

Corporate Governance

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Our Basic Approach and Strategy

Unicharm strives to achieve sustainable growth and create medium- to long-term corporate value by cooperating appropriately with stakeholders and ensuring that it 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 and enable management to make appropriate decisions without overlooking opportunities.

 **Corporate Governance Report**
<https://www.unicharm.co.jp/en/company/corporate-governance.html>

Management Structure

Role of the Board of Directors

At Unicharm, we believe that the Board of Directors' performance regarding the following functions will lead to the creation of an environment that enables appropriate decision-making by management without overlooking opportunities, and ultimately to the improvement of corporate value.

- Determine the Company's medium- to long-term direction
- Provide advice to management from various internal and external viewpoints
- Oversee decision-making processes to ensure transparency and fairness through deliberations on decisions and matters to be reported regarding important business execution

The Company's inside directors and executive officers possess a high level of expertise in its areas of business. Assuming that decisions are made based on their expert opinions and advice, the Board of Directors oversees this process and provide advice on the Company's medium- to long-term direction from a wide range of perspectives.

Composition of the Board of Directors

The Board of Directors is of an appropriate size to capably engage in extensive discussions and fulfill the abovementioned roles. Outside directors are selected from among those with strengths in areas that are strategically important to the Company and where advice from an outside perspective would have particular significance. On the other hand, we believe that appointing a certain percentage of inside directors and ensuring adequate incentives for appropriate risk-taking and providing information to the Board of Directors will strengthen the decision-making and advisory functions of the Board of Directors. Furthermore, the Company ensures the transparency and fairness of the decision-making process through appropriate oversight by both internal and outside directors.

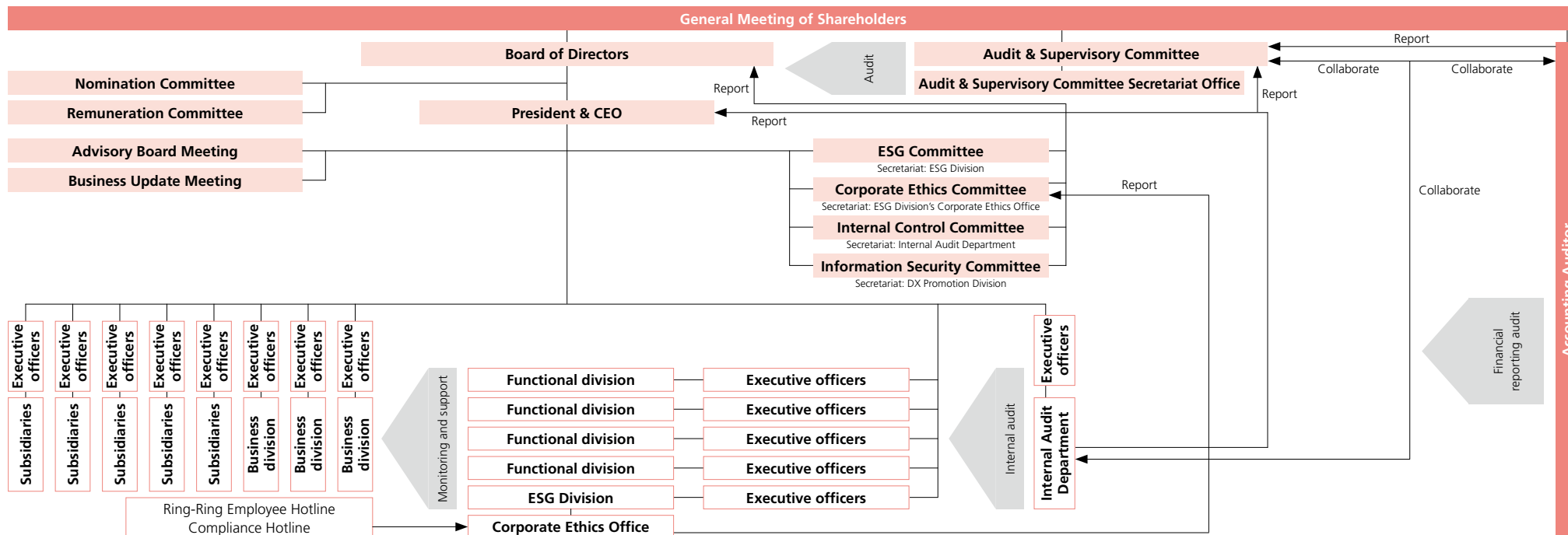
Audit & Supervisory Committee

The Company has deemed that a company with audit and supervisory committee structure, in which Audit & Supervisory Committee members are involved in decision-making and an advisory role as members of the Board of Directors, is appropriate to enable the Board of Directors to fulfill its role of overseeing decision-making processes in a transparent and fair manner. Furthermore, the Company's Articles of Incorporation establish that decisions on the execution of important operations be raised at Board of Directors meetings and not delegated to directors pursuant to Article 399-13, Paragraph 6 of the Companies Act.

Nomination Committee and Remuneration Committee

The Nomination Committee and Remuneration Committee have been established as discretionary bodies to ensure transparency and objectivity in the process for nominating candidates for directors and executive officers and determining their remuneration. The Company has been deemed that the current composition of the Board of Directors, of which half of the members are inside directors and half are outside directors and chaired by an outside director, is appropriate to ensure the transparency and objectivity of nomination- and remuneration-related decisions and adequate incentives for appropriate risk-taking and providing information to the Board of Directors.

(As of March 19, 2025)



	Composition and Decision-Making Authority	Fiscal 2024 (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 and provides advice from a variety of internal and external perspectives, 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.115 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.

► Composition of Important Meetings and Committees

	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 of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Attendance at These Meetings (Fiscal 2024)

	Board of Directors	Audit & Supervisory Committee	Nomination Committee	Remuneration Committee
Takahisa Takahara President & CEO	100% (9/9)	—	100% (1/1)	100% (1/1)
Toshifumi Hikosaka Director, Senior Management, in Charge of Production and Development	100% (9/9)	—	—	—
Kenji Takaku Director, Senior Managing Executive Officer in Charge of Marketing and Sales	100% (9/9)	—	—	—
Hiroaki Sugita Director, Audit & Supervisory Committee Member Outside Independent	100% (9/9)	100% (11/11)	100% (1/1)	100% (1/1)
Noriko Rzonca Director, Audit & Supervisory Committee Member Outside Independent	100% (9/9)	100% (11/11)	100% (1/1)	100% (1/1)
Shigeru Asada Director, Audit & Supervisory Committee Member	100% (9/9)	100% (11/11)	100% (1/1)	100% (1/1)

Note: **Outside** Outside director **Independent** Independent director

Attendance is based on the number of times committees have convened during respective tenures.

► Composition of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Relevant Expertise of Directors (as of March 19, 2025)

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	Tenure	Composition 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*2	Digital Transformation
Takahisa Takahara President & CEO	29 years, 9 months	◎		○	○	●	●	●	●	●	●	●			●	
Kenji Takaku Director, Senior Management, in Charge of Marketing and Sales	2 years	○				●		●	●	●	●	●	●	●		
Tetsuya Shite Director, Senior Managing Executive Officer	—*1	○				●		●	●	●			●		●	
Hiroaki Sugita Director, Audit & Supervisory Committee Member <div>OutsideIndependent</div>	4 years	○	○	◎	◎	●	●	●	●	●		●	●		●	●
Noriko Rzonca Director, Audit & Supervisory Committee Member <div>OutsideIndependent</div>	2 years	○	○	○	○	●		●	●	●	●	●			●	●
Shigeru Asada Director, Audit & Supervisory Committee Member	6 years	○	◎	○	○	●	●	●	●	●	●					

Note: ◎ denotes serving as the chair and ○ denotes serving as a member **Outside** Outside director **Independent** Independent director

*1 Appointed on March 19, 2025 *2 Environment and quality

Views on the Balance Between Knowledge, Experience, and Skills of the Board of Directors and Diversity and Size Thereof

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In order to perform its functions, we must ensure that the Board of Directors has a good balance of essential knowledge, experience, and skills and that its composition is diverse and of an appropriate size.

Maintaining Diversity and Appropriate Size

The Company's inside directors and executive officers possess a high level of expertise in its areas of business which is utilized by the Board of Directors to oversee decision-making processes and provide advice on the Company's medium- to long-term direction from a wide range of perspectives. In this way, the Company ensures that the composition of the Board of Directors is diverse and of an appropriate size.

Inside Directors

The Board of Directors oversees decision-making processes and provides advice on the Company's medium- to long-term direction from a variety of perspectives utilizing the expertise of inside directors and executive officers. Accordingly, inside directors are selected from candidates with extensive knowledge of the Company's business.

Outside Directors

Outside directors are selected from candidates with strengths in areas that are key to the Company's strategies and in which advice from an external perspective is of particular importance. Emphasis is also placed on their ability to promote DX, as this is an area in which advice from outside directors is particularly important in implementing the strategies underscored in the medium-term management plan. Furthermore, we also select candidates with experience in corporate management, due to its significance in the Board of Directors' ability to fulfill its supervisory function.

Directors Who Are Audit & Supervisory Committee Members

As a company with audit and supervisory committee structure, we believe, on the whole, that directors who are Audit & Supervisory Committee members must possess the knowledge, experience, and abilities to conduct effective audits. We also believe that directors who are Audit & Supervisory Committee members should include those with sufficient knowledge of finance and accounting, in particular, as well as legal affairs.

► 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 a Senior Advisor 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 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.	Having previously served as Japanese representative of major foreign capital consulting firm the Boston Consulting Group (currently, Boston Consulting Group LLC) and currently serving as a Senior Advisor, 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, and digital transformation (DX). The Company has determined that he is qualified to further develop its global expansion and provide appropriate advice on both governance and management strategies based on his high level of insight in these areas.
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 strengthening DX strategies, developing digital human resources, and building a data-driven management platform at Sony Bank Inc. and Cosmo Energy Holdings Co., Ltd. She has made significant contributions to the Company's management strategies through the promotion of DX and the development of digital human resources, drawing on her high level of insight in DX strategies. Based on her experience working overseas with a foreign company, Ms. Rzonca continues to provide guidance in the development and execution of global strategies and risk management, as well as provide appropriate advice in strengthening governance and implementing digital strategies and play a key role in our efforts to become a global leading company.

Candidates and Appointment and Dismissal of Executive Officers

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Policies

Candidates for both inside 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, in nominating director candidates, efforts are made to ensure that the Board of Directors, on the whole, has a good balance of essential knowledge, experience, and skills and that its composition is diverse and 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."

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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 Plan

Please refer to "Succession Plan" for details on the system for fostering and nominating successors.

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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.

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/dokuritsutorisimariyakusennnin.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 Japanese representative, Managing Director and Senior Partner of major foreign capital consulting firm Boston Consulting Group, where he currently serves as a Senior Advisor, in addition to his role as an outside director at several other companies, where he utilizes 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 2024.

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 2024. The average duration of Audit & Supervisory Committee meetings was approximately 60 minutes.

P.113 Composition of the Board of Directors, Audit & Supervisory Committee, and Other Committees and Attendance at These Meetings (Fiscal 2024)

4. Activities of full-time Audit & Supervisory Committee members:

Full-time Audit & Supervisory Committee members share 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 strategies, 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 that 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.

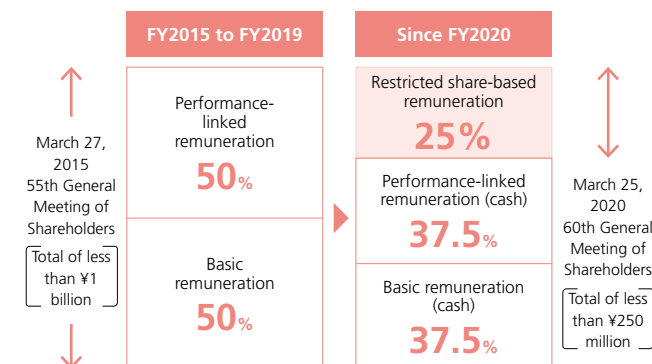
① Overview of the Director Remuneration System

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 2024 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 2024 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. In fiscal 2023, the Company's efforts to further promote its medium- to long-term ESG goals, Kyo-sei Life Vision 2030, and DX initiatives were recognized through our selection as a constituent of all six ESG indices adopted by the Government Pension Investment Fund (GPIF) and as a Noteworthy DX Company 2023 among DX Stocks 2023, which has enhanced corporate value. In fiscal 2024, we were acknowledged for our efforts to accelerate the promotion of "our business itself as ESG" and enhance corporate value. The Company was selected as a constituent of all ESG indices adopted by GPIF, in addition to being selected as a Sustainability Transformation Stock 2024 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, an Environmentally Sustainable Company at the 5th ESG Finance Award Japan, a constituent stock of the SOMPO Sustainability Index, and a Best Workplace for the third time at D&I Award 2024.

No.	Evaluation Criteria	Accountability	Assessment Weighting	Targets	Results	Assessment
1	Group performance (business plan)	1-1 Consolidated net sales	20%–50%	¥1,006,000 million (up 6.8% YoY)	¥988,981 million (up 5.0% YoY)	98.3%
		1-2 Consolidated core operating income		¥144,000 million (up 12.5% YoY)	¥138,463 million (up 8.2% YoY)	96.2%
		1-3 Profit attributable to owners of parent		¥90,000 million (up 4.6% YoY)	¥81,842 million (down 4.9% YoY)	90.9%
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 (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)	557	194	194	170	3
Directors (Audit & Supervisory Committee members) (excluding outside directors)	8	8	—	—	1
Outside directors	21	21	—	—	2

1. Total amount of remuneration of directors (excluding Audit & Supervisory Committee members) includes amounts recorded as expenses of ¥170 million for restricted share-based remuneration of three directors (excluding Audit & Supervisory Committee members).
2. 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 2024 Is Consistent with the Policy for Decisions on Individual Remuneration of Directors

In regard to the individual remuneration of directors for fiscal 2024, 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, employees 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 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.

The following is an overview of the analysis and evaluation results of the questionnaire conducted in fiscal 2025.

1. Questionnaire overview

The questionnaire asked respondents to selectively answer questions regarding the composition of the Board of Directors (number of members, skills, knowledge, experience, and diversity), 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 reflect on fiscal 2024 and comment on the future direction of the Board of Directors, its functions to be strengthened, the role of outside directors, the setting of agendas, the provision of information to directors, Board composition, and areas to address over the medium to long term.

2. Progress regarding points identified as requiring further action in previous evaluations

1. Regarding ongoing improvements, such as providing clearer explanations of information needed for deliberations to facilitate increasingly proactive discussions, we further strengthened coordination between the Board of Directors' secretariat and the Application Department and reflected issues identified by Audit & Supervisory Committee members in the explanatory materials.
2. Regarding setting agendas for discussion, including those focused on risk, we increased the number of matters to be reported to the Board of Directors.
3. Opinions on the composition of the Board of Directors, succession plan, and the operation of the Nomination Committee and the Remuneration Committee were shared with the Nomination Committee and Remuneration Committee secretariats, and discussions were held regarding the succession plan.
4. Regarding efforts to achieve further improvements, including progress and follow-up reports conducted in fiscal 2023, and increasing opportunities for outside directors and executive officers to engage, we enhanced the content of the progress and follow-up reports and conducted meetings between outside directors and executive officers on important management issues.

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. We discussed the future direction of the Board of Directors, its functions to be strengthened, and the roles expected of outside directors and determined that the following efforts shall be made to further enhance the effectiveness of the Board of Directors.

1. Matters in which it is highly important to receive advice from directors, such as the Company's medium- to long-term direction, are added to the Board agenda for reporting and discussion at the discretion of the chairperson.
2. Strengthen preliminary explanations of agenda items for directors. For agenda items explained in advance, we will simplify explanations at Board of Directors meetings to allow more time for discussions.
3. Improve the materials used in considering proposals at Board of Directors meetings to enable discussions on the types of risks involved and whether they align with the organization's risk appetite.
4. Clarify internal rules regarding concurrent positions of directors from the perspectives of conflicts of interest and the focus and commitment necessary.

Evaluating Audit & Supervisory Committee Effectiveness

The Company's Audit & Supervisory Committee, in principle, meets once a month. During these meetings, the Audit & Supervisory Committee performs its audit duties through preliminary discussions of agenda items for Board of Directors meetings, reports on the audit plan summary and audits from the accounting auditor, reports on internal audits and internal control assessments from the Internal Audit Department, reports on performance projections and issues from the Accounting Control & Finance Division, and activity reports from each department based on their importance. Full-time Audit & Supervisory Committee members collect information necessary for audits based on the characteristics of full-time members, such as attending important meetings and reviewing important documents. In addition, through audit reports prepared by the full-time Audit & Supervisory Committee members and the exchange of opinions and information, outside Audit & Supervisory Committee members strive to improve the effectiveness of audits conducted by the Audit & Supervisory Committee.