

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.