable diapers to children with disabilities that limit their mobility to bed

Support for Female Entrepreneurs

- India: Provided support to female entrepreneurs through Project Jagriti, a program that supports women in rural regions of the country
P.110 Supporting the Financial Independence of Women (Regional Contributions)
- India: Held an event on National Girl Child Day at the vocational training center run by local NGO VIHAAN
- India: Held an event to promote menstrual hygiene education on World Health Day in cooperation with DLF Foundation (over 150 young girl and 50 DLF volunteer participants)

Cleanup Activities

- Vietnam: Participated in SPOGOMI World Cup 2023 and collected around 1.5 kg of garbage
- Malaysia: Organized a cleanup activity with employees and their families aimed at protecting the marine environment and ecosystem (74 participants)
P.031 Raising Awareness on Proper Disposal of Used Products

- Australia: Participated in volunteer activities and collected garbage at a local park on Clean Up Australia Day in accordance with the newly established Corporate Volunteer Policy

Regional Contributions Through Sports

- Japan: Continued to support J3 League professional soccer team FC Imabari as a top partner and cohesive society partner since 2020, and held Unicharm Match Day at Imabari Satoyama Stadium
- Japan: Sponsored the 2023 Unicharm Trophy Ehime International Open Tennis Tournament, an Association of Tennis Professionals (ATP) certified event
- Japan: Continued to support and sponsor 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 products 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), Kanda Town (Fukuoka Prefecture), and Kamisato Town (Saitama Prefecture), where our production facilities are based
- Japan: Promoted activities in support of children who will shape the future of Ehime Prefecture through the corporate version of Furusato Nozei (Next Generation Baseball Player Development Project and purchase of children's books for Shikokuchuo City Digital Library)

Support for Disaster-Affected Areas

Disaster Relief and Ongoing Support of Disaster-Affected Areas

- Japan: Continued to promote our Matching Fund employee participation initiative since fiscal 2011
P.111 Matching Fund (Support for Disaster-Affected Areas)
- Brazil: Established the Sao Paulo Disaster Fund Project to support victims of the major disaster resulting from heavy rainfall in the north coast of Sao Paulo in February 2023, and donated 1,300 packages of disposable baby diapers
- China: Donated 560 cases of sanitary pads, 50 cases of disposable baby diapers, and 250 cases of disposable adult diapers as emergency relief supplies to those affected by the earthquake in Gansu Province in December 2023

Social Data

Customer Satisfaction

▶ Customer Satisfaction

	2021	2022	2023	Coverage
Customer satisfaction level (%)	88.0	87.9	91.8	Unicharm Corporation

Human Rights

▶ Number of Audits and Evaluations of Unicharm Group Factories

		2021	2022	2023	Coverage
No. of Audits		1	6	4	Unicharm Group
No. of Issues Identified	Business Critical	0	0	0	
	Critical	0	13	10	
	Major	0	86	19	
	Minor	1	36	14	
Total		1	135	43	

Human Resources

2-7,401-1,401-3,403-9,403-10,404-1,404-3,405-1,405-2

▶ Human Resources Data

		2021	2022	2023	Coverage	
No. of full-time employees	Male	10,302	10,397	10,312	Unicharm Group	

		Female	6,006	5,809		5,911
	Total		16,308	16,206		16,223
	Japan	Male	2,663	2,617		2,569

Female		635	640	652		
Total		3,298	3,257	3,221		
Overseas	Male	7,639	7,780	7,743		

	Female	5,371	5,169	5,259		
Total		13,010	12,949	13,002		
Percentage of full-time employees (%)	Male	60.0	59.0	60.5		

	Female	48.2	46.7	48.4		
Total		55.0	53.9	55.5		
No. of contract employees	Male	6,858	7,238	6,725	Unicharm Group	

		Female	6,465	6,639		6,295
	Total		13,323	13,877		13,020
	Japan	Male	816	843		829

Female		605	676	595		
Total		1,421	1,519	1,424		
Overseas	Male	6,042	6,395	5,896		

	Female	5,860	5,963	5,700		
Total		11,902	12,358	11,596		
Percentage of contract employees (%)	Male	40.0	41.0	39.5		

	Female	51.8	53.3	51.6		
Total		45.0	46.1	44.5		

		2021	2022	2023	Coverage	
No. of managerial employees	Male	1,223	1,192	1,178	Unicharm Group	
	Female	355	361	386		
	Total	1,578	1,553	1,564		
	Japan	Male	535	536		521
		Female	90	90		95
		Total	625	626		616
	Overseas	Male	688	656		657
		Female	265	271		291
		Total	953	927		948

		2021	2022	2023	Coverage
Ratio of Japanese to overseas management employees (%)	Japan	39.6	40.3	39.4	Unicharm Group
	Overseas	60.4	59.7	60.6	

		2021	2022	2023	Coverage
Average age of employees	Male	41.1	42.8	41.4	Full-time employees of Unicharm Corporation
	Female	38.4	38.7	38.2	
	Total	40.3	41.9	40.6	
Average length of service (years)	Male	16.1	15.4	17.5	
	Female	12.7	12.2	12.6	
	Total	15.1	14.6	16.3	
Employee turnover rate (%)	Male	2.0	3.0	2.2	
	Female	2.8	5.0	3.4	
	Total	2.2	3.5	2.5	

		2021	2022	2023	Coverage
No. of new graduate hires	Male	31	25	43	Full-time employees of Unicharm Corporation
	Female	24	16	17	
	Total	55	41	60	
Turnover rate of employees with less than 3 years of service who started as new graduates (%)	Male	5.8	7.5	8.1	
	Female	5.3	3.6	5.5	
	Total	5.7	6.0	7.2	
Recruitment cost per employee (yen)	1,392,800	1,924,620	1,450,000	Unicharm Corporation	
Starting salary of new graduate employees*: Master's degree (yen)	226,000	226,000	226,000		
Starting salary of new graduate employees*: Bachelor's degree (yen)	210,000	210,000	210,000		

* Adjustable Starting Salary System (starting salary increases by up to ¥15,000 for employees who have passed the Microsoft Office Specialist (MOS), TOEIC, marketing exams, or other certification programs prior to joining the Company)

Development and Utilization of Human Resources

▶ Programs for Realizing the Career Vision of Young Employees

	2021	2022	2023	Coverage
No. of employees participating in the in-house internship program	32	26	28	Unicharm Corporation
No. of employees participating in the career challenge internship program	17	26	25	

▶ Strengthening Employee Engagement Through Reading Session of Integrated Report

	2021	2022	2023	Coverage
Percentage of scrum teams holding Reading Session of Integrated Report (%)	100	100	100	Unicharm Group

▶ Succession Planning

	2021	2022	2023	Coverage
Succession preparedness rate (%)	208.3	201.6	219.1	Unicharm Corporation employees
No. of employees participating in the Strategy Secretary to CEO program	7	6	6	Unicharm Group
Cumulative number of employees who have participated in the Strategy Secretary to CEO program	45	51	57	

▶ Employee Survey

	2021	2022	2023	Coverage
Percentage of employees who responded to the employee awareness survey (%)	100	100	100	Unicharm Group
Percentage of positive answers received for the "Growth Through Work" section of the employee awareness survey (%)	81.4 (Japan)	89.2	88.7	
Average score on a five-point scale on the level of satisfaction section of the employee awareness survey	4.07 (Japan)	4.39	4.42	

* Results for fiscal 2022 cover all Group companies.

▶ Time and Costs Allocated to Skill Development Training Programs

	2021	2022	2023	Coverage
Total training hours allocated to employee skill development	45,018	49,824	50,503	Unicharm Corporation
Total training costs allocated to skill development training (thousand yen)	42,000	84,000	75,310	
Training days per employee	3.9	4.4	3.5	
Training hours per employee	31	35	28	
Training cost per employee (yen)	28,669	58,618	42,119	

▶ Implementing Second Job System

	2021	2022	2023	Coverage
No. of employees using the Second Job System	36	56	59	Unicharm Corporation

▶ Career Development Evaluations

	2021	2022	2023	Coverage
Percentage of employees who regularly receive assessment reviews for career development (%)	100	100	100	Unicharm Corporation

Diversity and Inclusion

▶ Promotion of Women's Empowerment

	2021	2022	2023	Coverage
Percentage of female employees (%)	36.8	35.8	36.4	Unicharm Group
Percentage of female managers (%)	22.5	23.2	24.7	
Percentage of female executive officers (%)	3.7	3.4	3.6	
No. of female executives (Japan)	2	2	2	
No. of female executives (overseas)	14	12	10	

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

	2021	2022	2023	Coverage
Percentage of locally hired employees in management positions (general manager and above) at overseas subsidiaries (%)	45.5	52.2	52.3	Unicharm Group's overseas subsidiaries

▶ Hiring Experienced Personnel and Promoting Them to Management Positions

	2021	2022	2023	Coverage
No. of mid-career hires	47	43	43	Full-time employees of Unicharm Corporation
Percentage of mid-career hires in management positions (%)	29.1	29.1	33.5	

▶ Expanding Our Recruitment of People with Disabilities

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

▶ Creating a Workplace for People of All Life Stages

	2021	2022	2023	Coverage
Rehiring rate of retired employees (%)	84.0	92.9	86.2	Unicharm Corporation
Hiring rate of retired employees seeking reemployment (%)	100	100	100	

▶ System for Determining Fair Evaluation and Compensation

	2021	2022	2023	Coverage
Ratio of basic remuneration amount of starting salaries by gender (female : male)	100:100	100:100	100:100	Unicharm Corporation employees
Ratio of basic remuneration amount by gender (female : male)	100:124	100:123	100:129	
Ratio of total remuneration amount by gender (female : male)	100:140	100:139	100:137	

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.

▶ Moony Childcare Support System

	2021	2022	2023	Coverage
No. of employees taking Moony Childcare Leave	160	128	140	Unicharm Corporation
Percentage of employees taking Moony Childcare Leave (%)	95.5	95.8	96.1	
Percentage of male employees taking Moony Childcare Leave (%)	91.0	94.7	100	Unicharm Products Co., Ltd.
Percentage of employees taking Moony Childcare Involvement (%)	85.7	93.2	83.7	Unicharm Corporation

Employee Health

▶ Creating Vibrant and Healthy Working Environments

	2021	2022	2023	Coverage
Percentage of employees utilizing the remote work system (%)	58.0	57.0	52.0	Unicharm Corporation

▶ Encouraging the Taking of Paid Leave

	2021	2022	2023	Coverage
Percentage of paid leave taken (%)	57.7	61.8	71.2	Unicharm Corporation

▶ Appropriate Management of Working Hours

	2021	2022	2023	Coverage
Total working hours per employee	1,992.3	2,000.2	1,966.6	Unicharm Corporation

▶ Annual Health Checkups

	2021	2022	2023	Coverage
Percentage of employees receiving health checkups (%)	100	100	100	Unicharm Corporation

▶ Mental Health Measures

	2021	2022	2023	Coverage
Percentage of employees who underwent stress checks (%)	94.4	98.2	99.5	Unicharm Corporation
No. of employees who participated in mental health training	1,785	1,934	1,944	
No. of employees on mental health leave	7	7	9	

▶ Presenteeism and Absenteeism

	2021	2022	2023	Coverage
Presenteeism*1 (%)	—	14.3	15.2	Unicharm Corporation
Absenteeism*2 (%)	—	0.493	0.733	

*1 Measured using Single-Item Presenteeism Question (SPQ) developed by the University of Tokyo

*2 Sick leave days rate = Total number of sick leave days including weekends and holidays ÷ (Number of employees × 365) × 100

Occupational Health and Safety

▶ Occupational Health and Safety

	Manufacturing Industry Average (Fiscal 2022)	2021	2022	2023	Coverage
No. of violations of the Industrial Safety and Health Act	—	0	0	0	Unicharm Corporation employees
No. of fatal workplace accidents	—	0	0	0	
No. of workplace accidents resulting in inability to work*3	—	0	0	0	
Workplace accident frequency rate*4	1.25	0.22	0.22	0.22	
Workplace accident severity rate*5	0.08	0.00	0.00	0.02	

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

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

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

▶ Occupational Health and Safety Education and Training

Target	Details	No. of Participants in Fiscal 2023	Coverage
Newly appointed leaders	Education on occupational health and safety, including leader training, as required by law	92	Unicharm's production sites in Japan
Employees prior to the assignment to their respective departments or changing roles	Education and training on occupational health and safety for new employees prior to the assignment to their respective departments and for employees changing roles	90	

Supply Chain Management

▶ Human Rights Risk Assessment Results for Fiscal 2023

		Percentage of Suppliers Using the Sedex Platform (%)	Percentage of Suppliers Sharing Inherent Risk Score (%)	Percentage of Suppliers Sharing Site Characteristic Risk Score (%)	Coverage
Personal care products	Material suppliers	81.0	72.0	56.8	Unicharm Group
	Contract manufacturers	66.2	63.6	39.0	
Pet care products	Contract manufacturers	65.8	65.8	44.7	
	Total	77.4	70.2	53.0	

▶ Supplier Audits: Number of Audits and Evaluations

	2021	2022	2023	Coverage	
No. of Audits	50	31	26	Unicharm Group	
No. of Issues Identified	Business Critical	0	1		1
	Critical	29	41		32
	Major	181	182		111
	Minor	95	109		44
Total	305	333	188		

118 Corporate Governance

118 Corporate Governance

1 2

127 Compliance

127 Fair Business Practices

1 2

131 Tax Compliance

1 2

132 Risk Management

132 Risk Management

1 2

137 Governance Data

Governance

Kyo-sei Life Vision 2030

1

Management practices that account for sustainability

2

Practice of appropriate corporate governance

Corporate Governance

Corporate Governance

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

Our Basic Approach and Strategy

Unicharm makes efforts 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, and believes that such efforts will lead to the promotion of sound corporate management in accordance with the Unicharm Ideals. To realize this goal, our basic policy on corporate governance is to achieve transparent, fair, timely, and decisive management through frank and proactive engagement that will gain the support of various stakeholders, initiatives that sufficiently address ESG issues, and further development of an environment that enables management to make appropriate decisions without overlooking opportunities.

web Corporate Governance Report

<https://www.unicharm.co.jp/en/company/corporate-governance.html>

Management Structure

In May 2015, we became a company with 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

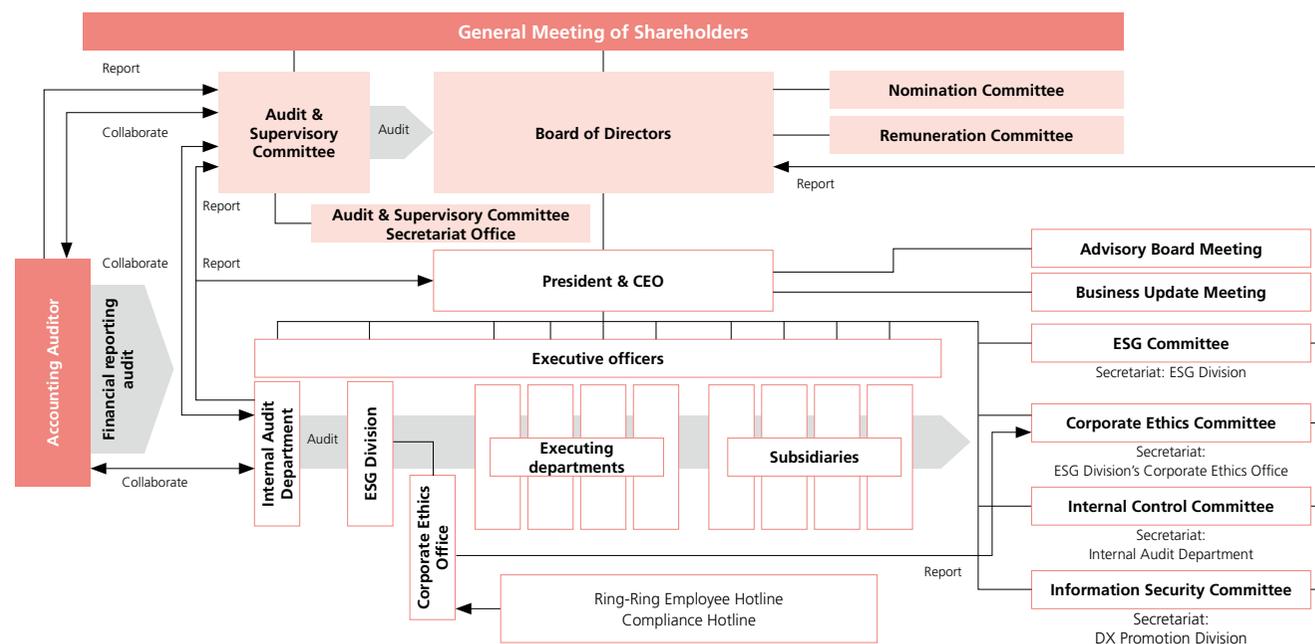
only comply with laws and regulations but to also strengthen the audit and supervisory functions of management from an outside perspective, with the aim of maintaining collaborative relationships with stakeholders and fostering an organizational culture and climate that respect healthy and ethical business 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.

P.009 Sustainability Promotion System

Corporate Governance Structure

(As of March 27, 2024)



► **Authority and Performance (Agenda Items) of Members of the Board of Directors, Audit & Supervisory Committee, and Other Committees**

	Composition and Decision-Making Authority	Fiscal 2023 (Agenda Items)
Board of Directors	The Board of Directors comprises six members, including one representative director 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.	<ul style="list-style-type: none"> • Medium-Term Management Plan • Budgets and financial results • Organizational reforms, director and executive officer personnel • ESG Committee, Corporate Ethics Committee, Internal Control Committee, and Information Security Committee activities
Audit & Supervisory Committee	The Audit & Supervisory Committee comprises three members, including one full-time member who is a non-executive director and two members who are outside directors. The full-time member of the Audit & Supervisory Committee 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.	<ul style="list-style-type: none"> • P.122 Audit Status (1) Audit Status of the Audit & Supervisory Committee: Activity Status of the Audit & Supervisory Committee
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.	<ul style="list-style-type: none"> • Director and executive officer candidates, etc.
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.	<ul style="list-style-type: none"> • Director and executive officer performance evaluations • Director and executive officer remuneration, etc.

► **Committee Functions**

	Composition and Functions
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 once a month 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 Security Committee	The Information 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 and Participation Status of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Relevant Expertise of Directors (as of March 27, 2024)

2-11

	Tenure	Composition and Participation Status of the Board of Directors, Audit & Supervisory Committee, and Other Committees				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	28 years, 9 months	◎ 100% (9/9)	—	○ 100% (1/1)	○ 100% (1/1)	■	■	■	■	■	■	■			■	
Toshifumi Hikosaka Senior Executive Director in Charge of Production and Development	2 years	○ 100% (9/9)	—	—	—	■			■	■				■	■	
Kenji Takaku Director, Senior Managing Executive Officer in Charge of Marketing and Sales	1 year	○ 100% (6/6)	—	—	—	■			■	■	■	■	■			
Hiroaki Sugita Director, Audit & Supervisory Committee Member Outside Independent	3 years	○ 100% (9/9)	○ 100% (11/11)	◎ 100% (1/1)	◎ 100% (1/1)	■	■	■	■	■		■	■	■	■	■
Noriko Rzonca Director, Audit & Supervisory Committee Member Outside Independent	1 year	○ 100% (6/6)	○ 100% (9/9)	○ 100% (1/1)	—*2	■		■	■	■	■	■	■		■	■
Shigeru Asada Director, Audit & Supervisory Committee Member	5 years	○ 100% (9/9)	◎ 100% (11/11)	○ 100% (1/1)	○ 100% (1/1)	■	■	■	■	■	■					

Note: Under "Composition and Participation Status of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Relevant Expertise of Directors," ◎ denotes chair and ○ denotes members.

Outside Outside director Independent Independent director Attendance is based on the number of times committees have convened during respective tenures.

*1 Environment and quality

*2 Appointed on March 24, 2023. The Remuneration Committee did not convene thereafter in fiscal 2023 (the fiscal 2023 meeting was held prior to this appointment and attended by the previous Audit & Supervisory Committee member).

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, "Love Your Possibilities" and "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 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 comprises six members including one female director.

Management Experience

Maintaining an appropriately sized Board of Directors and duly considering the views of all stakeholders entails 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, 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, with particular emphasis on finance and accounting.

Strategy

With a view to realizing its purpose, mission, vision, and value, the Company stipulated five strategies as a part of its 12th Medium-Term Management Plan: (1) demonstrate uniqueness and strengths with a focus on women; (2) innovate the *monozukuri* (manufacturing) process to create unique UI/UX; (3) build a model to maximize Life Time Value (LTV) with a focus on women; (4) achieve three sustainable values through the recycling of used

disposable diapers (corporate value, social value, customer value); and (5) create human resources, an environment, and an organization that create unique value. The knowledge, experience, and skills associated with these strategic fields are valuable tools for the Board of Directors from the viewpoint of management oversight.

P.120 Composition and Participation Status of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Relevant Expertise of Directors

Policies and Procedures for the Nomination of Director Candidates and 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.

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 advice and recommendations from the committee. For specific evaluation criteria, please refer to "Director Remuneration."

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 comprises 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.

Succession Planning

Please refer to "Succession Planning" for details on the system for fostering and nominating successors.

P.089 Successor Development Plan

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.

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. He has been designated as an independent director upon determining that he 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.	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.	Ms. Rzonca 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. She has also been in charge of promoting digital transformation at Sony Bank Inc. and Cosmo Energy Holdings Co., Ltd. and, drawing on her cross-industry experience in these very different industries, is expected to make meaningful contributions to our marketing activities, development of digital technology experts, and management reform through the use of the Company's digital technologies. The Company is also confident that, based on her experience, Ms. Rzonca will continue to provide guidance in the development and execution of global strategies and risk management, as well as 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.

Transactions Between Related Parties

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The Company obtains prior approval of the Board of Directors when conducting direct or indirect business with its directors (including directors who are Audit & Supervisory Committee members) or their relatives. When important transactions are carried out 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 by the Board of Directors, including multiple independent outside directors.

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/content/dam/sites/www_unicharm_co_jp/pdf/company/about/dokuritsutorisimariyakuseninnin.pdf)
https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/company/about/dokuritsutorisimariyakuseninnin.pdf

Audit Status

1 Audit Status of the Audit & Supervisory Committee Organization and Personnel

The Audit & Supervisory Committee comprises three members, including one full-time member who is a non-executive director and two members who are outside directors.

Outside director Hiroaki Sugita has experience as the Japanese representative, Managing Director and Senior Partner of the major foreign capital consulting firm Boston Consulting Group, where he currently serves as a Senior Advisor, as an Outside Director of Kaizen Platform, Inc., and in other roles where he has utilized his considerable knowledge of corporate management and corporate governance.

Outside director Noriko Rzonca 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. Specific meeting agenda:

The following resolutions and reports were made in fiscal 2023.

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 refer to "Composition and Participation Status of the Board of Directors, Audit & Supervisory Committee, and Other Committees" for the attendance record at meetings of the Audit & Supervisory Committee held in fiscal 2023. The average duration of Audit & Supervisory Committee meetings 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.

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 fiscal year 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 makes 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

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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 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, as well as in consideration of our financial situation, in order to promptly cope with 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.

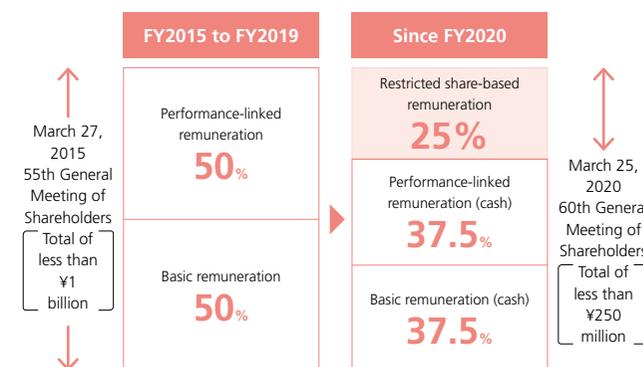
1 Overview of the Director Remuneration System

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 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 2023 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 2023 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, in ESG assessment, which was added as a part of the evaluation criteria from fiscal 2020, Unicharm strives to be assessed as quantitatively as possible through criteria such as inclusion in the FTSE Blossom Japan Index and improved ESG scores. As a result, in fiscal 2022, the Company was selected for the FTSE4Good Index Series for the fourth year in a row, awarded the Bronze Prize in the Environmentally Sustainable Company category at the Ministry of the Environment's ESG Finance Awards Japan, received four stars in the Nikkei Smart Work Management Survey and in the Nikkei SDGs Management Survey, and was selected for inclusion in the Bloomberg Gender-Equality Index (GEI) for the second consecutive year, all of which led to the enhancement of corporate value. Additional efforts to accelerate the promotion of "our business itself as ESG" and enhance corporate value in fiscal 2023, including the vigorous promotion of the medium- to long-term ESG goals Kyo-sei Life Vision 2030 and DX initiatives, resulted in Unicharm being selected as a constituent of all six ESG indices used by the Government Pension Investment Fund, recognized as a "Noteworthy DX Company 2023" among "DX Stocks 2023."

No.	Evaluation Criteria	Accountability	Assessment Weighting	Targets	Results	Assessment
1	Group performance (business plan)	1-1 Consolidated net sales	20%–50%	¥963.5 billion (up 7.3% YoY)	¥941.8 billion (up 4.9% YoY)	97.7%
		1-2 Consolidated core operating income		¥141.0 billion (up 17.9% YoY)	¥128.0 billion (up 7.0% YoY)	90.8%
		1-3 Profit attributable to owners of parent		¥80.9 billion (up 19.7% YoY)	¥86.1 billion (up 27.3% YoY)	106.4%
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 of ("transfer restriction") 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 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 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.

▶ Total Remuneration for Each Director and Executive Officer, Total for Each Type of Remuneration, and Number of Directors Receiving Remuneration

Role	Total Remuneration (million yen)	Total for Each Type of Remuneration			No. of Directors Receiving Remuneration
		Basic Remuneration	Performance-Linked Remuneration	Non-Monetary Remuneration Restricted Share-Based Remuneration	
Directors (excluding Audit & Supervisory Committee members and outside directors)	562	196	196	171	4
Directors (Audit & Supervisory Committee members) (excluding outside directors)	8	8	—	—	1
Outside directors	21	21	—	—	3

- The amounts above include those for the remuneration of one director (who did not serve as an Audit & Supervisory Committee member) and one outside director who resigned as of the end of the 63rd General Meeting of Shareholders held on March 24, 2023.
- Total amount of remuneration of directors (excluding Audit & Supervisory Committee members) includes amounts recorded as expenses of ¥171 million for restricted share-based remuneration of three directors and one retired director (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 and incorporate their bonuses into remuneration at the 47th General Meeting of Shareholders held on June 26, 2007. Directors and executive officers now only receive annual compensation.

3. Reasons for the Board of Directors' Decision to Ensure That Individual Compensation of Directors in Fiscal 2023 Is Consistent with the Policy for Decisions on Individual Remuneration of Directors

In regard to the individual remuneration of directors for fiscal 2023, the method for determining remuneration and the determined amounts of remuneration have been deemed consistent with the policy for determining remuneration approved by the Board of Directors. In addition, a high degree of importance is placed on reports from the Remuneration Committee, which also corresponds to said policy.

Support System for Outside Directors

A designated secretary supports outside directors while the Board of Directors' secretariat coordinates between outside directors and the Board of Directors and distributes meeting documents four business days before the meeting, in principle, in an effort to ensure 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 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.

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 participating directors. Through this process, the Company confirms progress regarding points identified as requiring further action in previous evaluations, identifies points that need to be addressed to further enhance the effectiveness of the Board of

1. Questionnaire overview

The questionnaire asked respondents to selectively answer questions regarding the composition of the Board of Directors, oversight of succession planning, the quality, quantity, and timing of information provided at Board of Directors meetings, whether active discussions and comments were made, the number of days and hours the meetings were held, the number of proposals, and the time allotted for deliberation. Respondents were also asked to comment on future Board composition, management strategy, major risks, oversight of execution, and other issues.

2. Progress regarding points identified as requiring further action in previous evaluations

- (1) Board of Director expertise pertaining to IT and DX has been improved and strengthened with the appointment of a new director with expertise in this area.
- (2) The Board of Directors' secretariat improved advance preparations for meetings, including confirming overviews of scheduled agenda items approximately six months in advance at management preparation review meetings in which regular attendees and the secretariat participated, as well as requesting that the Application Department provide appropriate and sufficient information for directors to make deliberations. With regard to following up on agenda items, the Board of Directors' secretariat reports on past agenda item progress at each Board of Directors meeting, and ensures reports on important topics are provided by the responsible departments.
- (3) One-on-one meetings between outside directors and executive officers held in fiscal 2022 will continue to be held on a regular basis going forward.

Directors, and summarizes the results of its analysis and evaluation of overall effectiveness of the Board of Directors. These results are also published with the approval of the Board of Directors.

A summary of fiscal 2024 analysis and evaluation results is presented below.

3. Results of the analysis and evaluation of overall effectiveness of the Board of Directors and points that must be addressed to further enhance effectiveness

Based on the results of the questionnaire and subsequent discussions of those results, the Company's Board of Directors was determined to be continuously improving and thus functioning effectively. On this basis, the following efforts shall be made to further enhance the effectiveness of the Board of Directors

- (1) Ongoing improvements will be made, such as efforts to provide clearer explanations of information needed for deliberations, to facilitate increasingly proactive discussions.
- (2) The setting of agendas, including those focused on risk, will be discussed.
- (3) Opinions on the composition of the Board of Directors, succession plans, and the operation of the Nomination Committee and the Remuneration Committee will be shared with Nomination Committee and Remuneration Committee secretariats.
- (4) Going forward, efforts will be made to achieve further improvements, including progress and follow-up reports conducted in fiscal 2023, and increased opportunities for outside directors and executive officers to meet with one other.

Evaluating Audit & Supervisory Committee Effectiveness

The Company's Audit & Supervisory Committee, in principle, meets once a month. During these meetings, the Audit & Supervisory Committee conducts preliminary confirmation of agenda items for Board of Directors 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 of Directors 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.

Compliance

Fair Business Practices

2-25,2-26,2-27,205-1,205-2,205-3,410-1

Our Basic Approach and Strategy

In line with the Unicharm Ideals, “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities,” which serve as the foundation of our business activities. We have established the Unicharm Group Charter of Actions, which sets forth more specific standards of conduct to ensure that directors and employees maintain the highest ethical standards, and comply with laws and regulations and the Articles of Incorporation.

The Unicharm Group Charter of Actions prohibits bribery and the provision and acceptance of excessive entertainment and gifts, which we strive to prevent along with improper political contributions, insider trading, money laundering, and corruption that would lead to other forms of misconduct, by ensuring that each employee complies with the Unicharm Group Charter of Actions. Furthermore, to ensure that workplace culture is not conducive to fraud or corruption, we thoroughly manage our working conditions and hours in compliance with various laws and regulations.

The Unicharm Group Charter of Actions is recited at morning assemblies and other gatherings at our various business sites to instill awareness in all employees. We believe it is essential for directors, executive officers, and other members of management to lead by example so that the Unicharm Group Charter of Actions are not mere formality. By continuously conveying such words and actions to employees, we instill a sense of ethics and enhance their awareness of the charter.

► 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 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 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 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.

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 business 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, 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.118 Corporate Governance Structure

Indicators and Targets

Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2021 Result	Fiscal 2022 Result	Fiscal 2023 Result	Annual Target
No. of serious compliance violations	Zero	Zero	Zero	Zero

Initiatives and Results

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 ensuring internal awareness of our zero-tolerance stance on insider trading, we require the submission of a trade notice for Unicharm's shares whenever they are traded and 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 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.104 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 renamed the Unicharm Group Action Guidelines to 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 fiscal 2023, there were no fines, surcharges, or settlements resulting from acts of bribery or other forms of corruption, including facilitation payments. However, disciplinary action was imposed on one employee for their involvement in such acts.

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Coverage
No. of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery	0	0	0	Unicharm Corporation
Amount of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery (yen)	0	0	0	
No. of employees subject to disciplinary action due to acts of corruption or bribery	0	0	1	

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, 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.

Overseas, 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, Egypt, and Australia.

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

Number of Consultations and Reports via the Whistleblowing System

	Fiscal 2021	Fiscal 2022	Fiscal 2023
No. of consultation/whistleblowing cases (Japan)	68	100	165
No. of consultation/whistleblowing cases (overseas)	37	42	48
Of which, are in violation of compliance	0	0	0

Response to Serious Compliance Violations

At Unicharm, we define a “serious compliance violation” as one that impairs our corporate value, has an adverse impact on our business operations, and requires external information disclosure. Aiming to achieve our target of zero compliance violations as declared in Kyo-sei Life Vision 2030, we are taking appropriate measures to enhance compliance awareness. In fiscal 2023, there were no cases of serious compliance violations.

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

Whistleblowing System Response Process



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	Fiscal 2023 Results	
		No. of Times	No. of Attendees
All employees	All areas of compliance (distribution through email newsletters and posting on Company intranet)	6	All employees
New employees	Compliance and basis of contracts	2	60
New leaders	Harassment prevention	1	21
Employees to be posted overseas (pre-posting training)	Prohibition of bribery, protection of confidential information, contract compliance, etc.	2	20
Divisional basis	Setting of themes according to business activity and holding of workshops	2	33

Harassment Prevention

Unicharm has established the Harassment Prevention Regulations with the goal of establishing a comfortable workplace environment. According to these regulations, any act in the workplace that causes disadvantage or loss to others, damages their dignity, or infringes on their human rights is defined as "harassment" regardless of the intentions of the person responsible and is 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.

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Coverage
No. of participants in harassment prevention manager training	52	26	21	Unicharm Corporation

India: Prevention of Workplace Harassment

Unicharm's local subsidiary in India conducted harassment training for approximately 700 employees in its sales division in fiscal 2021, and for approximately 940 employees in its staff and manufacturing divisions in fiscal 2022 to prevent workplace harassment. Continuing these efforts in fiscal 2023, approximately 320 employees in the staff and manufacturing divisions received harassment training.

Compliance

Tax Compliance

207-1,207-2,207-3,207-4

Our Basic Approach and Strategy

In line with the Unicharm Ideals, “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities.” To this end, we implement and instill in each of our employees the Unicharm Group Charter of Actions, ensuring compliance with all laws and regulations.

Included in this compliance is our basic policy to comply with the tax laws of all countries and regions in which we operate and ensure that tax payments are made appropriately in accordance with the principles of tax fairness. Specifically, we have established a balanced Groupwide tax management system and take the following measures in accordance with the Unicharm Group Tax Regulations, which were prepared for the purpose of maintaining and improving tax compliance and approved by the 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 are made based on approval after consultation with the executive officer in charge of accounting and finance at Unicharm Corporation—the person responsible for tax management in the Group—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.

Moreover, employees receive regular training on tax matters through e-learning seminars and other forms of instruction to raise 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)

	Fiscal 2021	Fiscal 2022	Fiscal 2023
Japan	22,998	19,898	25,102
China	5,339	6,056	3,984
Vietnam	2,271	1,546	463
Saudi Arabia	2,203	1,518	2,168
Thailand	1,794	2,703	1,963
Other regions	2,168	5,682	6,459
Total	36,774	37,403	40,139

► 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 foundation of our business activities is to fulfill our responsibility to society by constantly striving to create new value for our stakeholders. For this reason, we recognize the importance of identifying and preventing the various risks that could affect our business activities, minimizing the impact of such risks when they occur, and taking measures to prevent their recurrence in our business operations. In view of this, the Company has established a Groupwide risk management system, which is operated while continuously reviewing and improving risk management.

While overseeing the code of conduct and code of ethics, the Board of Directors analyzes and evaluates major risks that are reported by each department, and if necessary, leads the formulation of improvement measures, which are then deliberated and decided upon. Audit & Supervisory Committee

members fulfill their roles by implementing various audits as required by laws and regulations. In addition, the ESG Committee has identified 12 risks as business risks and discusses the details of such risks and takes appropriate response as necessary. Urgent risks that do not fall under these 12 business risks are discussed and addressed promptly by the ESG Committee. Moreover, in the event of a major crisis, the Crisis Management Response Committee will convene and strive to respond quickly and appropriately toward prompt recovery based on the Groupwide Crisis Communication Manual, which outlines the Company’s internal rules for crisis management.

The 12 business risks are significant risks that could impair the Company’s financial standing and management results. However, due in part to the effectiveness of various countermeasures, these risks are not likely to have serious impact on our business operations at the present time. In addition, the timing and extent to which these risks could emerge in the future are unknown. Risks that could impact business operations in the future are not restricted to those listed below.

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 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 sales environment is also influenced by changes in consumer behavior and competitor response regardless of the Company’s efforts to lower manufacturing costs, cut overheads, or enhance marketing.	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 birthrate will continue to decline over time along with demographics such as infants and people who menstruate. 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 and child care products and feminine care products, 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, contributing to the satisfaction found in the enjoyment of life, where all people from newborns to the elderly and their 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, endorsing 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. As a manufacturer of disposable products, such as disposable diapers and sanitary pads, the Company understands the significance of developing environmentally friendly products by complying with all environmental laws and regulations. If efforts are perceived as inadequate by stakeholders, the Company's social trust could be impacted.</p>	<p>In fiscal 2015, the Company launched a project to recycle used disposable diapers and began selling nursing care disposable diapers made from recycled pulp. In addition, it established numerical targets for the environmental issues set forth in Kyo-sei Life Vision 2030 and Environmental Targets 2030, and has formulated and implemented specific measures to achieve these objectives.</p> <p>Moreover, the Company has established the Basic Environmental Policy and Guidelines in the Unicharm Group Basic Environmental Policy, which is read by all employees in an aim to raise internal awareness, and strives to develop products and services that minimize environmental impact in all stages of the product and service design process.</p>
Climate change	<p>In Asia, a region of priority for the Company, the market could be significantly impacted by the introduction and increase of carbon pricing, higher operating costs due to major fluctuations in energy prices, and the expected increase in procurement costs due to soaring prices of forest-derived raw materials, one of the main raw materials used in the Company's products.</p> <p>Moreover, if efforts to reduce greenhouse gas (GHG) emissions aimed at curbing temperature increases and disclose such information prove to be inadequate, the Company's social trust could be compromised.</p>	<p>As declared in Kyo-sei Life Vision 2030, the Company aims to achieve 100% use of renewable energy for all electricity used in its business activities. It has launched the GHG Emissions Visualization Project to provide a comprehensive visualization of its GHG emissions, including Scope 3 emissions; collected primary data for GHG emissions based on the materials used, which will serve as a benchmark for improving renewable energy efficiency and energy conservation; begun making specific calculations; and is working to disclose GHG emissions by product.</p>
Product reliability	<p>As a manufacturer and seller of consumer products, since its founding, the Company has not experienced large-sum payment or other compensation issues impacting management related to product quality or safety. Nevertheless, if a serious unforeseen issue involving quality or safety were to occur during the manufacture or sale of a product, the reliability of the Company's products could be greatly compromised.</p>	<p>The Company strives to enhance the quality and safety of its products throughout their life cycle, from the procurement of raw materials to development, distribution, sales, and disposal after use, in compliance with not only relevant laws and regulations, but also voluntary industry standards set by industry associations of the countries and regions in which it operates, as well as its own strict standards.</p> <p>Moreover, to ensure effective communication of information, the Company endeavors to produce evidence-based advertisements and records in compliance with relevant laws and regulations. In the event of complaint regarding a product, the Company has a system in place to swiftly identify the cause and take corrective action, regardless of the significance of the complaint, thereby ensuring that the reliability of its products is not compromised.</p>

Risks	Details of Risks and Impacts on the Company	The Company's Main Response
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 sets forth 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 the prevention of unlawful acts. The Company also conducts monitoring each year via 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 against the infringement of its intellectual property rights by third parties, which includes legal action, and endeavors to eliminate unauthorized and counterfeit products by working closely in-house and cooperating with local government agencies in the countries and regions in which it operates. In addition, the Company protects and ensures respect for the intellectual property rights of Unicharm and other companies by conducting infringement prevention surveys at the product development stage and providing on-the-job training and e-learning seminars on patents, trademarks, and the Patents and Trademarks Act as a part of its in-house compliance training.
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 factory of a local subsidiary 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 downtime 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) insurance 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 fiscal 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 resource 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 impairment of goodwill and other fixed assets 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 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. Subsequently, if the Company anticipates that the planned profits are not recoverable, it recognizes impairment losses on assets in accordance with accounting standards.
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 security measures covering the entire Group. In addition, to ensure that it can swiftly identify the situation and minimize the impact of incidents, such as information leaks and cyberattacks, the Company has disseminated a correspondence policy globally based on the Information Management Security Rules and begun developing an IT business continuity plan in preparation for incidents and disasters. 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.

The Company includes product quality and the natural environment in its consideration of important business risks that occur during the course of business activities as a manufacturer, and utilizes COSO and ISO reference frameworks to appropriately respond to such issues.

Also, business continuity risks that arise in the event of a disaster are managed individually through separately established business continuity plans.

► 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 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 occurrence, including insider trading and bribery, efforts are being made to better educate the employees in our countries and regions of operation on compliance through training programs held prior to posting overseas and through 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.

P009 Sustainability Promotion System

Serious Crises

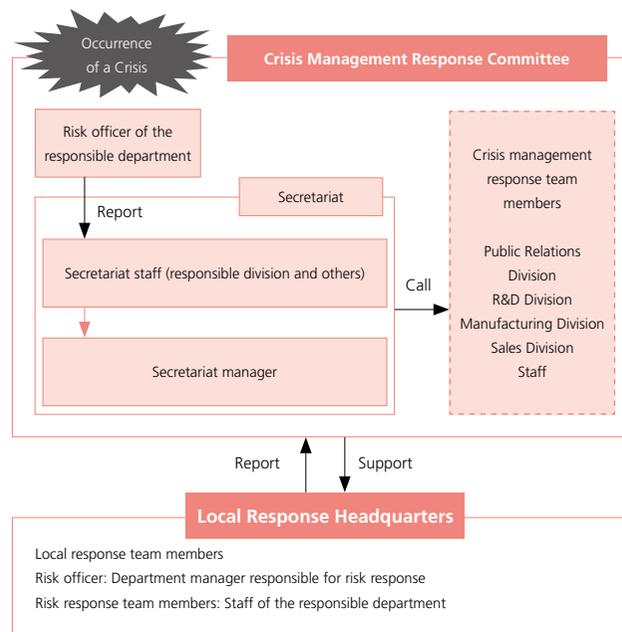
- ① Quality
- ② Environment
- ③ Representation
- ④ Occupational safety
- ⑤ Human rights
- ⑥ Supplier- or vendor-related
- ⑦ Senior management- or executive-related
- ⑧ Disasters
- ⑨ Information accidents
- ⑩ Reputational damage
- ⑪ Pandemics
- ⑫ Disputes or political changes

Response to Business Risks

In the event of a major crisis, we have a system in place whereby the Crisis Management Response Committee will convene and endeavor to respond quickly and appropriately and realize a swift recovery based on the Groupwide Crisis Communication Manual, which was established as internal rules for crisis management.

The aforementioned business risks that have actual impact on our business are defined as crises, and Unicharm identifies the 12 items below as serious crises. When a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation in accordance with the Groupwide Crisis Communication Manual, working to prevent further damage and communicating appropriately with stakeholders. A handbook has been distributed to every Group employee for the purpose of ensuring awareness and swift response in the event of an ESG risk or crisis.

Framework in Response to the Occurrence of a Crisis



Initiatives and Results

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 remove office PCs from company premises. In fiscal 2022, Unicharm revised its regulations in accordance with the revisions to the Personal Information Protection Law and made this known to all employees, renewing the content of new employee training. We also continue to increase the frequency of our communication with overseas subsidiaries, carry out risk assessments in IT fields, and distribute quarterly information security newsletters.

Business Continuity Plan

As a part of its efforts to strengthen risk management since fiscal 2005, Unicharm has formulated a BCP to prepare for emergencies, such as an earthquake directly under the Tokyo metropolitan area or the Nankai Trough mega earthquake—a large-scale interconnected earthquake involving the Tokai, Tonankai, and Nankai plates, which is raising concerns in Japan. Specifically, we assume the scenario of an earthquake with its epicenter in the Tokyo metropolitan area (6.0 on the JMA Seismic Intensity Scale), which includes the head office, adjacent factories, and sales offices, and have prepared impact assessments and damage assumptions. In order to maintain business operations under any circumstance, under the BCP, we ensure the safety of our employees and their families while, at the same time, establishing a backup system necessary for business continuity that takes a panoramic view of the value chain, and continuously carry out evacuation drills and response simulations based on emergency scenarios. We have established procedures to recover critical operations—particularly head office functions—in order to provide the daily living necessities Unicharm manufactures to disaster-affected areas and other areas in need as quickly as possible.

In addition, we conduct e-learning seminars to enhance employee awareness of risk management and facilitate proactive responses in the event of a disaster and distribute a disaster response pocket manual that can be quickly checked in an emergency. Moreover, to confirm the safety of employees and their families as quickly as possible in the event of a disaster, we have established a system based on a smartphone app, conduct specific disaster training drills at each business site, hold basic survival courses, and carry out training drills on a by-function basis. In addition, safety confirmation drills are also conducted regularly for all Group employees in Japan, with an emphasis on initial response after a disaster, ensuring employee safety, and confirming the status of functions of the disaster response headquarters.

In preparation for the spread of COVID-19, in fiscal 2020 we introduced the COVID-19 Crisis Management Team and formulated and implemented the COVID-19 Response Guidelines to enable each employee to respond appropriately to the unprecedented impacts of the pandemic. We will continue to strengthen risk management on a global scale, including for riots and terrorist attacks overseas, and prepare for all possible situations.

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
 - Ensure 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 response actions 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 Securing of Important Bases (Japan)

In fiscal 2019, we began operation of the Kyushu Factory and have since conducted BCP measures to diversify our domestic supply network 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 Site

In fiscal 2017, we added the Risk Management Information Site 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 website 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 fiscal 2023, we continued to make efforts to address changes in safety conditions and keep up with and improve access to safety-related information, organizing safety confirmation procedures for overseas business travelers into an easy-to-understand four-step process and aggregating information provided by the Ministry of Foreign Affairs of Japan and by a contracted risk management company.



Risk Management Information Site

Governance Data

Corporate Governance

Board of Directors

			2021 ^{*1}	2022 ^{*2}	2023 ^{*3}	2024 ^{*4}
Directors	Internal	Male	4	4	4	4
		Female	0	0	0	0
		Total	4	4	4	4
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		Total	2	2	2	2
	Total		6	6	6	6
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

Audit & Supervisory Committee

			2021 ^{*1}	2022 ^{*2}	2023 ^{*3}	2024 ^{*4}
Audit & Supervisory Committee members	Internal	Male	1	1	1	1
		Female	0	0	0	0
		Total	1	1	1	1
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		Total	2	2	2	2
	Total		3	3	3	3
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

Nomination Committee

			2021 ^{*1}	2022 ^{*2}	2023 ^{*3}	2024 ^{*4}
Nomination Committee members	Internal	Male	2	2	2	2
		Female	0	0	0	0
		Total	2	2	2	2
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		Total	2	2	2	2
	Total		4	4	4	4
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

Remuneration Committee

			2021 ^{*1}	2022 ^{*2}	2023 ^{*3}	2024 ^{*4}
Remuneration Committee members	Internal	Male	2	2	2	2
		Female	0	0	0	0
		Total	2	2	2	2
	Outside	Male	1	1	1	1
		Female	1	1	1	1
		Total	2	2	2	2
	Total		4	4	4	4
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

Officers (Directors [including Audit & Supervisory Committee members] and Executive Officers)

		2021 ^{*1}	2022 ^{*2}	2023 ^{*3}	2024 ^{*4}
Officers	Male	30	31	30	31
	Female	2	2	2	2
	Total	32	33	32	33
Percentage of female directors (%)		6.25	6.06	6.25	6.06

*1 As of March 26, 2021

*2 As of March 25, 2022

*3 As of March 24, 2023

*4 As of March 27, 2024

▶ Number of Board of Directors and Committee Meetings Held and Attendance Rate

		2021	2022	2023
Board of Directors	No. of times held	9	10	9
	Attendance rate (%)	98.1	100	100
Audit & Supervisory Committee	No. of times held	11	11	11
	Attendance rate (%)	100	97.0	100
Nomination Committee	No. of times held	1	1	1
	Attendance rate (%)	100	100	100
Remuneration Committee	No. of times held	1	2	1
	Attendance rate (%)	100	100	100

▶ Composition of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Attendance at These Meetings (Fiscal 2023)

	Tenure	Board of Directors	Audit & Supervisory Committee	Nomination Committee	Remuneration Committee
Takahisa Takahara President & CEO	28 years, 9 months	◎ 100% (9/9 times)	—	○ 100% (1/1 time)	○ 100% (1/1 time)
Toshifumi Hikosaka Senior Executive Director in Charge of Production and Development	2 years	○ 100% (9/9 times)	—	—	—
Kenji Takaku Director, Senior Managing Executive Officer in Charge of Marketing and Sales	1 year	○ 100% (6/6 times)	—	—	—
Hiroaki Sugita Director, Audit & Supervisory Committee Member Outside Independent	3 years	○ 100% (9/9 times)	○ 100% (11/11 times)	◎ 100% (1/1 time)	◎ 100% (1/1 time)
Noriko Rzonca Director, Audit & Supervisory Committee Member Outside Independent	1 year	○ 100% (6/6 times)	○ 100% (9/9 times)	○ 100% (1/1 time)	○ —*1
Shigeru Asada Director, Audit & Supervisory Committee Member	5 years	○ 100% (9/9 times)	◎ 100% (11/11 times)	○ 100% (1/1 time)	○ 100% (1/1 time)

Note: ◎ denotes chair and ○ denotes members. **Outside** Outside director **Independent** Independent director

Attendance is based on the number of times committees have convened during respective tenures

*1 Appointed on March 24, 2023. The Remuneration Committee did not convene thereafter in fiscal 2023 (the fiscal 2023 meeting was held prior to this appointment and attended by the previous Audit & Supervisory Committee member).

▶ Relevant Expertise of Directors (as of March 27, 2024)

	Corporate Management	Finance and Accounting	Corporate Governance	Risk Management	Human Resource Development	Overseas Business	Marketing	Distribution Strategy	Development and Production	Sustainability*2	Digital Transformation
Takahisa Takahara President & CEO	●	●	●	●	●	●	●			●	
Toshifumi Hikosaka Senior Executive Director in Charge of Production and Development	●			●	●				●	●	
Kenji Takaku Director, Senior Managing Executive Officer in Charge of Marketing and Sales	●			●	●	●	●	●			
Hiroaki Sugita Director, Audit & Supervisory Committee Member Outside Independent	●	●	●	●	●		●	●		●	●
Noriko Rzonca Director, Audit & Supervisory Committee Member Outside Independent	●		●	●	●	●	●			●	●
Shigeru Asada Director, Audit & Supervisory Committee Member	●	●	●	●	●	●					

Outside Outside director **Independent** Independent director *2 Environment and quality

► Evaluation Criteria for and Basic Policy on Executive Remuneration and Fiscal 2023 Remuneration Targets and Results

No.	Evaluation Criteria	Accountability	Assessment Weighting	Targets	Results	Assessment
1	Group performance (business plan)	1-1 Consolidated net sales	20%–50%	¥963.5 billion (up 7.3% YoY)	¥941.8 billion (up 4.9% YoY)	97.7%
		1-2 Consolidated core operating income		¥141.0 billion (up 17.9% YoY)	¥128.0 billion (up 7.0% YoY)	90.8%
		1-3 Profit attributable to owners of parent		¥80.9 billion (up 19.7% YoY)	¥86.1 billion (up 27.3% YoY)	106.4%
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

- Performance-based indicators for Company efforts
- Performance-based indicators for individual director and executive officer efforts
- Assessment indicators for Company priority strategies (including qualitative assessments)
- Assessment indicators for individual director and executive officer priority strategies (including qualitative assessments)

► Total Remuneration for Each Director and Executive Officer, Total for Each Type of Remuneration, and Number of Directors Receiving Remuneration

Role	Total Remuneration (million yen)	Totals for Each Type of Remuneration (million yen)			No. of Directors Receiving Remuneration
		Basic Remuneration	Performance-Linked Remuneration	Non-Monetary Remuneration	
				Restricted Share-Based Remuneration	
Directors (excluding Audit & Supervisory Committee members and outside directors)	562	196	196	171	4
Directors (Audit & Supervisory Committee members) (excluding outside directors)	8	8	—	—	1
Outside directors	21	21	—	—	3

- The amounts above include those for the remuneration of one director (who did not serve as an Audit & Supervisory Committee member) and one outside director who resigned as of the end of the 63rd General Meeting of Shareholders held on March 24, 2023.
- Total amount of remuneration of directors (who did not serve as Audit & Supervisory Committee members) includes amounts recorded as expenses of ¥171 million for restricted share-based remuneration of three directors and one retired director (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 and incorporate their bonuses into remuneration at the 47th General Meeting of Shareholders held on June 26, 2007. Directors and executive officers now only receive annual compensation.

Compliance

Fair Business Practices

► Fines, Surcharges, Settlements, and Dismissals Resulting from Acts of Corruption

	2021	2022	2023	Coverage
No. of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery	0	0	0	Unicharm Corporation
Amount of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery (yen)	0	0	0	
No. of employees subject to disciplinary action due to acts of corruption or bribery	0	0	1	

► Number of Consultations and Reports via the Whistleblowing System

	2021	2022	2023	Coverage
No. of consultation/whistleblowing cases (Japan)	68	100	165	Unicharm Group
No. of consultation/whistleblowing cases (overseas*)	37	42	48	
Of which, are in violation of compliance	0	0	0	

* Unicharm's local subsidiaries in China, Taiwan–Greater China, Thailand, Indonesia, India, Brazil, South Korea, the United States, Vietnam, Saudi Arabia, Egypt, and Australia

► Measures to Raise Compliance Awareness

Target	Details	2023	
		No. of Times	No. of Attendees
All employees	All areas of compliance (distribution through email newsletters and posting on the Company intranet)	6	All employees
New employees	Compliance and basis of contracts	2	60
New leaders	Harassment prevention	1	21
Employees to be posted overseas (pre-posting training)	Prohibition of bribery, protection of confidential information, contract compliance, etc.	2	20
Divisional basis	Setting of themes according to business activity and holding of workshops	2	33

► Harassment Prevention

	2021	2022	2023	Coverage
No. of participants in harassment prevention manager training	52	26	21	Unicharm Corporation

Tax Compliance

► Tax Payments by Country/Region (million yen)

	2021	2022	2023
Japan	22,998	19,898	25,102
China	5,339	6,056	3,984
Vietnam	2,271	1,546	463
Saudi Arabia	2,203	1,518	2,168
Thailand	1,794	2,703	1,963
Other regions	2,168	5,682	6,459
Total	36,774	37,403	40,139

External Evaluations

Unicharm has been selected as a constituent of the ESG index for Japanese stocks,* selected and adopted by the Government Pension Investment Fund (as of March 31, 2024). We will continue to carry out appropriate business management and ensure highly transparent communication of our business results, in order to continue to be selected for key ESG indices and enhance our corporate value in line with the expectations of all stakeholders.

* ESG indices for Japanese stocks adopted by the Government Pension Investment Fund are indicated with a ◆.

Index Inclusion and Evaluation (as of March 31, 2024)

FTSE4Good Index Series



FTSE4Good

An index developed by FTSE Russell of the United Kingdom that selects companies meeting ESG criteria
<https://www.lseg.com/en/ftse-russell/indices/ftse4good>

◆ FTSE Blossom Japan Index



FTSE Blossom
Japan Index

An index developed by FTSE Russell of the United Kingdom that selects Japanese companies with superior ESG performance
<https://www.lseg.com/ja/ftse-russell/indices/blossom-japan> (in Japanese only)

◆ FTSE Blossom Japan Sector Relative Index



FTSE Blossom
Japan Sector
Relative Index

A new index developed by FTSE Russell of the United Kingdom in March 2022 that selects Japanese companies based on their ESG ratings, giving particular weight to the climate governance and climate change efforts of those with high greenhouse gas emissions
<https://www.lseg.com/ja/ftse-russell/indices/blossom-japan> (in Japanese only)

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Unicharm Corporation has been independently assessed, and has satisfied the requirements to become a constituent member of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices were designed to measure the performance of companies demonstrating strong environmental, social, and governance practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other financial products.

◆ S&P/JPX Carbon Efficient Index



Developed by S&P Dow Jones Indices and Japan Exchange Group, Inc., the S&P/JPX Carbon Efficient Index measures the performance of companies in the Tokyo Stock Price Index, overweighting or underweighting companies based on their disclosure of environmental information and their carbon efficiency (carbon emissions per unit of revenue).

◆ Morningstar Japan ex-REIT Gender Diversity Tilt Index



An index by Morningstar, Inc. of the United States that uses gender equality scores provided by Equileap to measure the performance of companies that have instilled their gender diversity policies into their corporate culture and of companies that are committed to providing equal opportunities to employees, regardless of gender. Unicharm received a rating of Group 1, the highest of five levels.

Disclaimer <https://www.unicharm.co.jp/en/company/news/2023/0725-02.html>

Bloomberg Gender-Equality Index



An index by Bloomberg L.P. of the United States that selects companies committed to information disclosure on gender and to efforts to achieve gender equality

MSCI ESG Leaders Indexes



Indexes created by MSCI Inc. of the United States that select Japanese companies with comparatively high ESG ratings within their respective industries
<https://www.msci.com/msci-esg-leaders-indexes>

◆ MSCI Nihonkabu ESG Select Leaders Index

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

An index created by MSCI Inc. of the United States that selects Japanese companies with comparatively high ESG ratings within their respective industries
<https://www.msci.com/documents/10199/f1498635-6bf7-efa0-8905-93c66eb75e06>

MSCI Japan ESG Select Leaders Index

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

An index created by MSCI Inc. of the United States that selects Japanese companies with comparatively high ESG ratings within their respective industries
<https://www.msci.com/documents/10199/5c0017c6-3dd9-41a5-ac67-a8ffa1356121>

◆ MSCI Japan Empowering Women Index (WIN)

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

An index created by MSCI Inc. of the United States that selects Japanese companies with high gender diversity scores and that promote women's participation and advancement
<https://www.msci.com/documents/10199/4c513b87-a805-45a3-a8b0-ee95a5f11f16>

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.

JPX-Nikkei Index 400



Comprising companies that are of significant interest to investors meeting the requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives, this stock price index was developed to promote the appeal of Japanese companies both in Japan and overseas, continuously enhance their corporate value, and invigorate the stock market.

Sompo Sustainability Index



Sompo Sustainability Index

An index operated by Sompo Asset Management Co., Ltd. that selects approximately 300 Japanese companies with consistently strong ESG practices for use in its Sompo Sustainable Management investment product

CDP



Ratings by CDP, an international not-for-profit charity that strives to create sustainable societies by conducting questionnaires and disclosing information on the environment across the globe

Unicharm's CDP scores in fiscal 2023

Climate change: A- Forests: A Water security: A

Independent Assurance Report

We obtained independent assurance of Unicharm's *Sustainability Report 2024*.



Independent Assurance Report

To the President and CEO of Unicharm Corporation

We were engaged by Unicharm Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with  (the "Indicators") for the period from January 1, 2023 to December 31, 2023 included in its Sustainability Report 2024 (the "Report") for the fiscal year ended December 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting Chuo Manufacturing site in Shikoku Factory of Unicharm Products Co., Ltd. and Toyohama Manufacturing site of Unicharm Kokko Nonwoven Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Takeru Yamada
Takeru Yamada, Partner
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
July 5, 2024

Notes to the Reader of Independent Assurance Report: This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.