Unicharm Group
Sustainability Report 2024

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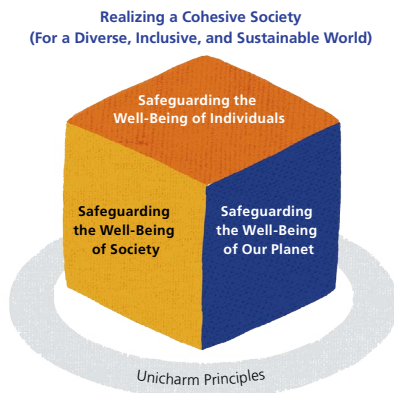
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Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)

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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.

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 (For a Diverse, Inclusive, and Sustainable World)

- Safeguarding the Well-Being of Individuals
- Safeguarding the Well-Being of Society
- Safeguarding the Well-Being of Our Planet

Unicharm Principles

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.

Sustainability Promotion System

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

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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.
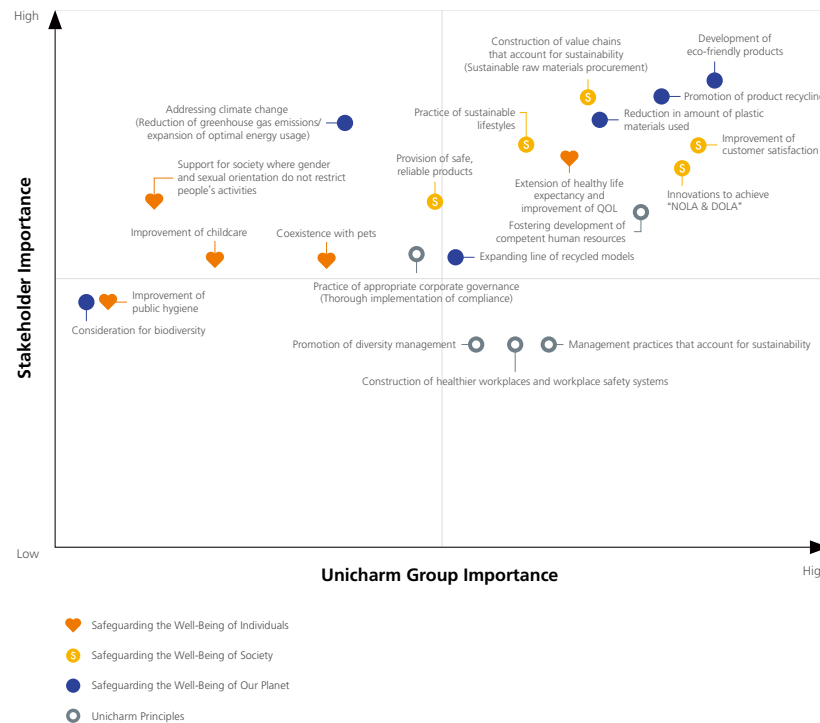
4 Workshops with executive officers

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

- Safeguarding the Well-Being of Individuals
- Safeguarding the Well-Being of Society
- Safeguarding the Well-Being of Our Planet
- Unicharm Principles

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

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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.

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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	