

**Third Quarter of Fiscal Year
Ending December 31, 2021
(Jan 1, 2021 to Sep 30, 2021)
Unicharm Investor Meeting
Presentation Materials**

November 5, 2021

Takahisa Takahara
President and CEO
Unicharm Corporation



I am Kondo from Unicharm Corporation. Thank you very much for taking time out of your busy schedule to participate in today's web conference for Unicharm Corporation's financial results for the third quarter of the fiscal year ending December 2021.

First of all, Mr. Shimada will explain the financial results, and then we will have a Q&A session. The entire session is scheduled for 1 hour. We will have 30 minutes of explanation, followed by a Q&A session. Thank you.

Mr. Shimada will now give a presentation.

Third Quarter of Fiscal Year Ending December 31, 2021 (January 1, 2021 to September 30, 2021) Financial Performance Summary

Projections stated in these materials include those based on the Company's currently obtained assumptions, forecasts and plans regarding the future. Therefore, actual results may differ significantly from projections due to risks and uncertainties associated with market competition, foreign exchange rates, etc.

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I am Shimada from Unicharm.

Thank you for taking time in joining us today for the Web conference for our financial results for the third quarter of the fiscal year ending December 2021. First, we will like to give you an overview of the financial results for the third quarter.

Consolidated

Sales 571.9 billion JPY (YoY +7.0%)
Core operating income 97.4 billion JPY (YoY +9.3%)

- Sales hit record high for fourth consecutive year. Core operating income margin hit record high.
- Performance steadily improved as expected. Achievement of profit was higher than expected.

Japan

**1.4% sales increase, 3.2% profit increase,
Improved core operating income margin**

- Increased profit driven by Wellness Care Business, Pet Care Business and Feminine Care Business
- Profitability improved by the product mix effectiveness

Overseas

**10.6% sales increase, 15.1% profit increase,
Improved core operating income margin**

- Increase in sales and profits in Asia, Strong sales in China, Continued recovery trend in South East Asia and India
- Sales and profits increased in other areas. Strong sales continued in North America. Stable growth in the Middle East

**Shareholder
Return**

**Yearly dividend 36 yen per share
Plan to increase dividend for 20 consecutive years**

- Purchase of own shares: approx. 16 billion JPY, 3.62 million shares

Please see page 3. This section provides a summary of the results.

3Q Cumulative achieved a new record high



● Consolidated account highlights (from Jan. to Sep.)

(100 millions of yen)

	3Q of FY Ended Dec. 31, 2020	3Q of FY Ending Dec. 31, 2021	gap(yen)	gap (%)	(Forecast) FY Ending Dec.31,2021	Achievement (%)
Net sales	5,345	5,719	+374	+7.0%	7,700	74.3%
Core operating income (margin-%)	891 (16.7%)	974 (17.0%)	+83	+9.3% (+0.3P)	1,190 (15.5%)	81.9%
Profit before tax (margin-%)	727 (13.6%)	1,017 (17.8%)	+290	+39.9% (+4.2P)	1,170 (15.2%)	86.9%
Profit attributable to owners of parent company (margin-%)	401 (7.5%)	619 (10.8%)	+219	+54.6% (+3.3P)	750 (9.7%)	82.6%
EBITDA (profit before tax + depreciation/ amortization + fire accident loss)	1,158	1,300	+142	+12.2%	1,570	82.8%
Basic quarterly earnings per share (JPY)	67.12	103.64	+36.52	+54.4%	125.85	82.4%
USD Rate (JPY)	107.59	108.50	+0.91	+0.8%	103.50	—
CNY Rate (JPY)	15.37	16.78	+1.41	+9.2%	15.80	—

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Please turn to page 4. This is the Consolidated account highlights.

As for the results for the third quarter of the fiscal year ending December 2021, net sales increased by 7% to JPY571.9 billion, and core operating income increased by 9.3% to JPY97.4 billion, and they are both new record highs. In addition, the core operating income margin improved by 0.3 percentage points to 17% although there was a sharp rise in material prices in the third quarter and higher distribution cost ratio.

For the third quarter cumulative period, the income margin was the highest in our history. Although there was a sharp rise in material prices and other factors such as higher distribution costs, the gross profit rate improved by 0.5 percentage points due to sustained improvements in the product mix and productivity, which more than offset these factors.

The reason for the large increase in profit before tax and profit attributable to owners of parent company is mainly due to the fact that approximately JPY16 billion of loss from the fire at the factory in India was recorded in other expenses in the previous fiscal year.

As for the progress of the consolidated forecast, as you can see on the right side of the table, both sales and core operating income margin are progressing steadily, and especially core operating income is progressing more than expected.

The details of the financial results will be explained on the following next pages.

Product mix continually improved
 Profit increased by 8.3 billion yen driven by
 increased volume from increased sales mainly in China



(100 millions of yen)

● Core operating income fluctuation
 (from Jan. to Sep.)



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Please see page 5.

This is the fluctuations in the core operating income. I will explain the breakdown of the increase of JPY8.3 billion.

Let's start with the item on the left of the table. As for SG&A expenses, advertising expenses are mainly for AllWell, health foods in pet care products in Japan, and for new Sofy products in feminine care products in China.

Expansion of Lifree brand recognition for health care products. In the Middle East, sales increased by JPY2.8 billion as a result of the launch of a new product containing olive in baby care products and aggressive advertising to expand recognition of the Sofy brand in feminine care products.

As for logistics costs, China and Indonesia increased. In China, logistics costs increased due to the effects of the logistics stoppage caused by COVID-19 in the previous fiscal year. In Indonesia, logistics expenses increased by JPY4.1 billion, mainly due to an increase in exports to India and a deterioration in the logistics cost ratio, partly due to a shortage of containers.

For others, personnel expenses of 1 billion, digital-related expenses of JPY400 million, and R&D expenses of JPY200 million, resulting in an increase of JPY2.9 billion, and the selling and administrative expense rate deteriorated by 0.2 points.

In materials, gross profit decreased by approximately JPY3.2 billion due to the increase in unit prices of materials in the third quarter. In terms of product composition, feminine care products, which have many high-profit products, increased by 1.3 percentage points, and other health care products increased by 0.3 percentage points.

On the contrary, the product mix has improved due to a lower proportion of low-margin baby care products. The profitability of baby care products themselves also improved, resulting in an increase in gross profit of JPY6.4 billion due to product mix.

The main reason for the JPY15.1 billion increase in the volume is that volume increased due to higher sales in China, Japan, Southeast Asia, and India. Therefore, compared to the previous fiscal year, SG&A expenses increased by approximately JPY10 billion and gross profit increased by approximately JPY18.3 billion, resulting in an JPY8.3 billion increase in operating income.

Strong sales in Wellness Care, Pet Care, Feminine Care Business in Japan
 Strong sales continued in China
 Recovery trend in South East Asia and India



● Geographical segment information (from Jan. to Sep.)

		3Q of FY Ended Dec. 31, 2020	3Q of FY Ending Dec. 31, 2021	Difference	Difference (%)	(Ref.) Actual *1 gap rate
Japan	Net sales	2,100	2,130	+30	+1.4%	—
	Core operating income (margin)	425 (20.3%)	439 (20.6%)	+14	+3.2% (+0.3P)	—
Asia	Net sales	2,403	2,684	+281	+11.7%	+6.9%
	Core operating income (margin)	376 (15.7%)	433 (16.1%)	+57	+15.2% (+0.4P)	+9.2%
Others *2	Net sales	842	905	+63	+7.5%	+5.8%
	Core operating income (margin)	86 (10.2%)	99 (11.0%)	+13	+15.1% (+0.8P)	+14.0%
Consolidation	Net sales	5,345	5,719	+374	+7.0%	+4.6%
	Core operating income (margin)	891 (16.7%)	974 (17.0%)	+83	+9.3% (+0.3P)	+6.6%

[Actual gap rate of sales in main countries] *based on management accounting
 China +8% Indonesia +8% Thailand +7% India +35% Vietnam +3% Middle East +7% North America +6% Brazil +10%

*1 : Actual gap rate excluding foreign exchange effects

*2 : Others: Main regions are U.S.A., Saudi Arabia, Brazil and the Netherlands

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Next, please see page 6.

This is the Geographical segment information. First in Japan, net sales increased by 1.4% to JPY213 billion. Core operating income increased by 3.2% to JPY43.9 billion, and the core operating income margin improved by 0.3 percentage points to 20.6%.

With the re-expansion of COVID-19, demand for masks and other hygiene-related products continued to grow due to heightened awareness of infection prevention. In particular, disposable adult diapers and pet care products each grew in the high single digits, contributing to higher sales and profits.

Feminine care products also increased their market share and grew in the low single digits, contributing to higher sales and profit. While the mask market is shrinking due in part to a reaction to last year's performance, our mask business continues to grow at a low single-digit pace.

Next, I will talk about Asia region.

In Asia, net sales increased by 11.7% to JPY268.4 billion. Core operating income was JPY43.3 billion, up 15.2%. Core operating income margin was 16.1%, an improvement of 0.4 percentage points from the previous fiscal year. In major countries, sales and profits increased in all countries, despite the impact of COVID-19 re-expansion and soaring material prices in the third quarter.

The main reason for this was that although there was a slight impact of the temporary lockdown due to the expansion of COVID-19 in Jiangsu Province and other areas in China, sales continued to be strong with an increase of approximately 8%, and in particular, feminine care products, including premium

organic cotton products, pants-type sanitary napkins, and nighttime sanitary napkins, were strong, maintaining a high growth rate of approximately 10% in sales and a high rate of profitability.

In baby care products, sales decreased slightly due to the continued decline in demand for products made in Japan and the strategically reduced number of standard products made in China, but Moony made in China, which was launched in 2019, expanded in order. We continue to work to revitalize the premium market. By doing so, we were able to steadily improve our profitability since the proportion of Moony made in China increased.

In other areas, the re-expansion of COVID-19 from July to September had a slight impact on Vietnam and Thailand, but as shown in the lower part of this document, we were able to achieve steady growth including in Indonesia.

In India, where we have been facing challenges, the re-expansion of COVID-19 and the re-expansion of production sites caused some temporary difficulties at production sites, but from the second quarter, the supply side has almost returned to the level before the factory fire, and we were able to return to profitability with a 35% increase in sales.

Finally, I will talk about Others. Net sales were JPY90.5 billion, up 7.5%. Core operating income was JPY9.9 billion, up 15.1%. Core operating income margin was 11%, an improvement of 0.8 percentage points from the previous fiscal year.

In the pet care business in North America, our mainstay product, cat snacks, had been out of stock due to a container shortage, but the shortage has been improving since the second quarter and we were able to grow steadily. In other products, sales and profit increased mainly due to an expansion of market share in the dog toiletry market.

In the Middle East, sales and profit increased as a result of higher sales in Saudi Arabia due to growth in ecommerce and continued strong exports. Incidentally, in the area of baby care products, the Company has been actively marketing new products containing olive oil that are tailored to local culture and customs. Maintained the number 1 market share. In addition, feminine care products, which are being aggressively promoted, continue to show high growth with strong exports.

In Brazil, despite a shrinking market due to the expansion of COVID-19, the Company continued to achieve high growth in the third quarter, maintaining profitability with a 10% increase in sales excluding exchange rate fluctuations.

Overseas and Asian markets keep overwhelming sales ratio



- Sales ratio of overseas markets



- Sales ratio of Asian markets



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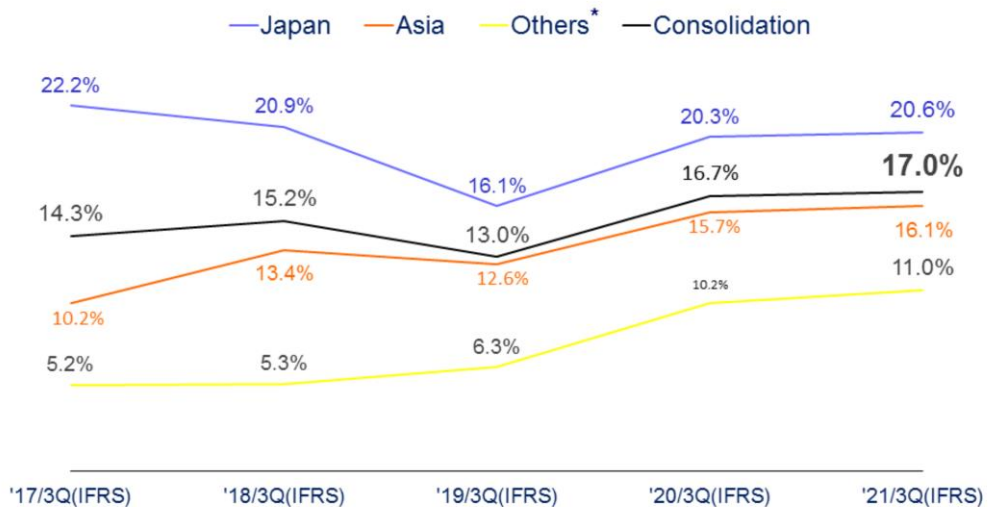
Look at page 7.

This graph shows the sales ratio of overseas markets. In this fiscal year, the sales ratio of overseas markets continued to exceed 60%, reaching 63.3%. Excluding the effect of foreign exchange rates, the figure is 62.5%.

Consolidated core operating income margin hit a record high due to product mix increase like Feminine Care in China



■ Core operating income margin by geographical segment (from Jan. to Sep.)



* Others: Main regions are U.S.A., Saudi Arabia, Brazil and the Netherlands

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Please see page 8.

This is a graph of core operating income margin.

On a consolidated basis, the rate was 17%, a record high for the third quarter cumulative period of the fiscal year. This was mainly due to an increase in the composition of high-margin segments, particularly feminine care products in China and Japan, pet care products in Japan and North America, and disposable adult diapers in Japan and Southeast Asia.

■ Business Segment Information (from Jan. to Sep.)		(100 million yen)			
		3Q of FY Ended Dec. 31, 2020	3Q of FY Ending Dec.31, 2021	gap (yen)	gap (%)
Personal Care	Net sales	4,604	4,927	+323	+7.0%
	Core operating income (margin)	782 (17.0%)	862 (17.5%)	+80	+10.2% (+0.5P)
Pet Care	Net sales	689	748	+59	+8.5%
	Core operating income (margin)	105 (15.2%)	108 (14.5%)	+3	+3.1% (-0.7P)
Others*	Net sales	52	44	-8	-14.8%
	Core operating income (margin)	4 (8.5%)	4 (9.3%)	-0	-5.8% (+0.8P)
Consolidation	Net sales	5,345	5,719	+374	+7.0%
	Core operating income (margin)	891 (16.7%)	974 (17.0%)	+83	+9.3% (+0.3P)

* Other products refer to those related to industrial materials, etc.

Please turn to page 9.

This is the Business segment information.

As for the increase in sales and profit in the personal care business, although there was a partial impact from the re-expansion of COVID-19, sales of feminine care products, baby care products, and health care products grew steadily, with feminine care products in China contributing the most to the increase in sales and profit.

In baby care products, the recovery in India and stable growth in Southeast Asia also contributed to increased sales and profit.

On the other hand, sales and profit of C&F-related products decreased due to a double-digit decrease in sales of wet wipes and a decrease in sales of masks for professional use, partly in reaction to the special demand.

As for pet care, both sales and profit increased. Japan led the way with increased sales and profits. Sales of cat-related products continued to be strong since the number of keeping pets indoor is on the rise. In North America, as explained earlier by region, shortages were gradually eliminated in the second quarter, resulting in increased sales and profit.

In addition, we are actively investing expenses in China to prepare for business expansion. We are now expanding our pet care business in Thailand as well.

Impacts of foreign exchange fluctuations:
 Approx. 12.9 billion JPY increase in sales and
 approx. 2.3 billion JPY increase in core operating income



■ Rate fluctuations by currency (Jan. to Sep. average rate)

Currency	Exchange rate for 3Q of FY ended December 31, 2020	Exchange rate for 3Q of FY ending December 31, 2021	Rate change
China(CNY)	15.37	16.78	+9.2%
Indonesia(IDR)	0.0075	0.0076	+1.3%
Thailand(THB)	3.42	3.45	+0.9%
Saudi Arabia(SAR)	28.71	28.97	+0.9%
Vietnam(VND)	0.0046	0.0047	+2.2%
USA(USD)	107.59	108.50	+0.8%
India(INR)	1.46	1.48	+1.4%
Taiwan(TWD)	3.62	3.88	+7.2%
Netherland(EUR)	120.90	129.83	+7.4%
South Korea(KRW)	0.0898	0.0960	+6.9%
Australia(AUD)	72.78	82.36	+13.2%
Brazil(BRL)	21.44	20.37	-5.0%
Malaysia(MYR)	25.43	26.28	+3.3%
Egypt(EGP)	6.76	6.90	+2.1%

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Please see page 10 of the document.

This is the effect of exchange rate fluctuations of each currency.

As a result of the conversion of financial statements on the settlement rate,
 sales increased by approximately JPY12.9 billion YoY. Core operating profit
 increased by approximately JPY2.3 billion.

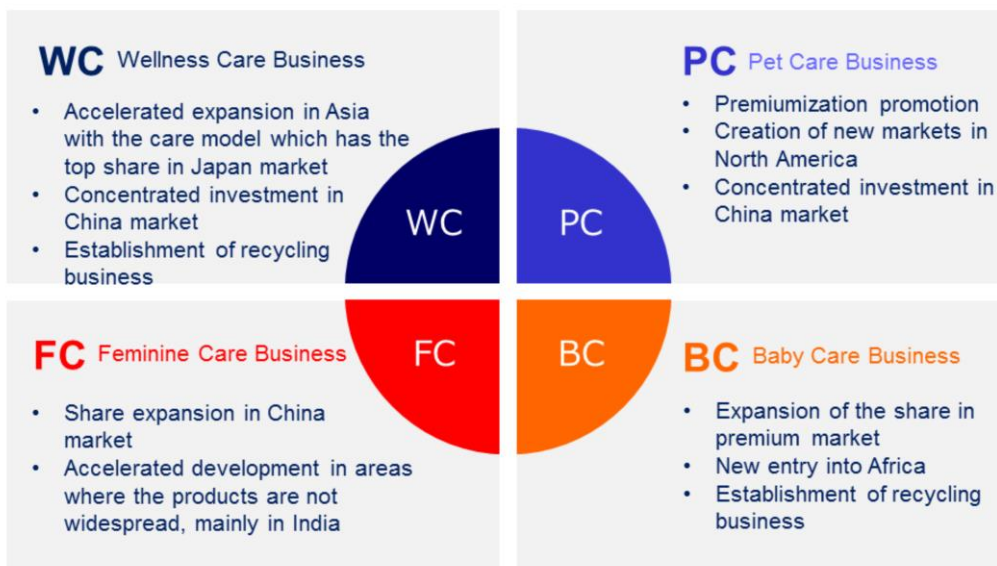
Mid- and long- term strategies and financial goals (2023 and 2030)

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Please see page 11.

I would like to share with you again our mid- and long-term strategies and financial goals.

Outline of key strategies for continuing growth with SDGs as Purpose toward 2030



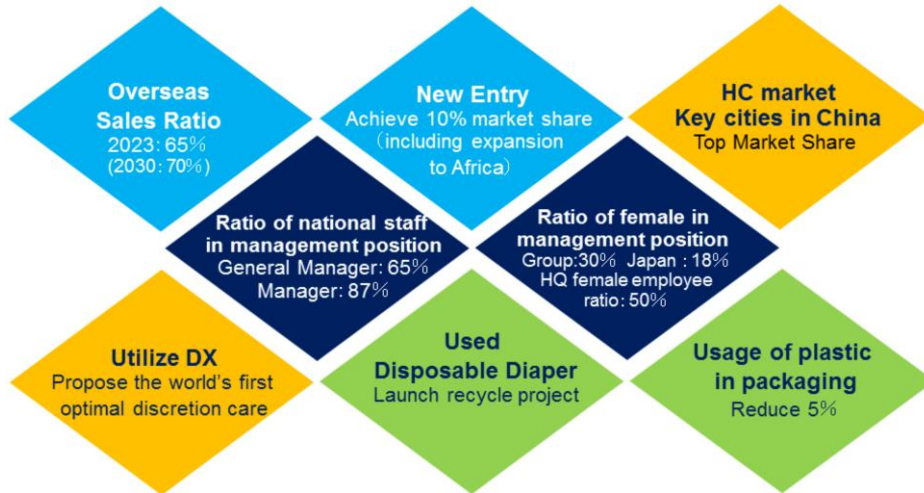
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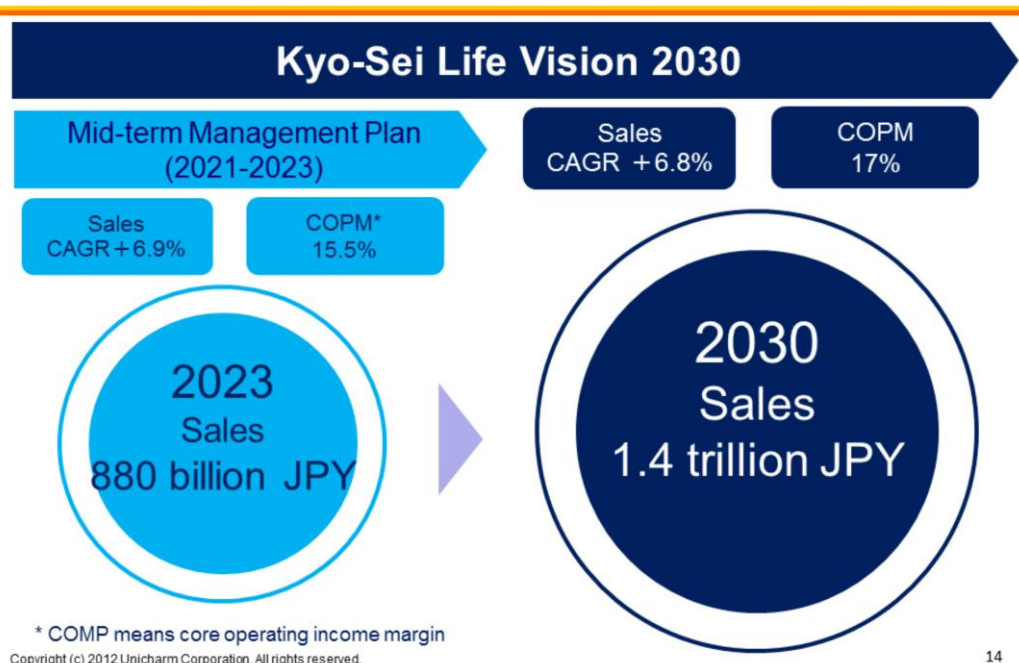
Please see page 12.

This is an overview of the strategies for each segment toward 2030. This 11th mid-term management plan has formulated a strategy to realize a cohesive society with the purpose of contributing to the SDGs.

In other words, as a growth strategy that is possible because of Unicharm, our company has contact point with many people from babies to the elderly and pets. Taking advantage of this, we are formulating strategies that will contribute to the SDGs through business allocations that are in line with demographic trends, such as areas with declining birthrates and aging populations and areas where the number of births continues to grow. Therefore, we believe that contributing to the SDGs will lead to the realization of a cohesive society, which is our mission.



Please look at page 13 of the document. This is FY2023 targets. In addition to the above, we have set various KPIs related to the SDGs and are steadily implementing strategies to achieve them.



Please see page 14.


By implementing the priority strategies mentioned earlier, we will aim to achieve net sales of JPY888 billion in 2023. We aim to achieve a core operating income margin of 15.5%, and beyond that, a core operating income margin of 17% with sales of JPY1.4 trillion in 2030.

This fiscal year is the first year of our new mid-term management plan, and I believe we are off to a good start, as evidenced by our financial results, even in the new normal environment. We will continue to face a difficult environment, but we will quickly grasp changes in the environment and steadily implement our strategies.

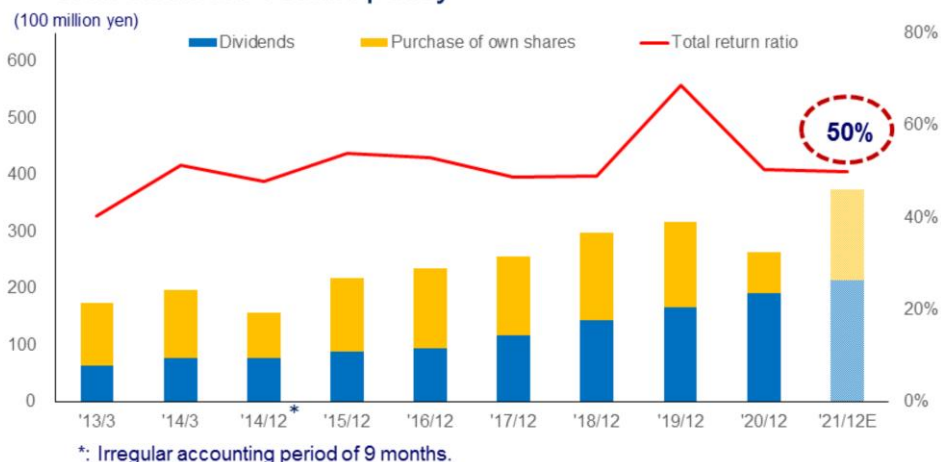
Shareholders Return Policy

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Next, I would like to explain about shareholders return policy.

Through the payment of dividend linking to the business performance and buy-back of our own shares, we are continuing to aim for total return ratio of 50% in 2021 

● Shareholders return policy



*: Irregular accounting period of 9 months.

We are aiming at returning profits to our shareholders **with a goal of total return ratio of 50%** by paying dividends on a consistent and continuous basis and buying back our own shares, upon necessity, on a flexible manner based on the growth of med-to-long term consolidated earnings while focusing on the business investment for achieving the uninterrupted growth.

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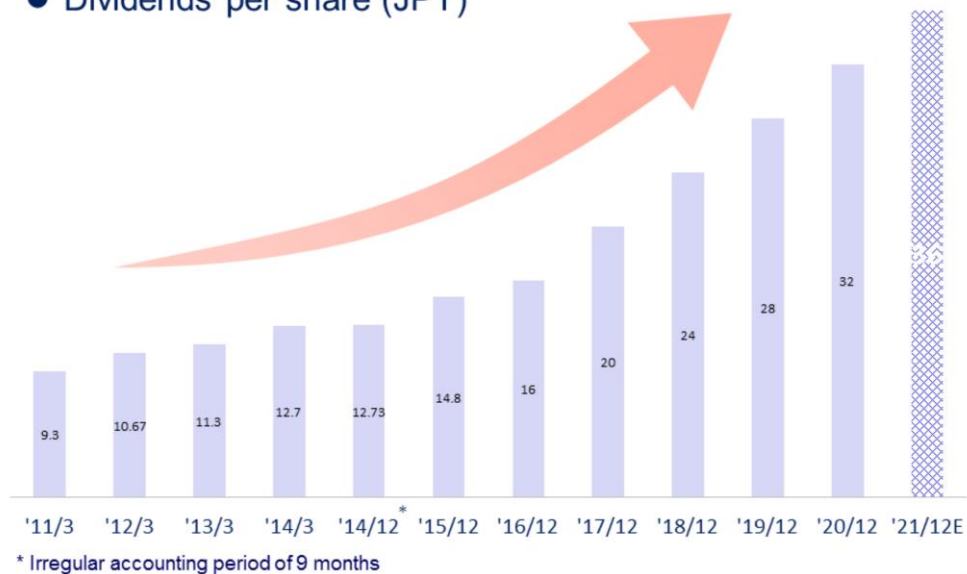
Please see page 16.

Unicharm’s policy on shareholder return is to return 50% of net income attributable to owners of the parent company, while giving priority to business investment to achieve sustainable growth. We will pay stable and continuous dividends based on the growth of consolidated business performance over the medium to long term. With regard to buying back our own shares, we aim for a total return ratio of 50% by flexibly implementing it.

Dividend per share Plan to increase dividend for 20 consecutive years (36 yen a year)



● Dividends per share (JPY)



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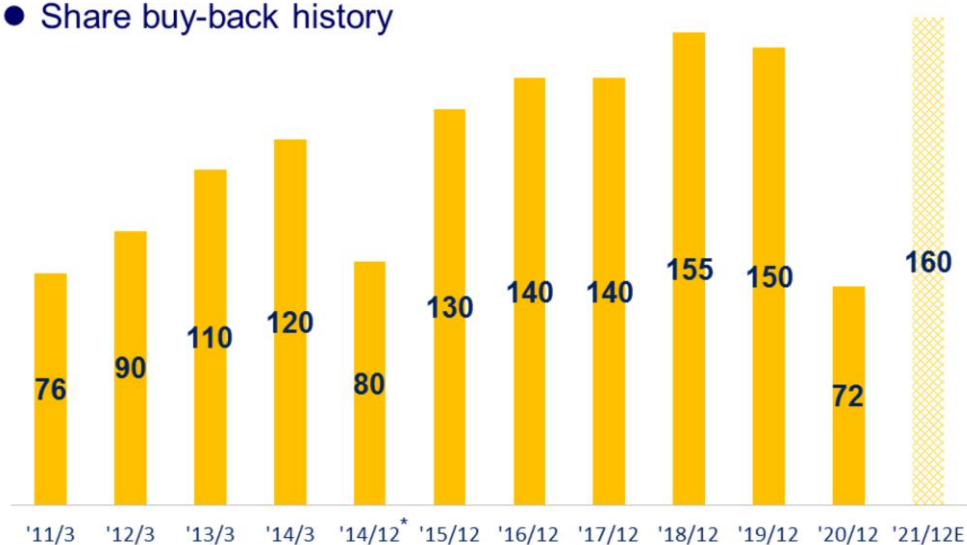
Please see page 17.

This is about dividends per share. In FY2021, we plan to pay a dividend of JPY18 per share at the end of the second quarter, an increase of JPY2 per share as planned, and a dividend of JPY18 per share at the end of the fiscal year, an increase of JPY2 per share, for a total annual dividend of JPY36 per share, an increase of JPY4 per share.

Purchase of own shares worth 16 billion JPY (3.62 million shares) as initially planned



● Share buy-back history



* Irregular accounting period of 9 months

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Please see page 18 of the document.

This is the share buy-back history.

For FY2021, the maximum buy-back amount was set at JPY16 billion at the Board of Directors meeting held on February 15, 2021. We resolved to repurchase a maximum of 4 million shares, and by the end of June, we had repurchased JPY16 billion of own shares as planned.

We will continue to consider the return of profits to our shareholders as one of our important management policies, by paying stable and continuous dividends together with share buybacks and will strive to increase our corporate value by generating sustainable cash flow.

Approach to realize a “Cohesive Society (Social Inclusion)”

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From page 19 onward of the document, we will introduce our efforts to realize a cohesive society. I hope you will take the time to read this when you have time. It's a little early, but that's all for my explanation.

Formulating Med-to-Long Term ESG Objectives "Kyo-sei Life Vision 2030"



◆ 20 key themes with the goal in 2030



Formulating Med-to-Long Term ESG Objectives “Kyo-sei Life Vision 2030”



◆ 20 key themes of initiatives to realize “Cohesive Society (Social Inclusion)”

<p>Safeguarding the well-being of individuals</p>	<ul style="list-style-type: none"> • Extension of healthy life expectancy and improvement of QOL • Support for a society where gender and sexual orientation do not restrict people's activities • Coexistence with partner animals (pets) • Improvement of childcare • Improvement of public hygiene
<p>Safeguarding the well-being of society</p>	<ul style="list-style-type: none"> • Innovations to achieve “NOLA&DOLA” • Practicing sustainable lifestyles • Construction of value chains that take account of sustainability • Improvement of customer satisfaction • Provision of safe, reliable products
<p>Safeguarding the well-being of our planet</p>	<ul style="list-style-type: none"> • Development of eco-friendly products • Addressing climate change • Expanding our line of recycled models • Promotion of product recycling • Reduction of the amount of plastic materials used
<p>Unicharm Principles</p>	<ul style="list-style-type: none"> • Management practices that take sustainability into account • Practice of appropriate corporate governance • Promotion of diversity management • Fostering the development of competent human resources • Construction of healthier workplaces and workplace safety systems

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Key initiatives, indicators, and target values



◆ Safeguarding the well-being of individuals

Key initiatives	Indicators	Target value	Target year
Our aim is to provide products and services that contribute to the realization of a society where all people can have a sense of individuality and enjoy their daily lives.			
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realization of a society where everyone can have a sense of individuality.	100%	2030
Support for a society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions).	100%	2030
Coexistence with partner animals (pets)	Percentage of products and services that contribute to the realization of a society where partner animals (pets) are welcomed by family members and community residents.	100%	2030
Improvement of childcare	Percentage of products and services that contribute to the realization of a society where infants and their families can live healthily and happily.	100%	2030
Improvement of public hygiene	Percentage of products and services that contribute to activities which can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission).	100%	2030

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(Safeguarding the well-being of each individual)
Support “lengthening healthy life expectancy” with products and services for the senior citizens



◆ Extension of healthy life expectancy and improvement of QOL



Lifree Rehabili-Pants was released in 1995 aiming a total of “zero bedridden elderly”



Rollout of products and services that enable living with a sense of individuality

◆ Product rollout that suits users' physical conditions.



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◆ Aim to reduce dementia risk with frailty* countermeasures



* The condition of being frail with physical, mental, psychological, and social aspects are all combined. The condition is progressive but improvable by countermeasures.

(Safeguarding the well-being of each individual)

Rollout of activities tailored to national and regional characteristics to develop a society where women shine



◆ Support for a society where gender and sexual orientation do not restrict people's activities



Expand toward 2030



Rollout of products and services that enable to be free from discrimination by gender or sexual orientation

◆ Efforts to create a world where we feel free to talk about menstruation



#NoBagForMe

話そう、知ろう。生理のこと。



TOWNS CREATIVITY AWARDS

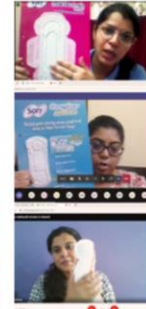
生理について学ぶ企業向けプログラム

みんなの生理研修

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◆ Support menarche education and "pink ribbon" campaign globally

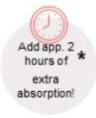


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(Safeguarding the well-being of each individual)
New value proposition tailored to national and regional characteristics



◆ **Easy, comfortable, and convenient feminine product to be used along with a regular pad**



* The amount of menstrual blood varies between individuals

◆ **Pants-shaped pad that integrates a pad and pants, heating napkin featuring warm sensation**



Mildly Warm

Strongly Warm

◆ **Cool napkin featuring refreshing cooling sensation that reduces stuffy discomfort**



◆ **The napkin features antibacterial sheet that inhibits 99.9% of bacterial growth, and keeps it completely safe from leakage and smell**



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(Safeguarding the well-being of each individual)
**Support everyday health of partner animals (pets)
 and the mind of owners with original technology**



◆ Coexistence with partner animals (pets)



Rollout of products and services that enable partner animals (pets) to be welcomed by people

◆ High quality and delicious pet food that responds to various needs to support health

◆ Toiletry products that utilize processing and molding technology for nonwoven absorbent



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(Safeguarding the well-being of each individual)
Support improvement of childcare environment through products and services that eliminate discomfort and create the comfort of babies and parents



◆Improvement of childcare



Rollout of products and services that enable happy and healthy life of babies and families

◆Products that are uncompromising to safety and being gentle on the skin with the meticulous designs that fit to the growth



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◆Product differentiation to suit the needs of different countries and regions.



* The structure in which microcapsule containing natural active ingredient is applied to the tape part that holds diaper. Survey targets are disposable baby diapers with major global brands. (Survey by Unicharm, December 2020) 27

(Safeguarding the well-being of each individual)

Capital and business alliance with First Ascent Inc.* to create a moving experience that enables understanding babies' feelings and comfortably enjoy childrearing



◆ Establish partnership with First Ascent inc. to develop disposable baby diaper based on babies' "cry" analysis, and expand childrearing support service



First Ascent

Realize the cohesive society where all generations live independently together by supporting each other and respecting boundaries

Promote digital transformation in childrearing
"Change childrearing through technology"



Improve childcare environment

* A company that creates new services to enrich the childrearing environment with cutting-edge technology utilizing AI and IoT
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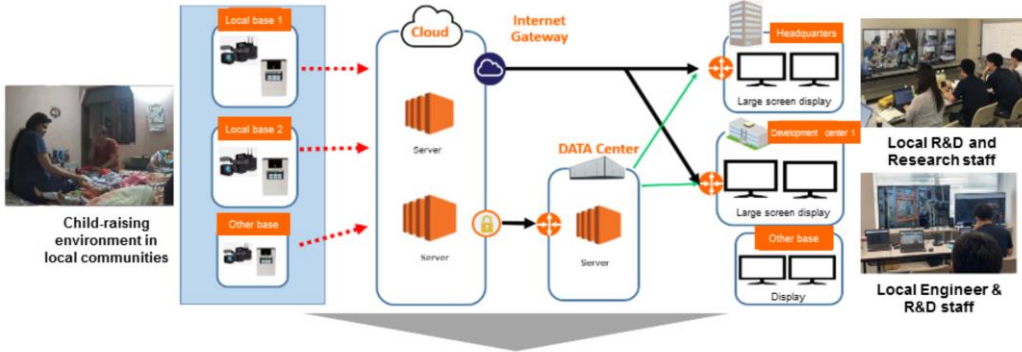
(Safeguarding the well-being of each individual)

Developed "Digital Scrum System" with the cutting edge digital technology to discover customer insights



◆ Observe stability of quality and customer insights by monitoring in real time local cultures, customs, and manufacturing front line

<Diagram of Digital Scrum>



The three actuals (The actual place, the actual part, the actual situation) + Digital Scrum System

Promote the system that enables the involved parties to support on a timely manner

(Safeguarding the well-being of each individual)
**Protect everyday health and support safe
 and comfortable living**



◆ Improvement of public hygiene



Expand
toward 2030



**Rollout of products and services
 that enable each one of us to control infection**

◆ Boost high value-added masks rollout globally



◆ Some products acquired* the medical
 mask standard certification (JIS T9001) by
 Japanese Industrial Standards



* We aim to acquire the standard (JIS T9001)
 certification for the res of uncertified mask products.

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Key initiatives, indicators, and target values



◆ Safeguarding the well-being of society

Key initiatives	Indicators	Target value	Target year
Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers, but also contribute to solving social issues and promoting sustainability.			
Innovations to achieve "NOLA & DOLA"	Percentage of products and services that contribute to liberation from various burdens and finding enjoyment in life.	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the "SDGs Theme Guideline," an internal guideline for contributing to sustainability.	50%	2030
Construction of value chains that take account of sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights.	Double (Compared to 2020)	2030
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share).	50%	2030
Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted.	100%	2030

(Safeguarding the well-being of society)
Rollout of products and services toward the realization of social inclusion so that everyone can lead a healthy and sanitary life comfortably



◆ **Innovations to achieve “NOLA & DOLA”**



Rollout of products and services that contribute to liberation from various burdens and find joy in life

◆ **Launched “clear face mask” to improve communication between nursery teachers and children**
At nurseries subscribing “Tebura Toen”* service that lighten the burden of parents and teachers and reduce infection risk



[Effects of prolonged wearing of face-mask]

- * Unable to learn emotions due to inability to read nursery teachers' facial expressions of emotions
 - * Unable to understand speech correctly due to inability to read lips of nursery teachers
- etc.

* Flat-rate service of baby paper diapers for nurseries launched to reduce the burden of parents preparing diapers and carrying bulky bags to nurseries.

Key initiatives, indicators, and target values



◆ Safeguarding the well-being of our planet

Key initiatives	Indicators	Target value	Target year
Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.			
Development of eco-friendly products	Number of products and services that implement "3Rs + 2Rs" based on Unicharm's unique approach.	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total.	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced.	10 or more	2030
Promotion of product recycling	Material recycling of non-woven products using recycling resources	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics.	Reduced by half (Compared to 2020)	2030

◆ 「“0” waste plastic, “0” CO₂ emission, “0” natural forest destruction」 in 2050

Environmental issues	Implementation items	Baseline year	2030 targets	2050 vision
Responding to the problem of plastic waste	Reducing usage in relation to packaging materials	2019*	Per unit of sales -30%	Realizing a new society with "zero" plastic waste
	Sale of products that contain no petroleum-derived plastic	-	10 stock-keeping units (SKU) or more sold	
	Raising awareness about proper disposal of used products	-	Rolled out at all local management units (LMU)	
	Eliminating the use of plastic in sales promotional items	-	In principle, reduced to zero at all local management units (LMU)	
Addressing climate change	Reducing CO ₂ emissions associated with raw materials procurement	2016	Per unit of sales -17%	Realizing a society with "zero" CO ₂ emissions
	Reducing CO ₂ emissions in manufacturing	2016	Per unit of sales -34%	
	Reducing CO ₂ emissions associated with disposal of used products	2016	Per unit of sales -26%	
Not contributing to forest destruction (response to procurement-related issues)	Ensuring traceability to pulp and palm oil production locations (country/region)	-	Completed	Realizing a society with "zero" forest destruction related to the purchasing of timber
	Expanding the use of certified pulp (PEFC and CoC certified)	-	100%	
	Expanding the use of certified palm oil (RSPO certified)	-	100%	
	Promoting the recycling of disposable	-	Rolled out in at least 10	

*Initially, the baseline year for "Reducing usage in relation to packaging materials" was set to 2016, but it was changed to "2019".

◆ Development of eco-friendly products



2030 Target
 More than 10
 cases



Number of products and services that implement 3Rs + 2Rs based on unique approach

◆ Products sold in paper package using 100% renewable pulp



◆ Products made with plant-based material



(Safeguarding the well-being of our planet)

Switch all electric power used at factories to green electric power* aiming to reduce CO₂ emission



◆ Addressing climate change



Percentage of renewable electric power used for business operation

◆ Switch to green electric power generated by renewable energy using natural resources such as solar and falling water

Factory Name	Share of renewable energy	Conversion to electric energy (kWh/year)
Thai Factory	About 11%	9 million kWh
Vietnam Factory	About 22%	10.2 million kWh
Brazil Factory	100%	160.32 million kWh
Kyushu Factory	100%	9.8 million kWh
Toyohama Works, Shikoku Factory	100%	5 million kWh
Itami Factory	About 3%	0.27 million kWh

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(Safeguarding the well-being of our planet)

Reduce waste disposal cost and environmental burden through recycling used disposable diaper



◆ Expand our line of recycle models



2030 Target
More than 10
cases



Number of disposable diaper recycling facilities introduced

◆ Keep it safe and convenient, toward the future where recycling is the norm

<p>Recycle all materials</p>	<p>Used disposable diaper sanitary material Clean quality</p>	<p>No pollution to water and air By ozone bleach and sterilization</p>	<p>Approaching The future where recycling is the norm</p>

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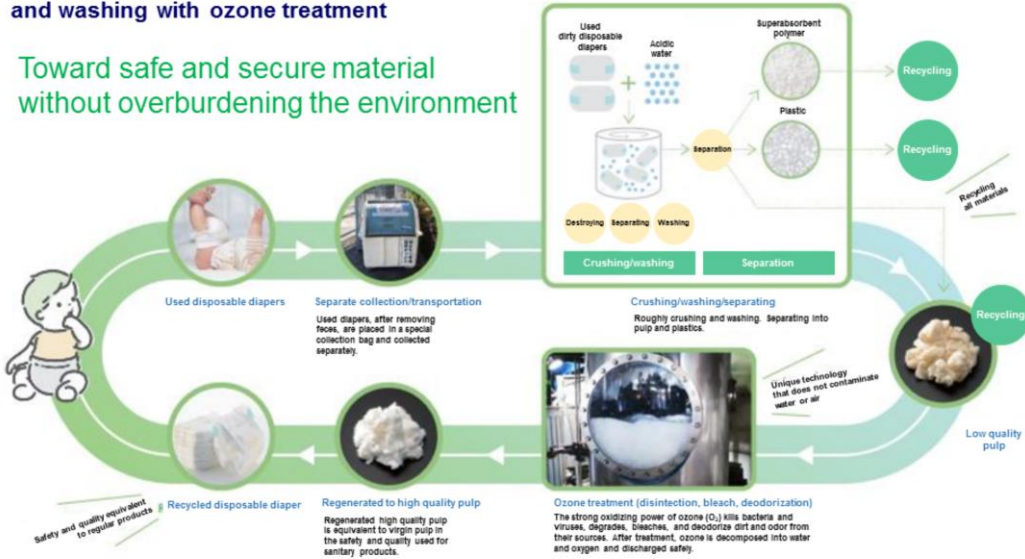
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(Safeguarding the well-being of our planet)
The world's first* "used disposable diaper recycling using the ozone-treatment technology"



◆ Realized the recycling of used disposable diaper by water-soluble crushing, segregating, and washing with ozone treatment

Toward safe and secure material without overburdening the environment



* In terms of horizontal recycling technology from disposable diaper to disposable diaper by ozone treatment technology (Survey by Unicharm, December 2020)
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(Safeguarding the well-being of our planet)

Demo-project to promote recycling used disposable diaper



◆ Promote demo-projects of separate collection of used disposable diapers with municipalities and Odakyu Railway



<Demo-experiment diagram>

[Nursing homes, child day care centers,

general household]

[Collection]

[Recycling]



Sorting used disposable diaper



Efficient separate collection by municipalities and Odakyu Railway



Recycling Unicharm disposable diapers

Demo-project implemented in: Shibushi City, Ohsaki Town, Higashiyamato City

Through this demo-project, we will build a recycling-oriented model based on which the used disposable diaper recycling business can be rolled out in Japan and overseas and take measures while identifying the new issues.

(Safeguarding the well-being of our planet)

Released “An illustrated guide to recycling Unicharm disposable diapers” to promote recycling used disposable diapers



◆ Explain graphically how used diapers are not garbage with four-step “Study Notes” that can be used as a material of independent research in summer holidays for elementary and middle school students.

Study Note ①

Unicharm's circulation-based recycling of disposable diapers



- Study Theme: What is circulation-based recycling?
- World first! Unicharm's diaper circulation-based recycling

Study Note ②

Diaper recycling technology



- Study Theme: How disposable diapers are made of?
- Study Theme: How ozone treatment restores pulp?
- Study Theme: How acid treatment restores super-absorbent polymer (SAP)?

Study Note ③

What happens to the used diapers if they are not recycled?



- Study Theme: Problems with current ways of disposing used disposable diapers
- Recycling used disposable diapers contributes to the United Nations Sustainable Development Goals (SDGs)

Study Note ④

Safeguarding the global environment by recycling diapers



- Study Theme: Benefits of recycling used disposable diapers
- How can we keep used diapers out of the "garbage"?

<https://www.unicharm.co.jp/ja/csr-eco/education.html>

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Key initiatives, indicators, and target values



◆ Unicharm Principles

Key initiatives	Indicators	Target value	Target year
Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.			
Management practices that take sustainability into account	Maintain and improve ratings by external evaluation agencies.	Highest level	Every year starting from 2026
	Number of serious human rights violations in the value chain.	Zero occurrences	Every year
Practice of appropriate corporate governance	Number of serious compliance violations.	Zero occurrences	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women.	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the "Growth through Work" employee awareness survey.	80% or more	2030
Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health.	Reduced by half (Compared to 2020)	2030

◆ Promotion of diversity management



2030 Target
Over 30%



The ratio of female employees in managerial positions by providing various opportunities to female employees

◆ Joined “30% Club Japan” that aims at women’s empowerment



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◆ Endorsed Women’s Empowerment Principles (WEPs) ¹ and signed the statement to act in accordance with the principles.

In support of

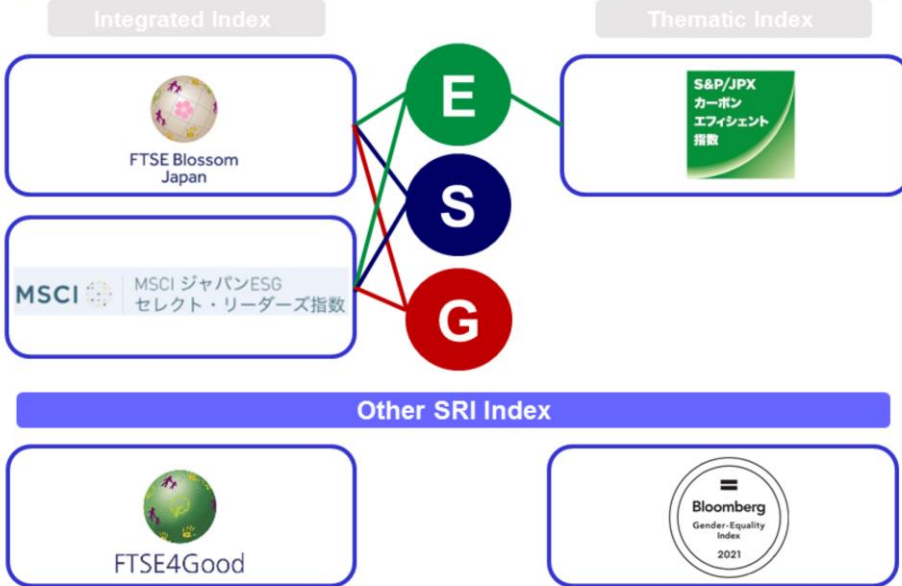
**WOMEN’S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the UN Global Compact Office

Evaluation by external organizations and coordination with them



Selected in 4 ESG investment indices of stock composites adopted by GPIF



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Evaluation by external organizations and coordination with them



■ Science Based Target



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- ✓ In June 2018, the company was certified as the 17th target-setting company in Japan.
- ✓ Set the target for CO2 overall reduction amount.

■ TCFD (Task Force on Climate-related Financial Disclosures)



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

- ✓ Endorsed "TCFD Recommendations"
- ✓ Participated in TCFD consortium

■ JCI (Japan Climate Initiative)



- ✓ Rolled out the best practices for advanced group as a startup member

■ FSC® (Forest stewardship council®)



The mark of
responsible forestry
FSC® N002492

- ✓ Preferential use of the pulp which cleared the strictest certification standards in forest certification.
- ✓ Cosponsoring the FSC Japan promotional campaign for 3 consecutive years

■ CDP Japan 500



- ✓ Obtained A- rating for efforts to combat climate change and excelling in information disclosure.

■ RSPO



- ✓ Started using certified palm oil (Mass Balance) in 2018 with the aim of procuring responsible palm oil

Evaluation by external organizations and coordination with them



■ CoC certification*1 of PEFC Forest Stewardship



- ✓ Factories in Thailand, Indonesia, Korea, North America and Japan acquired the certification

■ Inclusion for people with disabilities Advancement of International Initiative Joined "The Valuable 500"



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■ STANDARD100 by OEKO-TEX®



- ✓ "Natural moony (tape type)" acquired Japan's first*2 OEKO-TEX certification
- ✓ Promote global expansion of safe and secure products

■ Signed the project "My human rights declaration" promoted by Ministry of Justice



■ Sedex



- ✓ Joined as AB member toward the expansion of sustainable supply chain built on a global scale
- ✓ Completed self-assessment questionnaires for Unicharm group's factories in Japan and overseas
- ✓ Relationships with 50% of raw material suppliers and OEM manufacturers will be established by the end of December 2021

*1 A scheme that certifies the proper management and processing of forest products sourced from the Forest Management certified forests. Applicable to all business entities that have ownership in the product from FM certified forest to the final product.
 *2 January 2020 (Survey by Unicharm)

Evaluation by external organizations and coordination with them

■ SOMPO Sustainability Index



- ✓ Efforts related to ESG were highly valued and we were selected in stock composites of "SOMPO Sustainability Index" for 10 consecutive years.

■ Won a special prize in Environment Sustainable Corporate category of the 2nd ESG Finance Awards Japan



■ Selected as DX Stock 2021 and Noteworthy DX companies 2021

- ✓ Developed "digital scrum system" that enables remotely observing real-life situations and habits of clients
- ✓ A new business model utilizing digital technology, "Tebura Toen," which is a disposable diaper subscription model
- ✓ Transformed Kyushu factory to smart factory

■ Certified as Sports Yell Company 2021 by Japan Sports Agency



■ Won Outstanding Merit Award at the 37 Corporate Communication Award

- ✓ Contributed to boost corporate value significantly through various PR activities to gain recognition of "safe, secure and reliable Unicharm's masks" amid the mask shortage, which became a social problem under COVID pandemic.

