

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 have set forth our standards of conduct in the Unicharm Group Charter of Actions and instill them in each of our employees, 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 an appropriate Groupwide tax management system and take the following measures in accordance with the Unicharm Group Shared Policy on Tax, which were prepared for the purpose of maintaining and improving tax compliance and approved by the Board of Directors.

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 Price 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 qualifications of bilateral advance pricing agreements in order to prevent double taxation due to transfer pricing taxation.

► Unicharm Group Shared Policy on Tax (Excerpt)

(Compliance with Tax Law)

- Article 1: Unicharm Corporation (Hereinafter referred to as “Parent entity”) and subsidiaries shall conduct business activities in accordance with the tax relevant laws in each country/region within which it operates and international standards in order to fulfill our corporate social responsibility as a global enterprise.
- Article 2: Parent entity and subsidiaries shall develop strong, mutually respectful relationships with tax authorities, through enhancement in transparency by providing tax relevant information in a timely and appropriate manner. Also as necessary, they shall be committed to eliminating uncertainty by entering into arrangements such as advance ruling system.

(Filing, Payment and so on)

- Article 3: The finance controllers shall file a tax return and pay the tax within the due date in accordance with the tax relevant laws of each country/region appropriately.
2. In the event that overpayment or underpayment are found out in accordance with the tax relevant laws in each country/region, the finance controllers shall go forward with appropriate procedures of additional payments or refunds promptly in consultation with the external tax advisors.
 3. The finance controllers shall file a variety of applications and so on appropriately (e.g. Applications for tax treaty), according to the details of the transaction.

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. In addition, the Audit & Supervisory Committee, which oversees the implementation of corporate tax policies, reports the results of tax audits to the Company’s Board of Directors.

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 2022	Fiscal 2023	Fiscal 2024
Japan	19,898	25,102	29,155
China	6,056	3,984	1,621
Vietnam	1,546	463	1,978
Saudi Arabia	1,518	2,168	2,586
Thailand	2,703	1,963	3,774
Other regions	5,682	6,459	8,278
Total	37,403	40,139	47,393

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