

# Human Resources

## Development and Utilization of Human Resources

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### Our Basic Approach and Strategy

The Unicharm Group maintains a basic policy on human resources development to pursue Wealth in Three Aspects for each employee: aspirational wealth, economic wealth, and wealth of mind and body. We believe that ensuring 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 10 and three years. They then devise a career plan to realize these visions. The contents of My Career Vision & Career Plan are incorporated into KYOSHIN, a human resource development platform that we have operated since fiscal 2021. Accordingly, in order to support the self-actualization of each employee, Unicharm is working to expand the scope of various training programs and supports the growth of its employees.

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.

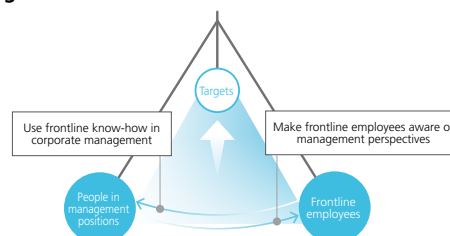
By means of such measures, Unicharm will continue to strengthen investment in human capital, ensuring that it continues to achieve business results and enhance corporate value by creating a rewarding workplace environment where diverse human resources are able to utilize their individual strengths to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

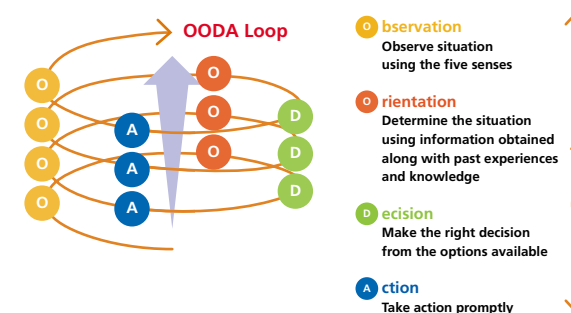


### Operation of the OODA Loop Methodology

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



## 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 by reflecting on these established practices.

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

Our company's human resource development is headed by the president & CEO, and is led by the Global Human Resources & Administration Division, with the basic principle of "developing 'resonant personnel' who embody BOP-Ship all over the world." Our human resource development plan is approved through periodic reports to management, including directors and executive officers, and the implementation status and effectiveness thereof are also reported regularly. In addition, our 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

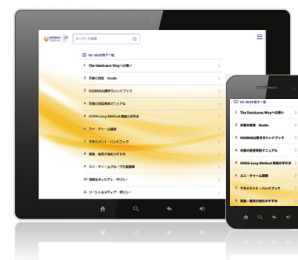
### ► Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Result	2030 Target
Percentage of positive answers received for the "Growth Through Work" section of the employee awareness survey	89.2%	88.7%	90.1%	80% or more

## 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 10 and three years, backtrack from there and think proactively about the skills and experiences they need to gain now, and take action.

### KYOSHIN Human Resource Development Platform

Appropriate on-site guidance from supervisors is essential to the development of employees. In order to provide appropriate guidance, supervisors must be able to visualize information on their subordinates. To strengthen supervisors' ability to provide guidance and the visualization of human resources information across the Group, in fiscal 2020 Unicharm began implementing KYOSHIN, a human resource development platform focused on strengthening talent management that is utilized at 17 local subsidiaries including Japan as of March 31, 2024. KYOSHIN features various functions, including employee profiles, performance goals and assessments, career plans and vision, and e-learning. For example, in performance goals and assessments, 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. In this way, KYOSHIN has enhanced the frequency and quality of communication between supervisors and employees and strengthened our human resource development capabilities.

### 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. Section managers and group managers who serve as 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 2024, it was held a total of four times and attended by 75 scrum leaders. In this workshop, leaders gain the know-how 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 their role.

## Program for Realizing the Career Visions of Young Employees

Unicharm Corporation has an in-house internship program in place 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 check the type of human resources necessary in each department through the Company's intranet and outline their goals and objectives for the transfer based on their My Career Vision & Career Plan. They can then apply for these positions after taking stock of the skills and knowledge required.

The program is intended to encourage each employee to autonomously take action and develop their own career plan so that the Group as a whole continues to grow through efforts to invigorate employees.

	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Coverage
No. of employees participating in the in-house internship program	26	28	28	Unicharm Corporation
No. of employees participating in the career challenge program	26	25	25	

## Brothers & Sisters Program

Unicharm operates the Brothers & Sisters Program, in which 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 one-on-one work-related support and help them adjust to the workplace culture. By designating a senior employee of relatively similar age, this program enables employees to comfortably discuss their concerns with senior employees. We encourage senior employees to participate in this program as it is an opportunity to grow both personally and professionally by gaining new insight through contributions to the growth of their subordinates. Since fiscal 2023, an allowance of ¥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 also likely to gain a deeper understanding of the Company, in addition to enhancing their various 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 2022 Result	Fiscal 2023 Result	Fiscal 2024 Result
Percentage of implementation of "Reading Session of Integrated Report" at scrum (%)	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 business sites 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 2024, presentations were made by 16 representative teams, with the Lifree ZERO Decubitus team from Indonesia taking home the Gold Prize, the awards' highest honor.

## Global OODA Caravan

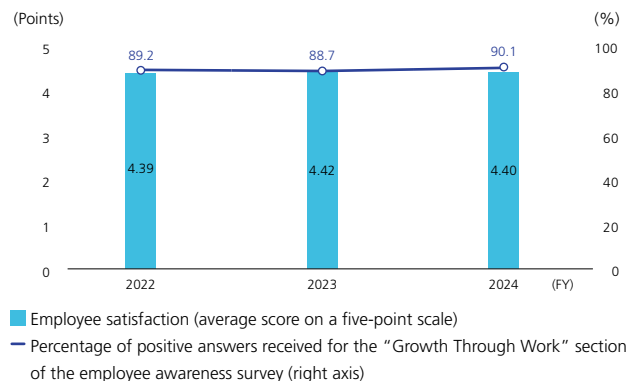
Unicharm has held the Global OODA Caravan since fiscal 2022 to create opportunities for the president & CEO and employees working on the front lines to share their views through face-to-face dialogue. To increase employees' motivation to achieve our goal of becoming the No. 1 company in the world by 2030, we explain how they will each contribute to this goal through their assigned tasks and share the inspiration behind this plan with all participants. In fiscal 2024, the Global OODA Caravan was held at Unicharm's local subsidiaries in Brazil, India, and Thailand, as well as the Tohoku Branch in Japan. Over the three years from fiscal 2022 to fiscal 2024, this program has been held 18 times in 13 countries and regions, with the participation of more than 700 employees.

## 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 evaluation criteria are translated into eight languages to enable employees in countries and regions outside of Japan to respond. By conducting it on a yearly basis, the survey not only serves to invigorate employees and organizational reforms, but is also used as a reference when considering various personnel and management initiatives. As an example, in fiscal 2024 the percentage of positive responses for the "Growth Through Work" section of the employee survey was 90.1% in fiscal 2024.

	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Fiscal 2025 Targets	Coverage
Percentage of employees who responded to employee survey (%)	100	100	100	100	Unicharm Group
Percentage of positive answers received for "Growth Through Work" section of the employee awareness survey (%)	89.2	88.7	90.1	92.5	
Average score on a five-point scale on the level of satisfaction section of the employee survey	4.39	4.42	4.40	4.50	

## ► Results of Employee Survey



## Skills Development and Career Planning Support Programs

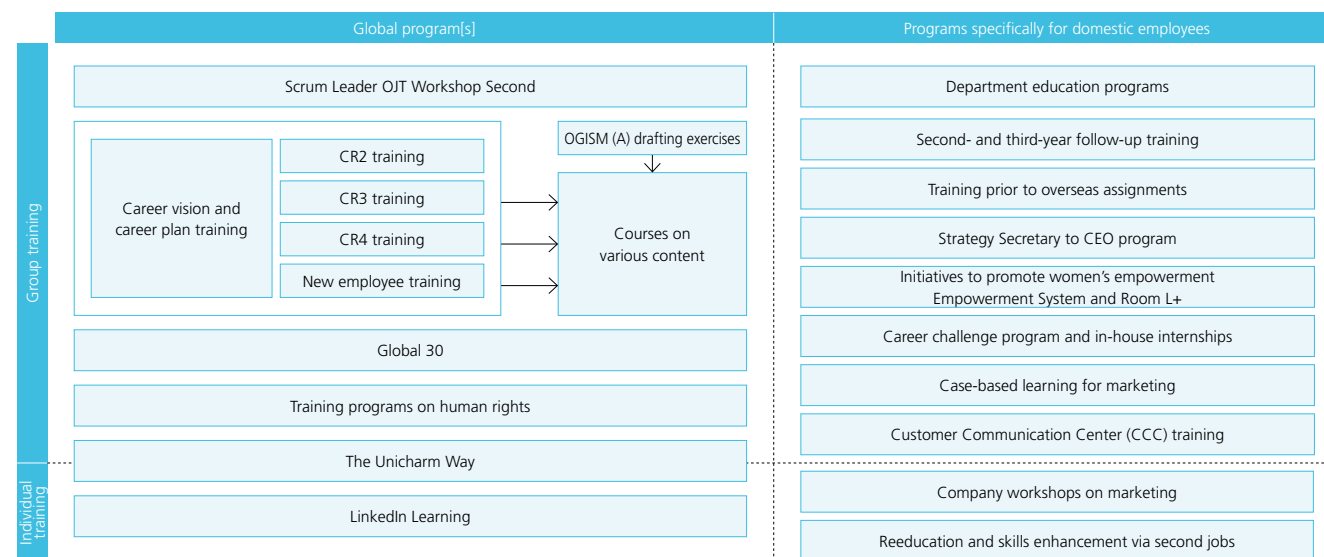
The growth of our employees is essential to the growth of the Company. Accordingly, we are expanding our training and education programs so that each employee continues to learn and pursue their career vision.

Unicharm Corporation's 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 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Coverage
Total training hours allocated to employee skills development training	49,824	50,503	68,067	Unicharm Corporation
Total training costs allocated to employee skills development training (thousand yen)	84,000	75,310	100,190	
Training days per employee	4.4	3.5	4.8	
Training hours per employee	35	28	38	
Training cost per employee (yen)	58,618	42,119	56,349	

## ► Skills Development and Career Planning Support Programs (Fiscal 2024)



CR (Competency Ranking): Internal qualification standard

## ► Our Distinctive Skills Development Training Programs (Excerpt)

Title	Target	Summary	No. of Participants in Fiscal 2024
Training for newly hired employees	New employees	Deepening understanding of the Unicharm Spirit while learning about the Company's history and nurturing a customer-oriented mindset; building a vision of youth leadership and developing their own 10-year career plans	61
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	58
Third-year follow-up training	Third-year employees	Looking back on their first two years as a Unicharm employee, 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	58
CR-based training, training according to roles	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	152
E-learning for new leaders in charge of personnel development	New leaders in charge of personnel development	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	46
Training prior to overseas assignments	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	24

## 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 enhance IT literacy and develop more digital human resources, we encourage employees to acquire IT Passport certification and provide allowances to those who get certified. In fiscal 2024, over 350 employees acquired IT Passport certification.

Additionally, to enable employees to effectively use the UniChat AI text generation service in their daily work, UniChat Utilization Navi, an e-newsletter containing educational content, was distributed 22 times in fiscal 2024. We also held a workshop on generative AI, which spurred an increase in the use of generative AI among Unicharm Corporation employees to 77%.

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.

We will continue to provide valuable information to ensure that employees remain deeply committed to their studies and to acquiring new skills and knowledge.

P.66 Utilization of UniChat AI Text Generation Service

## 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 2022 Result	Fiscal 2023 Result	Fiscal 2024 Result	Coverage
No. of employees using the Second Job System	56	59	73	Unicharm Corporation

## Revising Our Human Resource System with a Focus on Management with Resonance

In April 2024, Unicharm Corporation revised its human resource system. This revision was made to put management with resonance into practice, in other words, the establishment of an organization in which each employee pursues even higher goals and takes ownership in achieving them based on an understanding of the organization's overall situation. Furthermore, by realizing the three aspects of wealth—aspirational wealth, economic wealth, and wealth of mind and body—we aim to improve employee motivation and combine employees' personal growth with the growth of the Company.

### (1) Revision of Remuneration System

Unicharm Corporation's remuneration policy is to provide industry-leading compensation based on individual performance and contribution. We revised our remuneration system to provide higher compensation to employees who continue to work hard and achieve results regardless of age or tenure. We believe that compensating employees based on hard work and results, rather than raising base salaries across the board, is fair for everyone.

- Increase of annual salaries: We increased the base salaries of all positions and levels by discontinuing allowances not related to performance or ability and reallocating them to base salaries. We reviewed the annual salary range for each qualification, raising it by an average of 7.3% and a maximum of 37%.
- Revision of starting salaries: We raised base starting salaries by approximately ¥25,000 to encourage new employees to make a difference early in their careers. We will also continue to implement the Adjustable Starting Salary System, which increases the salaries of employees with qualifications, in order to encourage employees to begin developing their skills before joining the Company.
- Revision of annual salaries of employees promoted to management positions: We increased the annual salaries of employees promoted to management positions due to the significance of their roles and responsibilities, and the importance of the position holding the key to human resource development.

### (2) Revision of Evaluation System

To enable employees to grow to their full potential, we revised the evaluation system to underline the importance of setting and achieving high goals and continuously improving their skills. Under the previous system, bonuses and promotions were based on overall evaluation. This system was revised so that performance evaluations are reflected in bonuses and competencies\* and skills are reflected in promotions, ensuring that employees who meet the qualification requirements are promoted appropriately. Moreover, to promote the development of resonant personnel who think deductively and act on their own initiative and powerfully promote business transformation, we have defined the six competencies required of these personnel.

- Promotions and demotions based on employee competency: Promotions and demotions are based not only on work performance but also on the mindset and actions that lead to this performance and their level of contribution to the organization. By defining the competency requirements and clarifying the evaluation criteria, we will ensure that employees are considered for promotions and demotions in a fair, just, and equitable manner.
- Evaluations based on the will to challenge: To ensure that employees who pursue more advanced and difficult strategies and produce results are recognized for their willingness to take on greater responsibilities, we have established the degree of difficulty of strategies as an evaluation indicator.
- Acquisition of qualifications as a promotion requirement: We have established qualifications as a requirement for promotion to encourage employees to acquire new knowledge and further hone their skills.

To respond to changes in the market environment, we will revise our human resource system as necessary by flexibly and promptly and continue to embrace the challenge of realizing a cohesive society.

\* Behavioral traits commonly seen in high-performing employees



## Career Development Evaluations

At Unicharm, our basic policy on personnel evaluations is to integrate the three aspects of human resource development—development, evaluation, and compensation of employees—and to conduct evaluations for the purpose of developing human resources and determine compensation based on those evaluations.

In addition, because action is the key to achieving results, we work to consistently link our personnel evaluations and development using the OODA Loop method. We have introduced a system called My Career Vision & Career Plan in which employees create their own career vision and career plan, share them with their supervisors, and set semiannual and quarterly goals for their achievement. 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 the aim of achieving the SDGs. Through the addition of this evaluation criteria, we are developing a system in which individual achievements contribute to social value.

	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Result	Coverage
Percentage of employees who regularly receive assessment reviews for career development (%)	100	100	100	Unicharm Corporation

## Succession Plan

Unicharm is in the process of establishing a succession plan to develop key strategic positions that are deemed important to executing various strategies and management candidates, etc., who will guide the next generation.

## ► Succession 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 and the Remuneration 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) Global 30, a new successor development program directly supervised by the president & CEO, has been established to identify and develop candidates for directors and executive officers over the medium to long term, expanding the program, which had previously been focused on Japan, to overseas. Approximately 15 candidates for key positions in Unicharm Group management are selected to take part in experiential training in liberal arts and other fields at our head office approximately six times over a three-year period.
- (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 secretary to the president & CEO for a two-month period to learn about the mindset and behavior of managers.
- (7) The Co-Chief Officer program is held to break down barriers of organizations, implement the Company's key strategies on a cross-divisional basis, and promote the growth of young talent. Executive officers and senior manager 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.

	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Coverage
Succession preparedness rate (%)	201.6	219.1	218.3	Unicharm Corporation employees
No. of employees participating in the Strategy Secretary to CEO program (cumulative)	6 (51)	6 (57)	6 (63)	Unicharm Group

## Global 30 Successor Development Program

We have launched the Global 30 program to develop senior executives who will lead the Unicharm Group forward. The first phase of this program was conducted over three days from July 17, 2024 to July 19, 2024, in which 17 employees of Group subsidiaries in Japan and 15 Group subsidiaries overseas participated in training courses at our head office and the Kyushu Factory in Japan.

The program is designed to foster the overall skills required of senior executives and the curriculum includes liberal arts education. This year, the program consisted of a seminar of macroeconomics, an iaido (art of the sword) experience to learn about Japanese culture, and a tour of the Kyushu Factory to become acquainted with the latest smart factories.

## Selection for Human Capital Management Quality 2024 Silver Award

Unicharm was selected for the Human Capital Management Quality 2024 Silver Award from among approximately 200 companies that responded to Human Capital Survey 2024. This award was in recognition of our efforts to link management and human resource strategies, such as the various measures we have established and conducted based on our unique management model, management with resonance, to foster the growth of each employee through their work.

