

# 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.

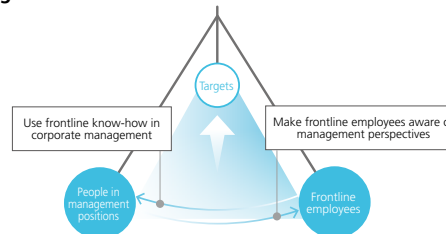
By means of such measures, Unicharm will continue to strengthen investment in human capital, ensuring that it continues to achieve business results and enhance corporate value by creating a rewarding workplace environment where diverse human resources are able to utilize their individual strengths to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

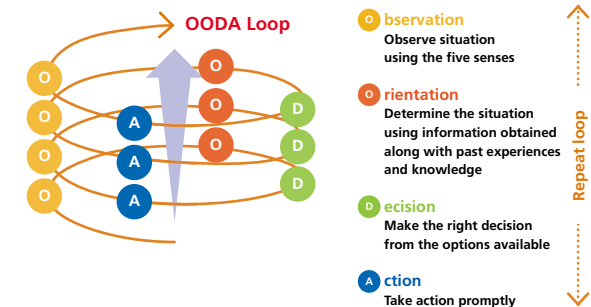


### Operation of the OODA Loop Methodology

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



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

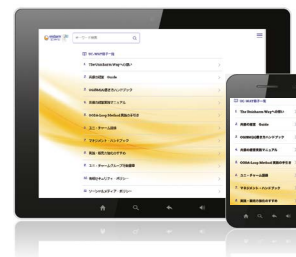
| Indicator  | Fiscal 2021 Result | Fiscal 2022 Result | Fiscal 2023 Result | 2030 Target |
|--|--------------------|--------------------|--------------------|-------------|
| Percentage of positive answers received for the "Growth Through Work" section of the employee awareness survey | 81.4% (Japan)      | 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<br>Results | Fiscal 2022<br>Results | Fiscal 2023<br>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<br>Result | Fiscal 2022<br>Result | Fiscal 2023<br>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<br>Results | Fiscal 2022<br>Results | Fiscal 2023<br>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<br>(45)              | 6<br>(51)              | 6<br>(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.

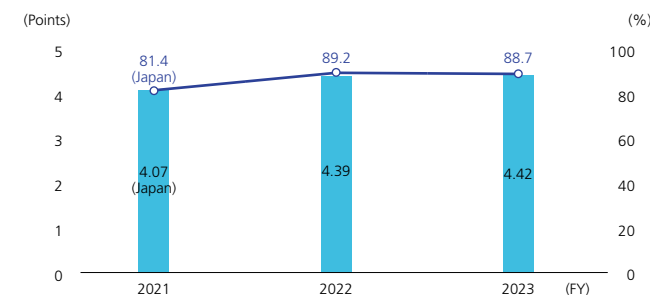
## Employee Survey

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<br>Results | Fiscal 2022<br>Results | Fiscal 2023<br>Results | Fiscal 2024<br>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<br>(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<br>(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

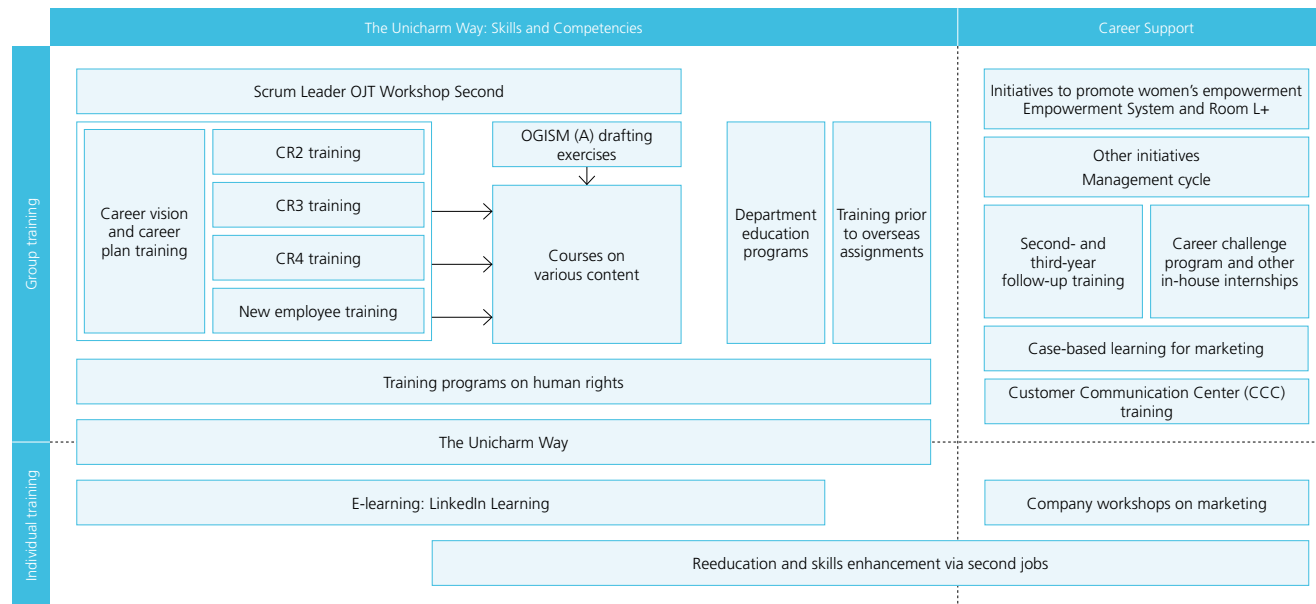
The growth of our employees is essential to growth of the Company. At Unicharm, we are expanding our training programs and systems so that each employee continues to learn and grow toward the realization of their career vision.

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<br>Results | Fiscal 2022<br>Results | Fiscal 2023<br>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<br>Result | Fiscal 2022<br>Result | Fiscal 2023<br>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<br>2021<br>Result | Fiscal<br>2022<br>Result | Fiscal<br>2023<br>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.

