

First Quarter of Fiscal Year  
Ending December 31, 2023  
(Jan 1, 2023 to Mar 31, 2023)

Unicharm Investor Meeting  
Presentation Materials

May 8, 2023

Unicharm Corporation



**NOLA&DOLA**

Necessity of Life with Activities & Dreams of Life with Activities

# **First Quarter of Fiscal Year Ending December 31, 2023 (January 1, 2023 to Mar 31, 2023) 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.

# First Quarter of Fiscal Year Ending December 31, 2023 (January 1, 2023 to March 31, 2023) Financial Results Summary



## Consolidated

**Sales 220.8 billion JPY** (YoY +8.1%)

**Core operating income 28.4 billion JPY** (YoY - 5.1%)

- Sales hit record high in the first quarter (Jan.–Mar.).
- The performance progress is as per expected in both sales and core operating income margin.

## Japan

**1.7% sales increase, 1.6% profit decrease**

- Pet Care Business keeps good performance with value-shifting. Baby Care Business also shows sales and profits increase as a result of value-shifting.
- Wellness Care Business excluding masks led sales increase with value-shifting as per plan.
- With COVID-19 settling down, distribution inventory of mask and wet wipes was adjusted.

## Overseas

**11.3% sales increase, 9.7% profit decrease**

- Increase in sales and decrease in profits in Asia. Increased sales are driven by Baby Care Business in India and Indonesia. The main factors behind the profit decrease were the impact of infection spread in early this year and compression of distribution inventory in China, however, the situation is improving from the second quarter.
- Increase in sales and profits in other regions. Kept good performance in North America, and turn profitable again in Brazil with high growth.

## Shareholder Return

**Yearly dividend 40 yen per share**  
**Increased dividend for 22 consecutive years**

- Purchase of own shares: up to 17 billion JPY, 3.9 million shares.

# Sales hit record high in the first quarter

## Performance progress is as expected even under a harsh environment



### ● Consolidated account highlights (from Jan. to Mar.)

(100 millions of yen)

	1Q of FY Ended Dec.31, 2022	1Q of FY Ending Dec. 31, 2023	gap(yen)	gap(%)	(Forecast) FY ending Dec. 31, 2023	Achievement
Net sales	2,044	<b>2,208</b>	+165	+8.1%	9,635	22.9%
Core operating income (margin-%)	299 (14.7%)	<b>284</b> <b>(12.9%)</b>	-15	-5.1% (-1.8P)	1,410 (14.6%)	20.2%
Profit before tax (margin-%)	308 (15.1%)	<b>282</b> <b>(12.8%)</b>	-26	-8.4% (-2.3P)	1,375 (14.3%)	20.5%
Profit attributable to owners of Parent company (margin-%)	168 (8.2%)	<b>165</b> <b>(7.5%)</b>	-3	-1.8% (-0.7P)	809 (8.4%)	20.4%
EBITDA (profit before tax + depreciation/ amortization)	405	<b>385</b>	-19	-4.7%	1,795	21.5%
Base earnings per share (JPY)	28.22	<b>27.84</b>	-3.8	- 1.3%	136.37	20.4%
USD Rate (JPY)	116.20	<b>132.34</b>	+16.14	+13.9%	130.00	—
CNY Rate (JPY)	18.29	<b>19.34</b>	+1.05	+5.7%	19.20	—

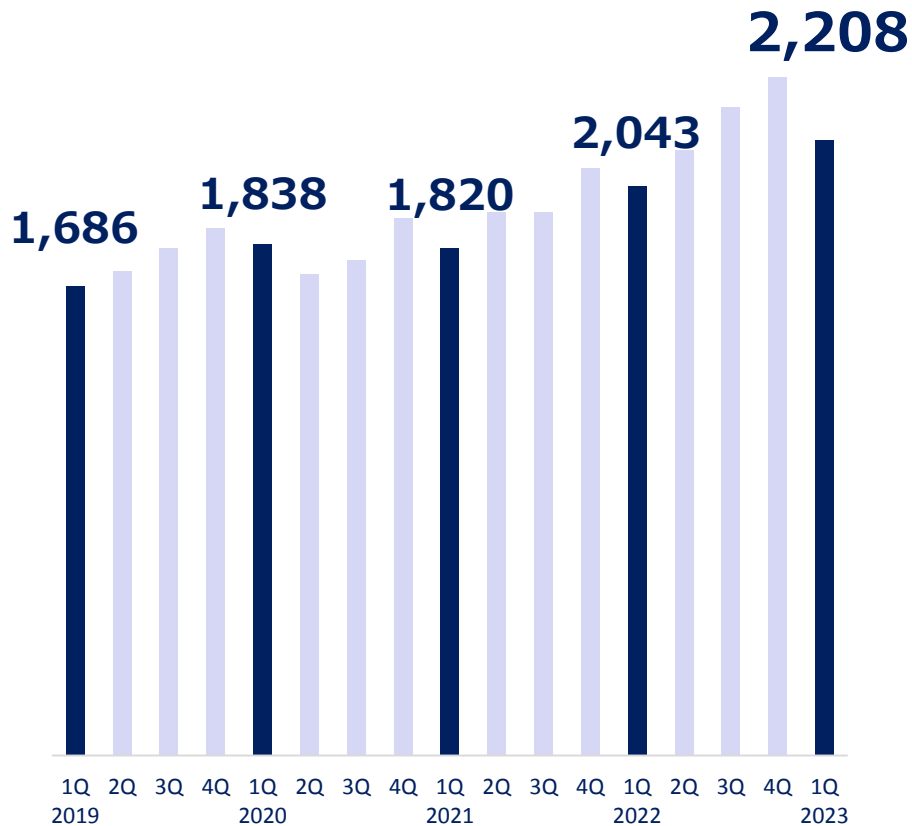
# Stable sales growth and hit record high<sup>※</sup> with continuous value-shifting



## High profit standard was secured in spite of further cost increases

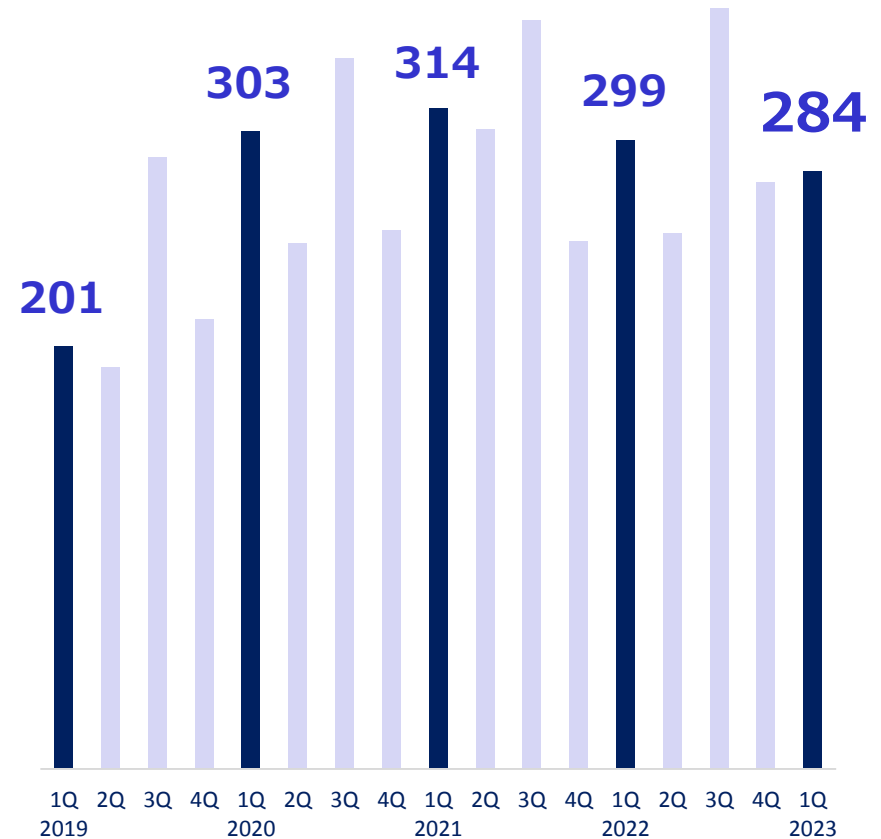
### ● Sales trend (quarterly)

(Unit: 100 million yen)



### ● Core operating income trend (quarterly)

(Unit: 100 million yen)



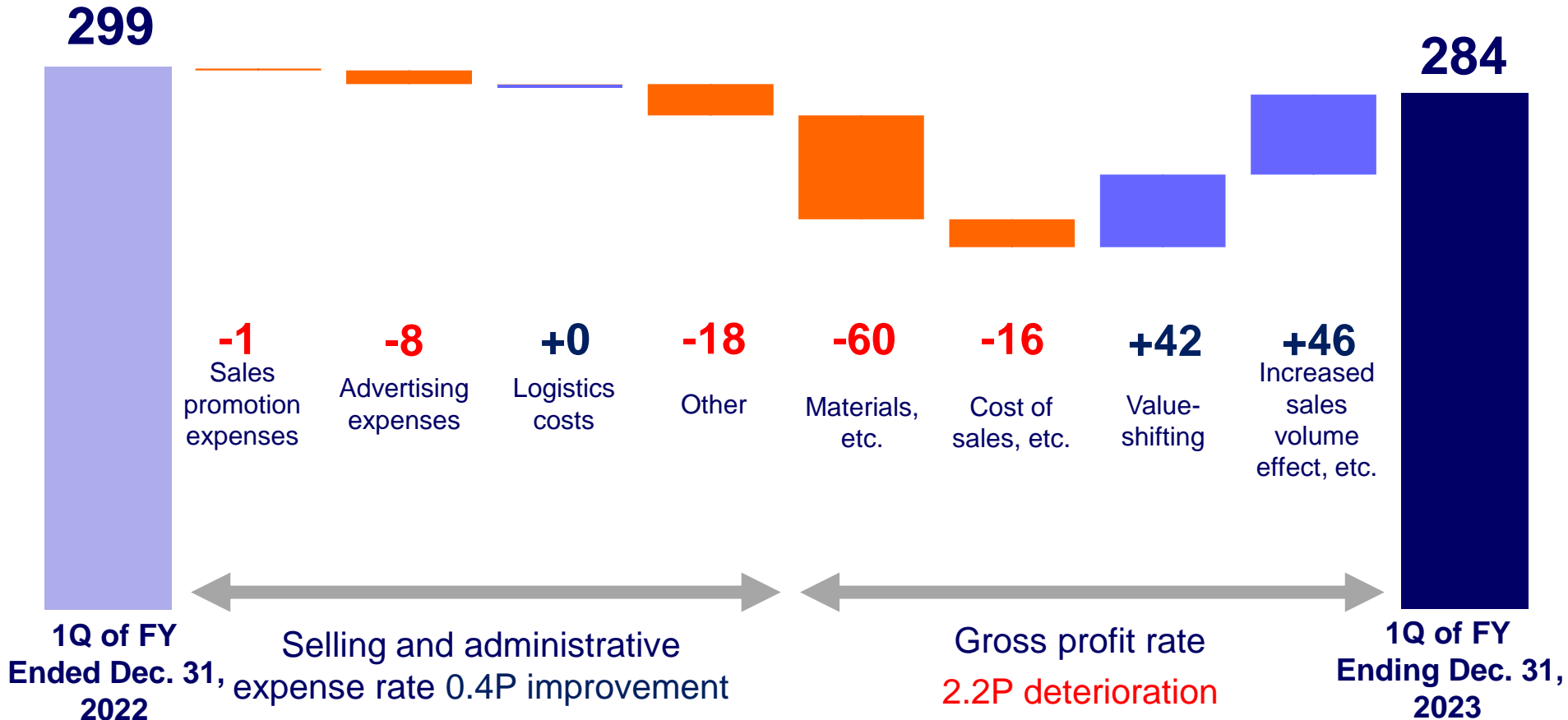
※1 In the period of first quarter (Jan.-Mar.)\_ since IFRS adoption in FY2017

Even core operating income decreased by 1.5 billion JPY due to further cost increases in raw materials etc., gross profits improved as a result of continuous value-shifting and sales volume increase



(Unit: 100 million yen)

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



※1  
**Pet Care, Wellness Care and Baby Care Business led sales increase in Japan**  
**Value-shifting with value-added products is well advanced in North America and Indonesia**



**Wellness Care Business keep growing with expanding markets in Asia**

(Unit: 100 million yen)

● **Geographical segment information**  
 (from Jan. to Mar.)

		1Q of FY Ended Dec.31, 2022	1Q of FY Ending Dec. 31, 2023	gap(yen)	gap (%)	(Ref.) Actual※2 gap rate
Japan	Net sales	699	<b>711</b>	+12	+1.7%	—
	Core operating income (margin)	136 (19.5%)	<b>134</b> <b>(18.8%)</b>	-2	-1.6% <b>(-0.7P)</b>	—
Asia	Net sales	994	<b>1,087</b>	+94	+9.4%	+2.2%
	Core operating income (margin)	130 (13.1%)	<b>112</b> <b>(10.3%)</b>	-18	-14.0% <b>(-2.8P)</b>	-20.0%
Others ※3	Net sales	351	<b>410</b>	+59	+16.8%	+7.1%
	Core operating income (margin)	34 (9.6%)	<b>36</b> <b>(8.7%)</b>	+2	+6.8% <b>(-0.9P)</b>	-5.8%
Consolidation	Net sales	2,044	<b>2,208</b>	+165	+8.1%	+2.9%
	Core operating income (margin)	299 (14.7%)	<b>284</b> <b>(12.9%)</b>	-15	-5.1% <b>(-1.8P)</b>	-9.1%

[Actual gap rate of sales in main countries] \*based on management accounting

China -7% Indonesia +14% Thailand -5% India +20% Vietnam -4% Middle East -5% North America +9% Brazil +57%

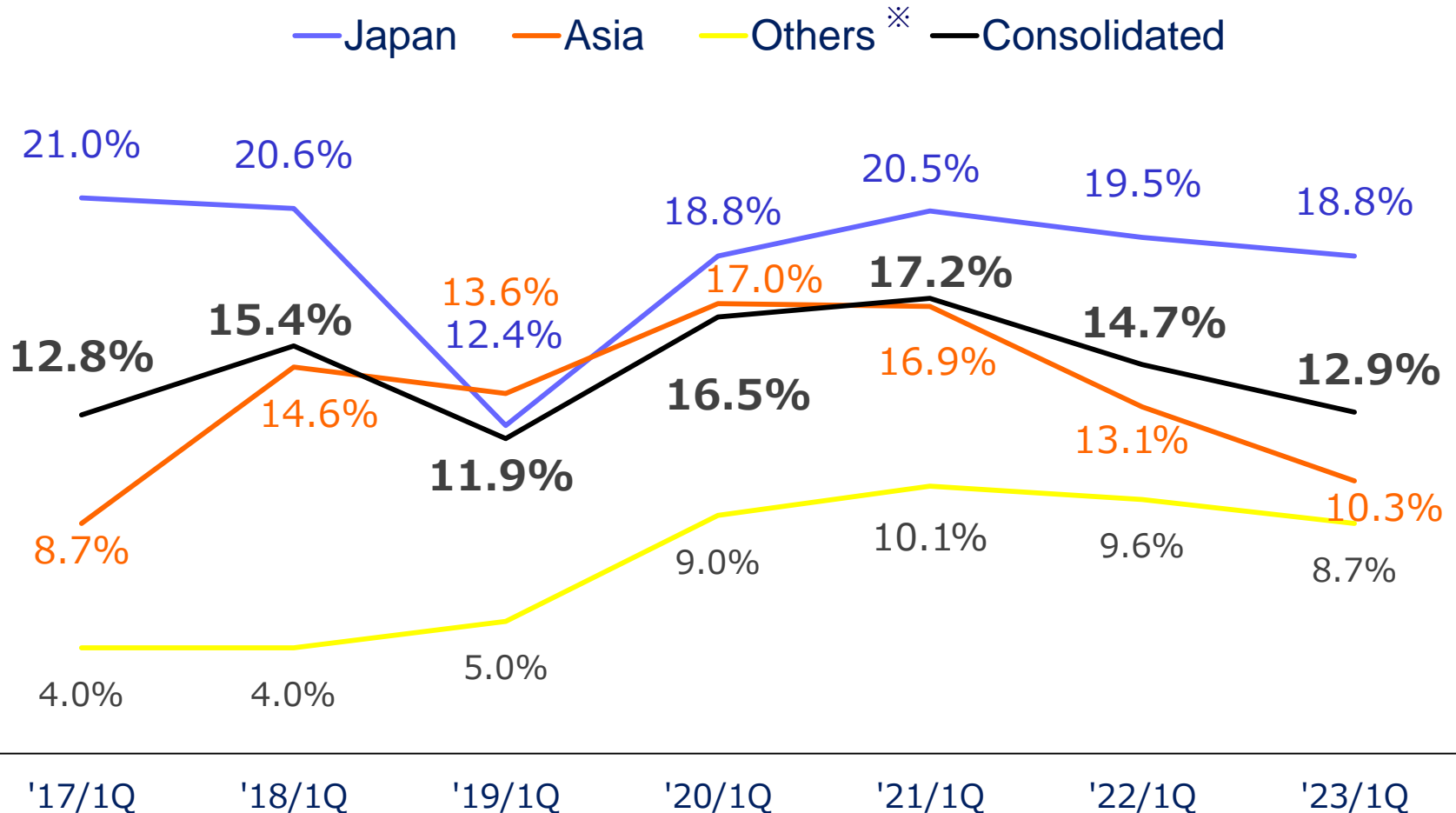
※1 Excluding masks    ※2 Actual gap rate excluding foreign exchange effects

※3 Others: Main regions are North America, Saudi Arabia, Brazil and the Netherlands

**Core operating income decreased due to further cost increases in all regions, however, as a result of continuous expansion of value-added products, profitability improves from 2Q**



● Core operating income margin by geographical segment (from Jan. to Mar.)



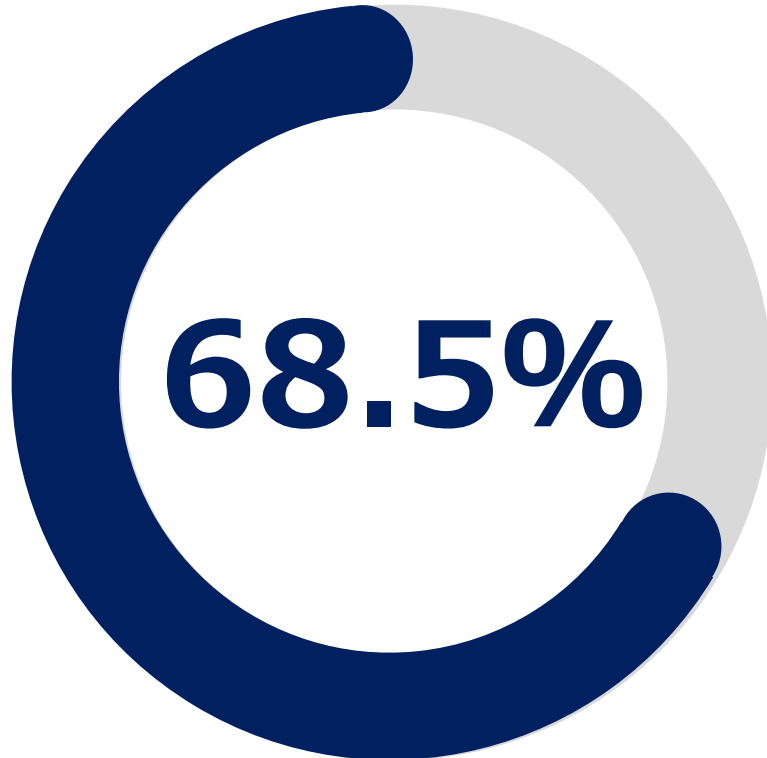
\*Others: Main regions are North America, Saudi Arabia, Brazil and the Netherlands



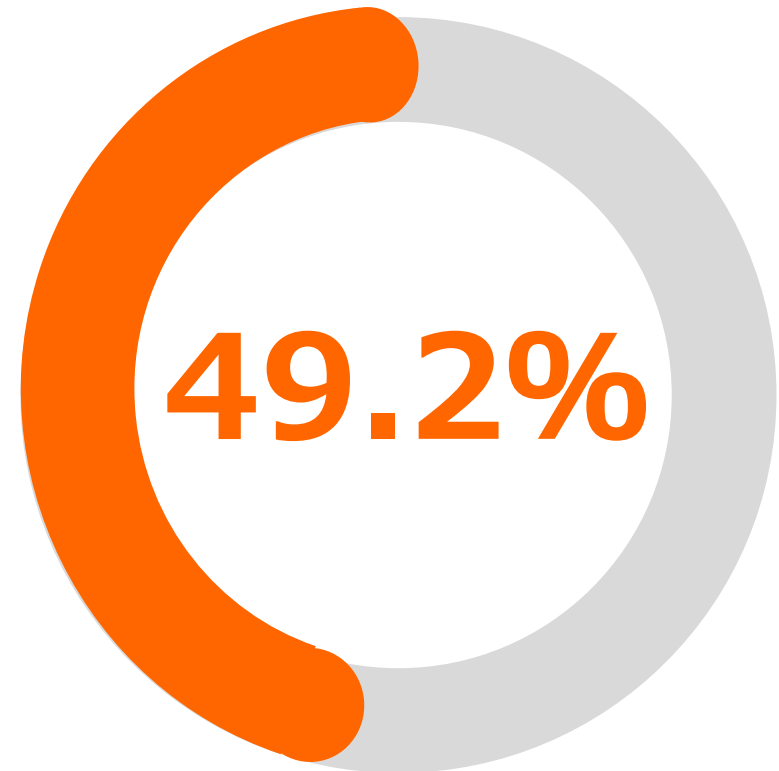
# Sales ratio of overseas markets hit record high

## Overseas and Asian market keep overwhelming sales ratio

- Sales ratio of overseas markets



- Sales ratio of Asian markets



# Baby Bare Business led Personal Care Business

Japan led Pet Care Business with value-shifting and North America keeps good performance

Increase investment in China and South-East Asia



(Unit: 100 million yen)

## ● Business Segment Information (from Jan. to Mar.)

		1Q of FY Ended Dec. 31, 2022	1Q of FY ending Dec. 31, 2023	gap(yen)	gap(%)
Personal Care	Net sales	1,763	<b>1,877</b>	+114	+6.5%
	Core operating income (margin)	263 (14.9%)	<b>229</b> <b>(12.2%)</b>	<b>-34</b>	<b>-12.9%</b> <b>(-2.7P)</b>
Pet Care	Net sales	263	<b>309</b>	+47	+17.8%
	Core operating income (margin)	35 (13.5%)	<b>55</b> <b>(17.8%)</b>	+20	+55.6% (+4.3P)
Others*	Net sales	18	<b>23</b>	+5	+22.1%
	Core operating income (margin)	1 (7.4%)	<b>0</b> <b>(1.0%)</b>	<b>-1</b>	<b>-84.4%</b> <b>(-6.4P)</b>
Consolidated	Net sales	2,044	<b>2,208</b>	+165	+8.1%
	Core operating income (margin)	299 (14.7%)	<b>284</b> <b>(12.9%)</b>	<b>-15</b>	<b>-5.1%</b> <b>(-1.8P)</b>

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

**Impacts of foreign exchange fluctuations:  
Approx. 10.6 billion JPY increase in sales and  
approx. 1.2 billion JPY increase in core operating income**



● Rate fluctuations by currency (Jan. to Mar. average rate)

Currency	1Q of '22/12 rate	<b>1Q of '23/12 rate</b>	Rate Change
China (CNY)	18.29	<b>19.34</b>	+5.7%
Indonesia (IDR)	0.0081	<b>0.0087</b>	+7.4%
Saudi Arabia (SAR)	31.02	<b>35.30</b>	+13.8%
Thailand (THB)	3.52	<b>3.91</b>	+11.1%
India (INR)	1.56	<b>1.62</b>	+3.8%
Vietnam (VND)	0.0051	<b>0.0056</b>	+9.8%
USA (USD)	116.20	<b>132.34</b>	+13.9%
Netherlands (EUR)	130.39	<b>142.10</b>	+9.0%
Taiwan (TWD)	4.16	<b>4.36</b>	+4.8%
South Korea (KRW)	0.0965	<b>0.1041</b>	+7.9%
Malaysia (MYR)	27.72	<b>30.20</b>	+8.9%
Australia (AUD)	84.03	<b>90.64</b>	+7.9%
Brazil (BRL)	22.30	<b>25.49</b>	+14.3%
Egypt (EGP)	7.23	<b>4.41</b>	<b>-39.0%</b>

## **Summary of Progress on Performance Forecast FY Ending December 31, 2023**

---

# Fiscal Year ending December 31, 2023

## Summary of Consolidated Performance Forecast



### Consolidated

**Sales 963.5 billion JPY** (YoY +7.3%)

**Core operating income 141 billion JPY** (YoY +17.9%)

#### 【Progress】

- Sales and core operating income shows the move in line with expectations.
- Profitability improves from the second quarter with the penetration of value-shifting and the ease of cost burdens.

#### 【Frist quarter topics】

- Value-shifting is advanced as per plan in Pet Care, Baby Care and Wellness Care Business in Japan.
- Baby Care Business improves profitability with the shift to premium products in China. Although distribution inventory compression and raw material increases impact to Feminine Care Business, it keeps high profitability.
- Sales topline increases with the advancement of value-shifting in Indonesia, India and Pet Care Business in North America.
- Profitability is established under prior investment in India.
- Decreased birth rate and competition affect the performance in Thailand, the Middle East and Vietnam.

#### 【Toward performance forecast achievement】

- Thorough penetration of value-shifting from the second quarter.
- Increase topline with making the balance of product value (price) and volume.
- Increase distribution and shift to premium products in Feminine Care Business with the recover of Chinese economy.
- Normalize distribution inventory and increase China made premium products mix in Baby Care Business in China.
- Potential of cost reduction through stability of resource prices.

**All-time high for sales (7th consecutive year) and all profit items  
Plan to increase sales and profits from the second quarter after  
bottoming out in the first quarter**



● **Consolidated account highlights  
(from Jan. to Mar.)**

(Unit: 100 million yen)

	FY Ended Dec. 31, 2022	<b>FY Ended Dec. 31, 2023</b>	gap (yen)	gap (%)	(Ref.) Actual gap rate ※1
Net sales	8,980	<b>9,635</b>	+655	+7.3%	+8.4%
Core operating income (margin-%)	1,196 (13.3%)	<b>1,410 (14.6%)</b>	+214	+17.9% (+1.3P)	+18.1%
Profit before tax (margin)	1,157 (12.9%)	<b>1,375 (14.3%)</b>	+218	+18.8% (+1.4P)	
Profit attributable to owners of parent (margin)	676 (7.5%)	<b>809 (8.4%)</b>	+133	+19.7% (+0.9P)	
Basic earnings per share (JPY)	113.61	<b>136.37</b>	+22.76	+20.0%	
USD Rate (JPY)	131.43	<b>130.00</b>	-1.43	-1.1%	
CNY Rate (JPY)	19.48	<b>19.20</b>	-0.28	-1.4%	

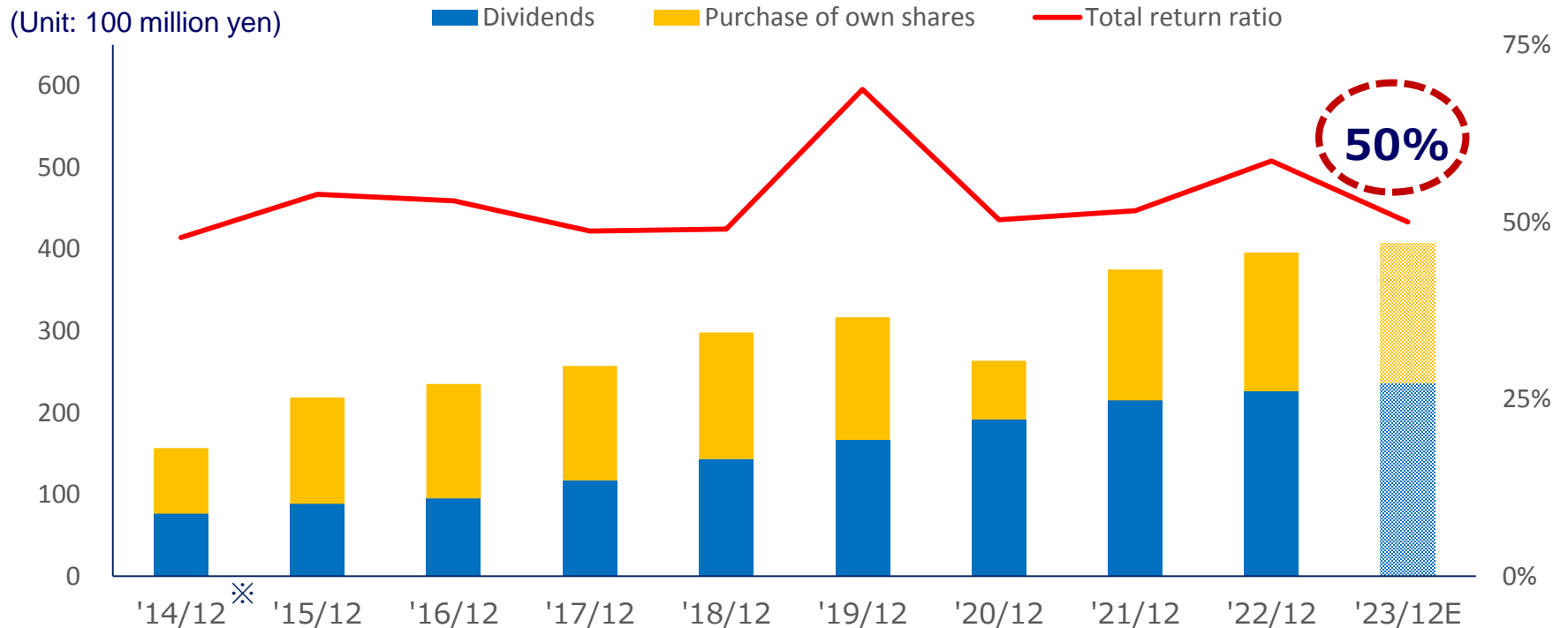
\*1 : Actual gap rate excluding foreign exchange effects

## **Shareholders Return Policy**

---

Through the payment of dividend linking to the business performance and buy-back of our own shares, we are also aiming for total return ratio of 50% in 2023

## ● Shareholders return policy



\* Irregular accounting period of 9 months.

We are aiming at returning profits to our shareholder **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.

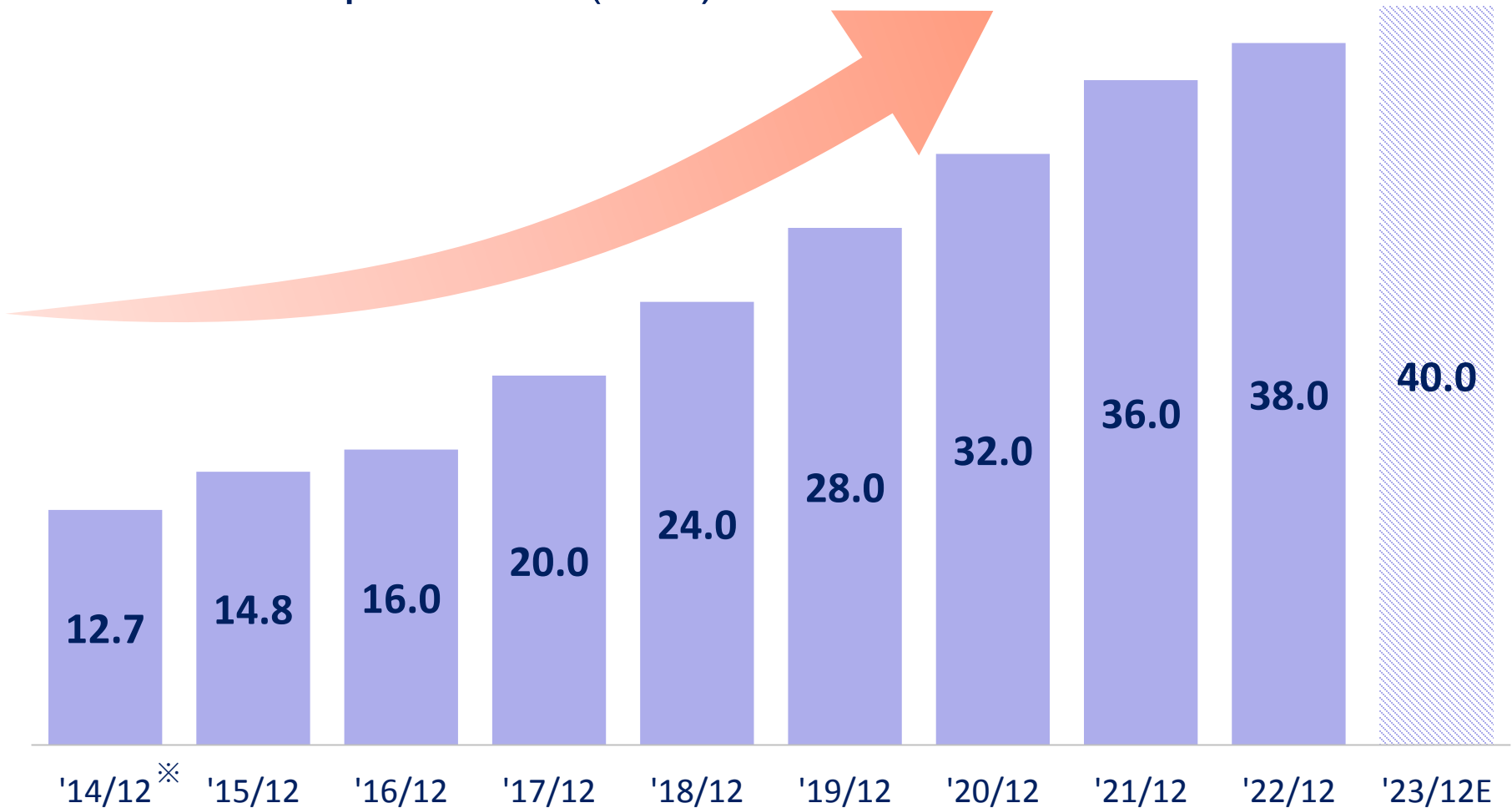


# Dividend per share

Plan to increase dividend for 22 consecutive years  
(40 yen a year)



## ● Dividends per share (JPY)



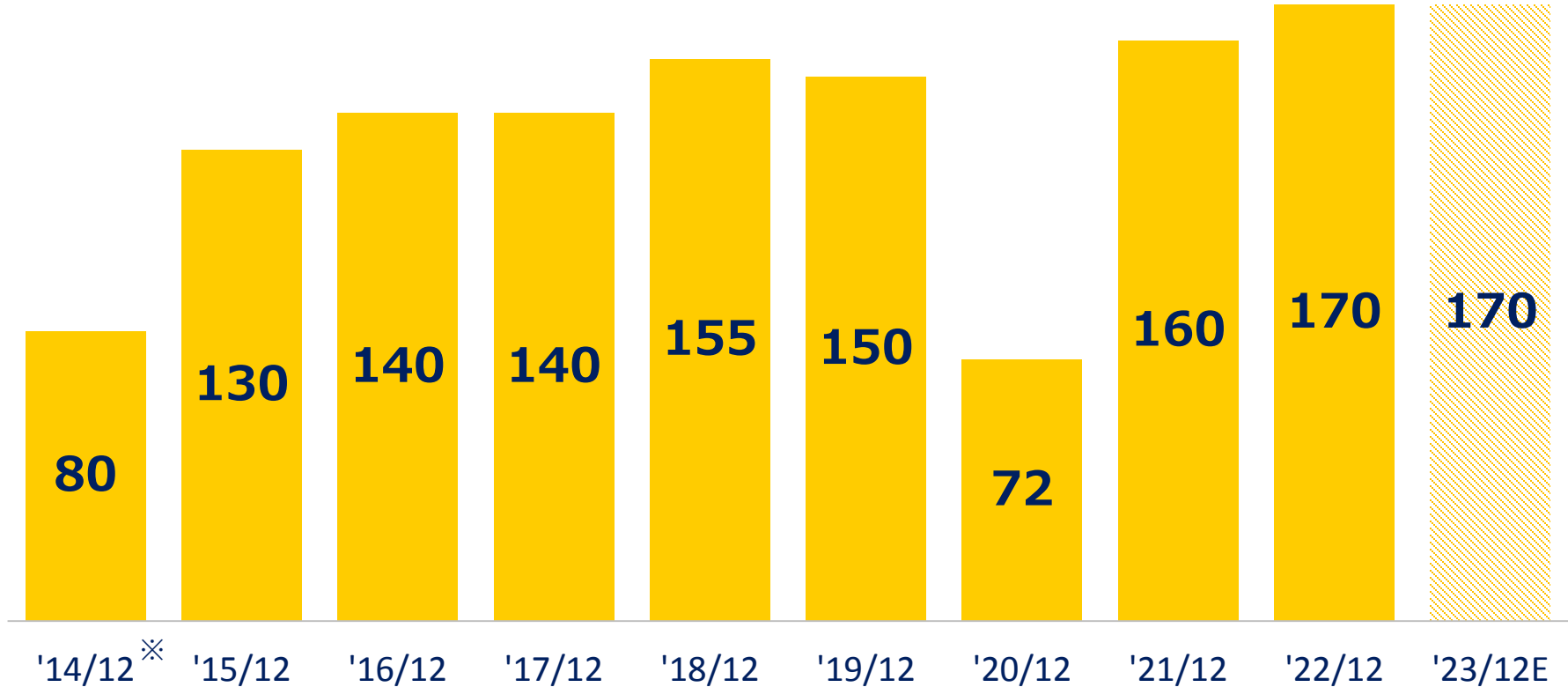
\*Irregular accounting period of 9 months

# Flexible purchase of own shares depending on the cash condition

## Purchase of up to 17 billion JPY (3.9 M shares) in 2023 as planned



### ● Share buy-back history (100 million JPY)



\*Irregular accounting period of 9 months

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

---

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



## ◆ 20 key themes with the goal in 2030

### Safeguarding the well-being of individuals

**Our goal**

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.

**Key initiatives**

- 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

Safeguarding the well-being of society

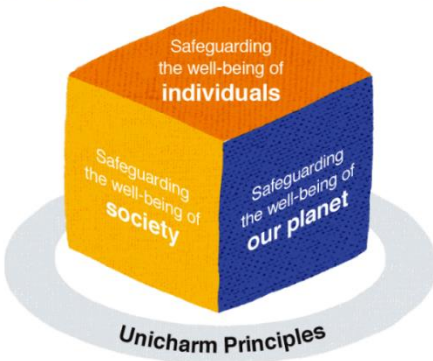
**Our goal**

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.

**Key initiatives**

- 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

### Realizing a Cohesive Society (Creating a Diverse, Inclusive, and Sustainable World)



**Our goal**

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.

**Key initiatives**

- 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

Safeguarding the well-being of our planet

**Our goal**

Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.

**Key initiatives**

- 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

### Unicharm Principles

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



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

**Safeguarding the well-being of individuals**

- 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

**Safeguarding the well-being of society**

- 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

**Safeguarding the well-being of our planet**

- 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

**Unicharm Principles**

- 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

# Key initiatives, indicators, and target values

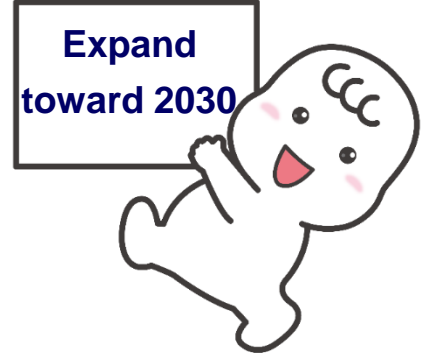
## ◆ Safeguarding the well-being of individuals

Key initiatives	Indicators	Results		Mid- and long- term goals	
		2021	2022	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.	Continue 100%	Continue 100%	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).	Continue 100%	Continue 100%	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.	Continue 100%	Continue 100%	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.	Continue 100%	Continue 100%	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).	Continue 100%	Continue 100%	100%	2030

(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**

➤ Support independent excretion with product development that suits users' ADL (Activities of Daily Living)

Those who have light incontinence

Peace of mind during outings  
 Those who can walk alone  
 Those who can walk with assistance

Those who can stand / sit

Those who spend most of their time in bed

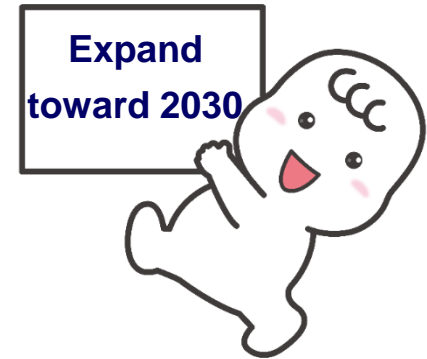


(Safeguarding the well-being of each individual)

# 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



Development 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

➤ Promote women empowerment support globally

#NoBagForMe 

話そう、知ろう。生理のこと。



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 

> 参加企業募集中! 詳しくはこちら

Number of training videos provided: Approx. 300 companies and organizations (as of Dec. 2022)



Women-only factory in consideration of culture



Project to create female entrepreneurs



Online menarche education



Pink Ribbon Campaign: 2022 is the 15th year in Japan

Participants: 483,000 in India (FY2022)



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

- **Pants-shaped pad and heating napkin featuring warm sensation (China subsidiary Idea & Plan)**



Mugwort

Ginger

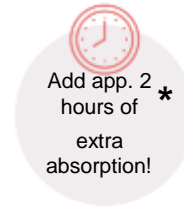
- **Cool napkin that feels less dampness and a cool, refreshing feeling and type of napkin that contains charcoal (Thailand subsidiary Idea & Plan)**



- **Napkin featuring anti-bacterial sheet (devised by Indian subsidiary) and napkin containing olive oil (Saudi Arabia subsidiary Idea & Plan)**



- **Easy, comfortable, and convenient feminine product to be used along with a regular pad (Japan Idea & Plan)**



\* The amount of menstrual blood varies between individuals

(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)



Development 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



➤ Development of services that allow spectators to watch the game with their dogs through toiletry products that utilizes non-woven and absorbent core processing and molding technologies

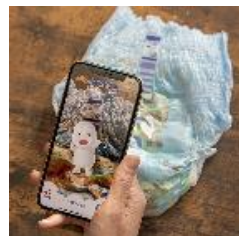


(Safeguarding the well-being of each individual)

Support improvement of childcare environment through products and services that eliminate discomfort and create the comfort of babies and parents



◆ Improvement of childcare



Expand toward 2030



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

➤ Subscription service (fixed charge system) for nursery schools can reduce the burden on parents and child care workers, as well as infection risk

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



©Fujiko-Pro,Shogakukan, TV-Asahi,Shin-ei,and ADK



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



◆ **Improvement of public hygiene**



**Expand toward 2030**



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

➤ **Pursuing functionality and comfort, developing products that meet the actual usage and needs of consumers**



➤ **Boost high value-added masks development globally**



# Key initiatives, indicators, and target values

## ◆ Safeguarding the well-being of society

Key initiatives	Indicators	Results		Mid- and long- term goals	
		2021	2022	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.	Continue 100%	Continue 100%	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the “SDGs Theme Guideline,” an internal guideline for contributing to sustainability.	100%※	10.5%※	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.	Under development	Under development	Double (Compared to 2020)	2030
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share).	23.4%	23.6%	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.	Continue 100%	Continue 100%	100%	2030

(Safeguarding the well-being of society)


# Development of products and services toward the realization of social inclusion so that everyone can lead a healthy and sanitary life comfortably



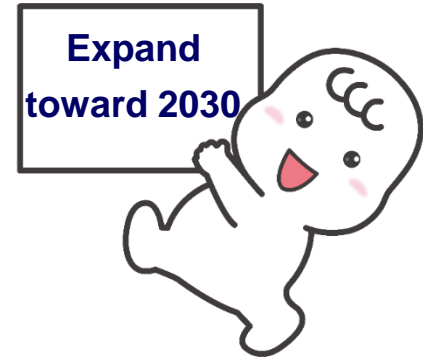
## ◆ Innovations to achieve “NOLA & DOLA”

Unicharm  
**Face Visible Mask**

Has a structure that fits in all directions to protect against virus droplets, as well as a transparent area that makes it possible to see your face.



\*Image when wearing.



Development of products and services that contribute to liberation from various burdens and finding joy in life

➤ Face masks that quickly utilize UC’s own technology after listening to hearing impaired and speech impaired persons

➤ The first diaper in the world that keeps mosquitoes away from diapers to protect babies from the threat of dengue fever \*



\* 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)

# Key initiatives, indicators, and target values

## ◆ Safeguarding the well-being of our planet

Key initiatives	Indicators	Results		Mid- and long- term goals	
		2021	2022	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.	Under development	2	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total.	7.3%	11.0%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced.	Under development	1	10 or more	2030
Promotion of product recycling	Material recycling of non-woven products using recycling resources	Under development	Under development	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics.	Under development	Under development	Reduced by half (Compared to 2020)	2030

(Safeguarding the well-being of our planet)

# Promoting Three “0” by 2050

## 「“0” waste plastic, “0” CO<sub>2</sub> emission, “0” natural forest destruction」



### ➤ 「Eco Plan 2030」

Environmental Targets 2030	Implementation items		Base year	2021 Results	2022 Results	2023 Targets	2030 Targets	2050 Vision
Responding to the problem of plastic waste	Reducing usage of packaging materials	Per unit of sales	2019*1	▲0.2%	▲12.3%	▲14.0%	▲30%	Realizing a new society with zero plastic waste
	Selling products that contain no petroleum derived plastic	—	—	Development ongoing	Development ongoing	Development ongoing	10 or more stock-keeping units (SKU) sold	
	Raising awareness about proper disposal of used products	—	—	38% (6 countries / regions)	50% (8 countries / regions)	56%	Rolled out at all Group companies	
	Eliminating the use of plastic in sales promotional items	—	2019	▲8.9% (Japan)	▲81.8% (Japan)	▲30%	In principle, reduced to zero at all Group companies	
Responding to climate change	Reducing CO <sub>2</sub> emissions associated with raw materials procurement	Per unit of sales	2016	9.7% (Japan)	▲12.6% (Japan)	▲14.3% (Japan)	▲17%	Realizing a society with net zero CO <sub>2</sub> emissions
	Reducing CO <sub>2</sub> emissions in manufacturing	Per unit of sales	2016	▲26.9%	▲35.2%	▲38.6%	▲34%	
	Reducing CO <sub>2</sub> emissions associated with disposal of used products	Per unit of sales	2016	23.7% (Japan)	▲11.6% (Japan)	▲14.2% (Japan)	▲26%	
Not contributing to deforestation (response to procurement related issues)	Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw materials**2	—	97%	97.1%	98.0%	Completed	Realizing a society with zero deforestation related to the purchasing of timber
		Palm oil	—	77.2%	72.2%	80.0%		
	Expanding the use of certified pulp (PEFC*3- and CoC-certified)	Percentage of certified factories**3	—	52.0%	56.0%	64.0%	100%	
		Percentage of certified materials procured	—	76.0%	72.3%	75.0%		
	Expanding the use of certified palm oil (RSPO*6-certified)	—	—	77%	72.2%	80.0%	100%	
Promoting the recycling of used disposable diapers	—	—	Development ongoing	2**4	2	Rolled out in at least 10 municipalities		

※1 We have updated our base year from 2016 to 2019 following a review in 2020.

※2 Percentage of raw materials derived from forest resources for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials. Forest-derived raw materials include pulp, tissue, separators, and airlaid pulp.

※3 Percentage of Unicharm factories that have acquired CoC (chain of custody) certification.

※4 In 2022, recycling facilities will be in operation in two municipalities, Shibushi and Osaki, Kagoshima Prefecture. (In 2020, Higashiyamato and in 2021, Machida will conduct verification experiments on the collection of used disposable diapers.)



➤ Initiatives towards a society with zero CO<sub>2</sub> emissions by 2050

Fiscal Year	Initiative Status
2018	✓ Certified as the 17th 2.0°C target setting company in Japan
2020	✓ Setting of “Eco Plan 2030”
2022	✓ Start of deliberation on modification to 1.5°C target ✓ Start of a comprehensive GHG emission volume visualization project, including Scope 3.
2024	✓ Application to be made to SBTi for 1.5°C target ✓ Eco Plan 2030 to be modified based on the 1.5°C scenario

\*SBTi (The Science Based Targets initiative): Promotes the setting of emission reduction targets by companies consistent with scientific knowledge towards the target of keeping the rise in global average temperature due to climate change to 1.5°C compared to before the Industrial Revolution.

# Establish the platform to visualize GHG (Green House Gas) emissions

- Aim to disclose GHG emissions by product to achieve net “zero” emissions of CO<sub>2</sub>, build the GHG emission visualization platform, including CO<sub>2</sub> in the entire supply chain, and promote the efforts for “response to climate change” more aggressively

Environmental Targets 2030	Implementation items		Base Year	2021 Results	2022 Results	2023 Targets	2030 Targets	2050 Vision
Responding to climate change	Reducing CO <sub>2</sub> emissions associated with raw materials procurement	Per unit of sales	2016	9.7% (Japan)	▲12.6% (Japan)	▲14.3% (Japan)	▲17%	Realizing a society with net zero CO <sub>2</sub> emissions
	Reducing CO <sub>2</sub> emissions in manufacturing	Per unit of sales	2016	▲26.9%	▲35.2%	▲38.6%	▲34%	
	Reducing CO <sub>2</sub> emissions associated with disposal of used products	Per unit of sales	2016	23.7% (Japan)	▲11.6% (Japan)	▲14.2% (Japan)	▲26%	



From Japan, start the comprehensive GHG emission visualization project, including scope 3, with Deloitte Tohmatsu

**Visualize**



**Visualization of GHG emission**

**Measure**



**Scenario analysis**

**Take measures**



**Implement measures**

\* For overseas, visualization in 2023

(Safeguarding the well-being of our planet)

# Initiatives for safety and environmental consideration



## ◆ Development of environmentally friendly products

2030 Target  
More than 10 cases



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



➤ Paper package products using 100% recycled materials and products using plant-derived resources as part of the raw materials

➤ Reduce the volume of plastic used in promotional goods by 50% of that used in 2019 by 2025, and speed up work to reduce to zero by 2030



(Safeguarding the well-being of our planet)

# Switch all electric power used at factories to green electric power\* aiming to reduce CO<sub>2</sub> emission



## ◆ Addressing climate change



Use of renewable power



## Percentage of renewable electric power used for business operation

➤ Renewable power ratio 11% (as of the end of December 2022)

➤ Offices with 100% of renewable electric power used

Top five nations	Percentage of renewable electric power
Brazil	100%
U.S.A	100%
China	About 26%
Japan	About 16%
Vietnam	About 14%



Brazil  
Jaguariuna Factory



US  
(Hartz Pleasant Plain Factory)



Japan  
Kyushu Factory



Japan Toyohama  
Manufacturing Site

(Safeguarding the well-being of our planet)

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



## ◆ Expand our line of recycle model



Number of disposable diaper recycling facilities introduced

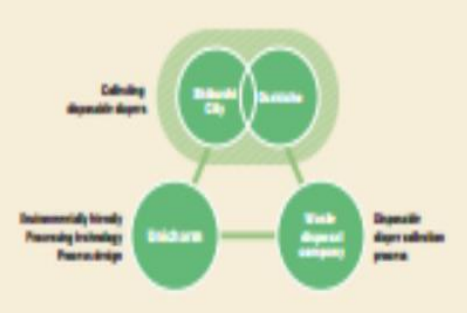
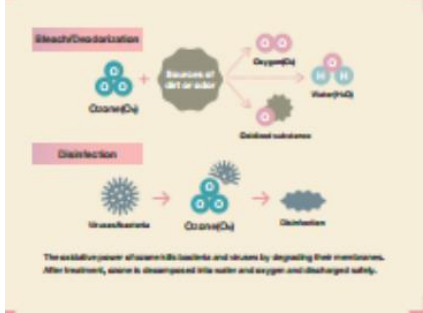
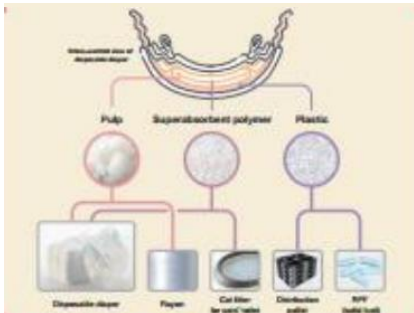
## ➤ Keep it safe and convenient, toward the future where recycling is the norm

**Recycle**  
all materials

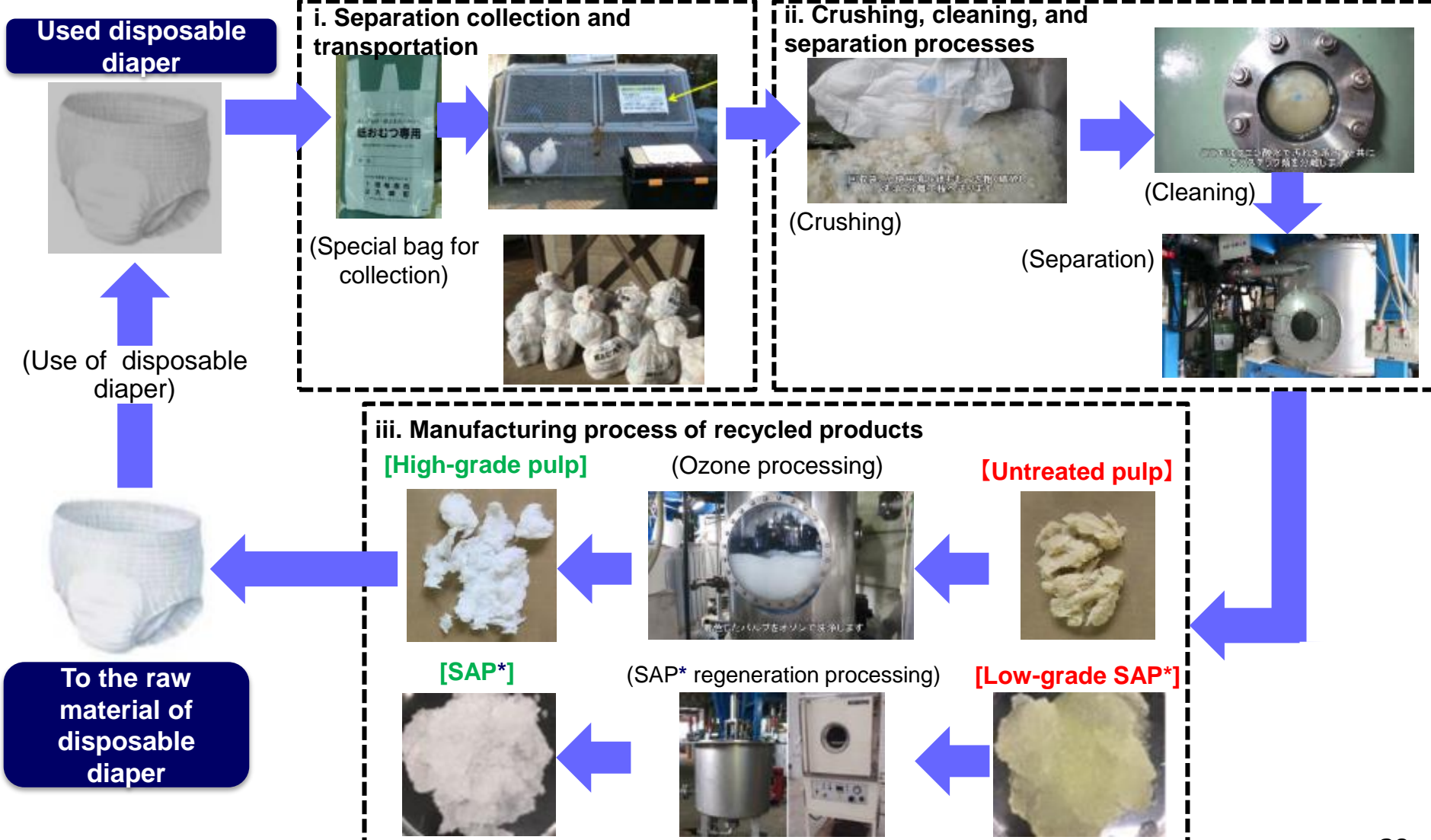
Cleaning used disposable diapers to **sanitary material quality**

**No pollution to water and air**  
By ozone bleach and sterilization

Approaching **The future where recycling is the norm**



## ➤ Horizontal recycling (from disposable diaper to disposable diaper)



(Safeguarding the well-being of our planet)

# Demo-project to promote recycling used disposable diapers



- Co-creation with local governments and businesses to promote recycling of used diapers



Shibushi



Tokyo



Ozaki



Machida



Soo Recycle Center



Odakyu Railway

- Collection bags made from recycled plastic which was derived from used disposable diapers



- Test sales of the world's first\*1 product using recycled pulp treated with ozone technology as part of the absorbent core material of new disposable diapers\*2



- ※1 Horizontal disposable diaper-to-disposable diaper recycling technology using ozone treatment technology (UC research, December 2020)
- ※2 Sold at some nursing homes in the Minami-Kyushu area

- Thinking about Effective Use of Resources Communication using SNS and environmental lessons



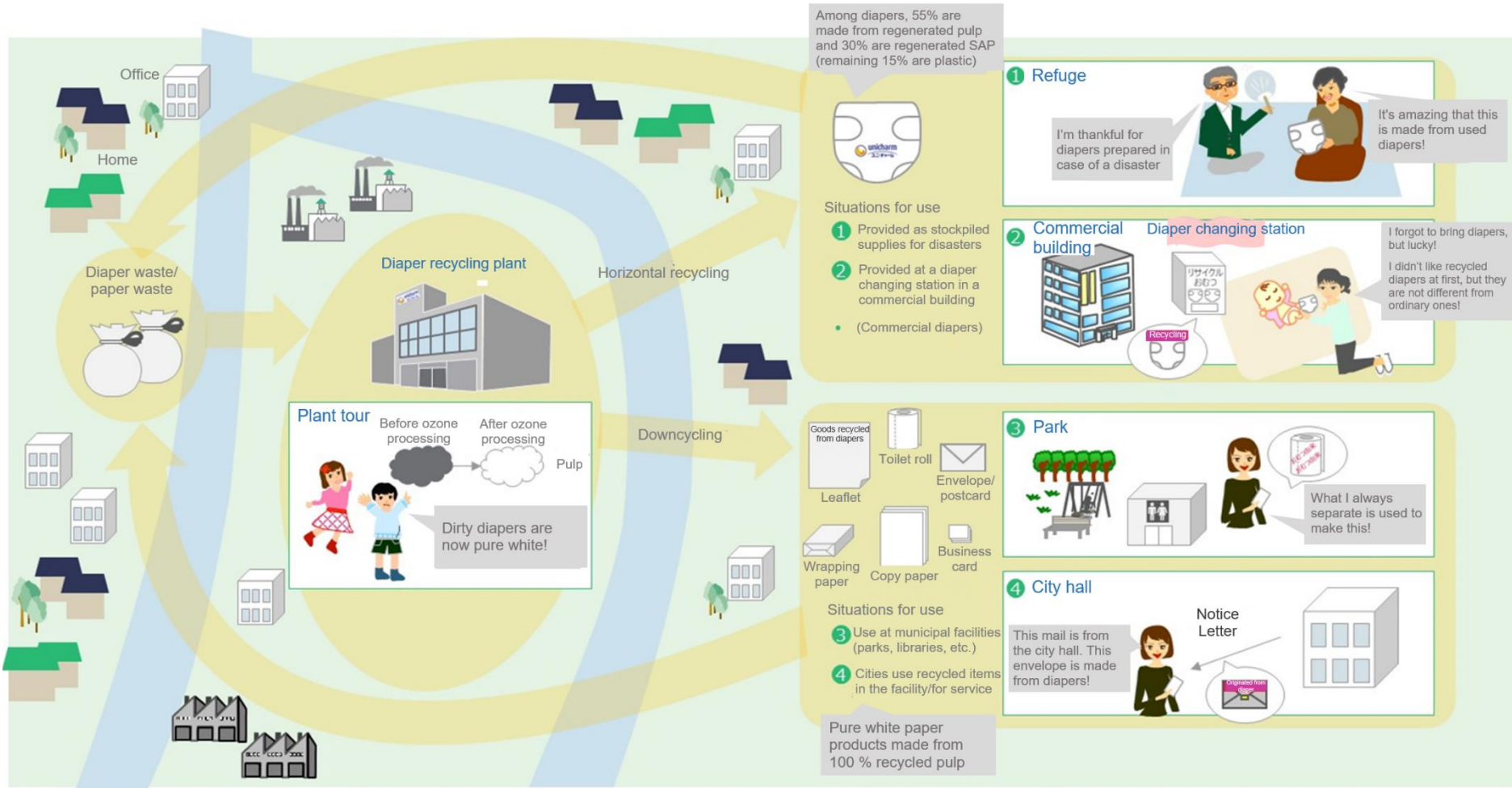
(Safeguarding the well-being of our planet)

Make more opportunities to experience recycling

Create the society where “Disposable diaper recycling is a natural matter”



### ➤ Future vision using recycled materials (image)





# Key initiatives, indicators, and target values

## ◆ Unicharm Principles

Key initiatives	Indicators	Results		Mid- and long- term goals	
		2021	2022	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	1※ (Corrected)	Zero occurrences	Every year
Practice of appropriate corporate governance	Number of serious compliance violations.	Zero occurrences	Zero occurrences	Zero occurrences	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women.	22.5%	23.2%	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the “Growth through Work” employee awareness survey.	81.4% (Japan)	89.2% (Entire company)	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.	6 people (Japan)	4 people (Japan)	Reduced by half (Compared to 2020)	2030

# Introduction of ESG evaluation system for all employees following on from executive evaluation to maximize social and economic value



## ◆ Management practices that take sustainability into account

**Purpose**  
**Contribution to achievement of SDGs**



We support the Sustainable Development Goals (SDGs)

Every year starting from 2026



Maintain and improve ratings by external evaluation agencies.

## ➤ ESG evaluation introduced first in executive evaluation (directors, executive officers)

- ✓ Consolidated earnings: consolidated net sales, core operating income, earnings per share attributable to owners of parent (weight: 20% - 50%)
- ✓ Division earnings: division sales, division profit (weight: 0% - 40%)
- ✓ Company strategy: priority strategy, ESG performance (ratings of ESG rating agencies, etc.) (weight: 20% - 50%)
- ✓ \* Division strategy: division priority strategy (weight: 0% - 40%)

\*Except for directors who are audit and supervisory committee members

## ➤ Introduce an ESG evaluation system for all employees to visualize contributions to society and create new value through individual growth

**ESG objective**

**HR system**

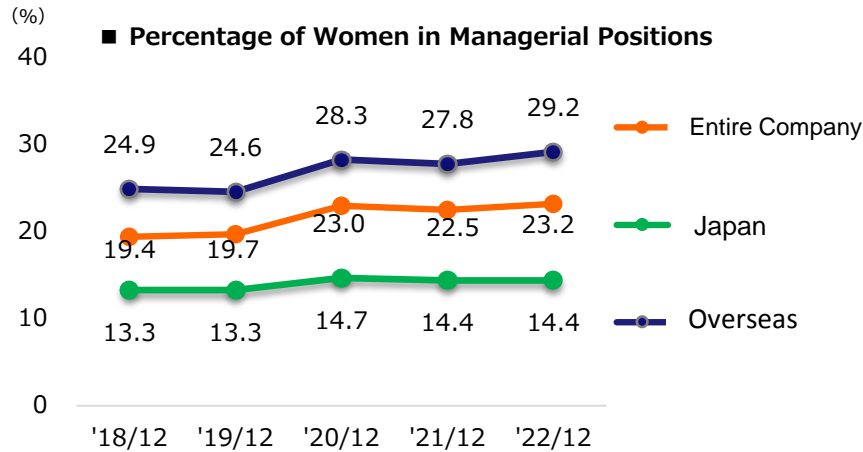


**Realize a "Cohesive Society (Social Inclusion)"**



**Encourage individual growth to become a global no. 1 company**

## ◆ Promotion of diversity management



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

➤ **Creating places where people talk about careers and concerns, with executive officers as mentors (Japan)**

➤ **Overcoming national and regional issues and providing employment opportunities for women (overseas)**

### Room L+

A women's community that enhances a sense of security and motivation to work

### Empowerment system

One-on-one meetings with executive officers bring out leaders' strengths

### R&D D&I training

Understand biases and recognize one's unconscious biases

### President / Leader Lunch meetings

Expanding perspectives and cultivating desire to realize a career path



# (Unicharm Principles)

## Strengthen "human capital management" to maximize the value of employees



### ◆ Fostering the development of competent human resources

**2022 Employee satisfaction  
(Entire company)**

Max. score 5

**4.39**

2021 4.07 (Japan)



**2030 Target  
Over 80%**



Ratio of positive responses to "Real feeling of growth through work" in employee awareness survey

- Continuation of wage system introduced in 2008 where wages do not fall below the previous year in principle



- Introduction of role-based benefits to reward the effort of employees who work hard and give their all

Role-based benefit	Amount
Scrum leader benefit	20,000 yen/month
Brother & sister benefit	15,000 yen/month
Career navigator benefit	10,000 yen/month
Newly hired employee initial salary fluctuation system benefit	5,000 yen/month increase with each test passed
Skill benefit	120,000 yen/year

# Training and nomination of successors (Corporate governance report: Succession planning)

## Management practices that take sustainability into account

(1) Each executive officers periodically conducts interviews with future director candidates and future executive officer candidates based on their career visions and career plans, and carries out human resource mapping.

(2) The Representative Director, President & CEO conducts quarterly interviews with executive officers; and gives guidance and training by setting measurable goals and objectives for executive officers and their organizations, and evaluating their achievements.

Outside directors have at least one opportunity per year to hold individual meetings with executive officers, in which they check the status of execution of business and problems in work, and provide guidance and training to help management solve problems and gain a wider, more comprehensive view by giving advice from a broad perspective.

(3) The status of this process is regularly reported to the Nomination Committee and the Compensation Committee for deliberation.

(4) The board of directors nominates candidates for directors and executive officers based on the opinion of the Nomination Committee.

(5) The Company runs “Global 15 Project” (about 15 department managers participate in this program for each three year term, during which around 18 meetings are held to learn general knowledge by practical experience) and “Secretary for Strategy” (mid-grade employees in their thirties participate in this program; they are transferred to Business Planning Office and serve as secretaries of Representative Director, President & CEO to learn how he thinks and acts) which are human resource development program under direct supervision by Representative Director, President & CEO. Medium and long-term picking-up and training of future candidates of directors and executive officers are of the purposes of these programs.

## **Fostering DX human resources toward new value creation**

**Utilize digital technology and create absolute value for consumers in order to realize sustainable improvement of corporate value and stronger competitiveness**

**Contribution to SUSTAINABLE DEVELOPMENT GOALS**

**Achieve a “Cohesive Society” (Social Inclusion)**



**Utilize digital technology  
and understand  
the deep psychology of consumers  
to provide unique products and services**

**Customer data collection  
Digital infrastructure development for data utilization**

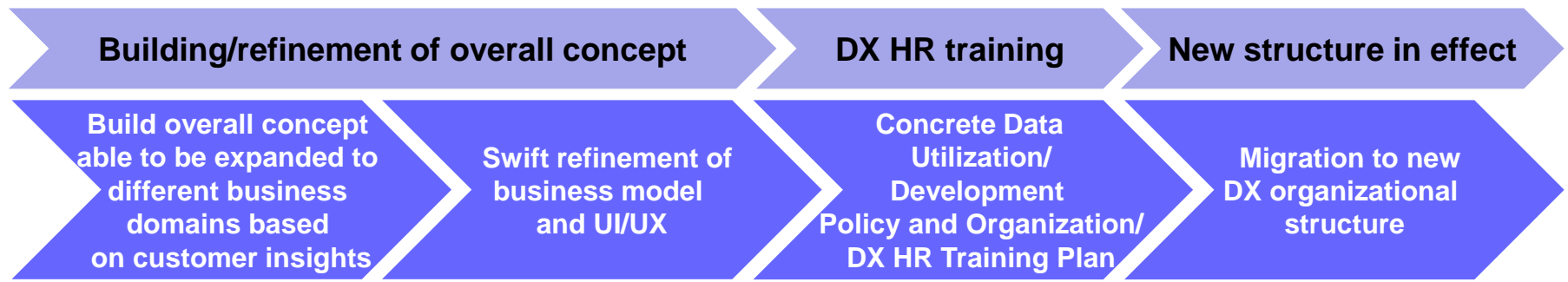
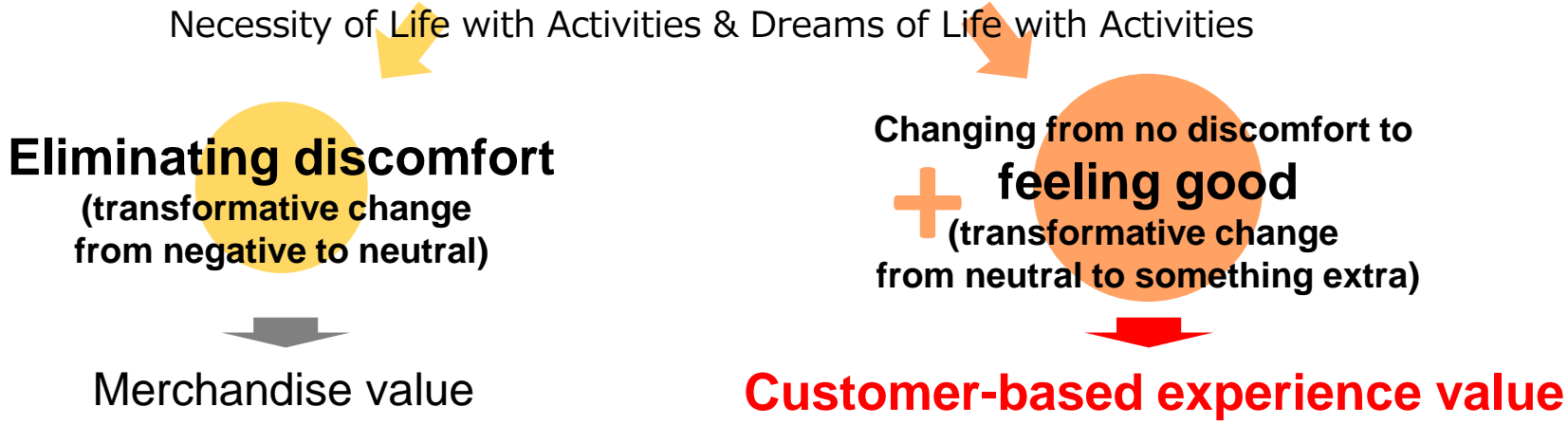
**Foster digital human resources to  
accelerate digital utilization**

# Mutation by DX Project undertaken to speed up achievement of DOLA from our NOLA & DOLA corporate philosophy



- Aim for products that meet customer needs and to create extra value (customer-based experience value) by using digital

## NOLA & DOLA



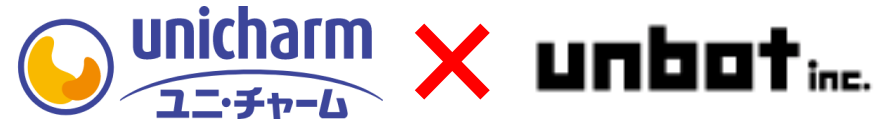


# Initiatives to foster global “DX human resources” to maximize customers' life time value

- “DX Basic Study Session”, a program to acquire basic digital knowledge



- “EC Trainee System”, a program to develop EC human resources who can play an active role globally



- Online self-study on a global basis, “LinkedIn Learning”

	Number of users	Login ratio
Overseas	About 2,000	100%
Japan	About 1,000	100%



## **Examples of initiatives using digital technology**

---

# Initiatives to foster “resonant personnel” who can realize “BOP Ship” on a global scale using digital technology

- “BOP-Ship”, Unicharm’s corporate culture that has been inherited from the establishment and evolving



- Infiltrating “Management with Resonance” with “The Unicharm Way” app

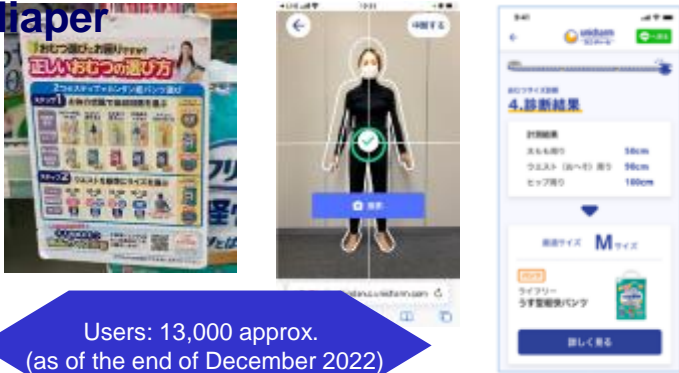


- Challenge to higher goals and strengthen the ability of human resource development with “KYOSHIN”, human resource development PF



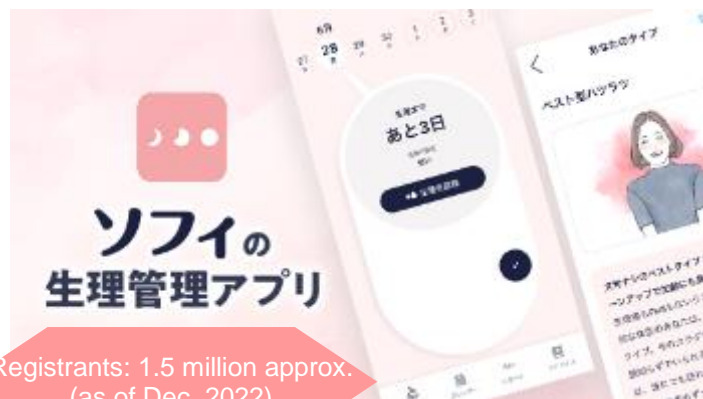
# Japan initiatives utilizing digital technology-1

- "Adult diaper counseling" that helps select the best choice of disposable diaper



Users: 13,000 approx.  
(as of the end of December 2022)

- "Sofy menstruation management app" helps to address menstrual problems



Registrants: 1.5 million approx.  
(as of Dec. 2022)

- Troubles about doggies and kitties are shared in DOQAT\*



※ DOQAT <https://doqat.jp/>

Registrants: 36,000 (total)  
(As of the end of March 2023)

- "Team moony point program", "Online moony classes", "moony-chan toilet training app" can ease the anxiety about childbirth and childcare



Team moony  
Number of registered members: Approx. 1.8 million members (as of Dec. 2022)

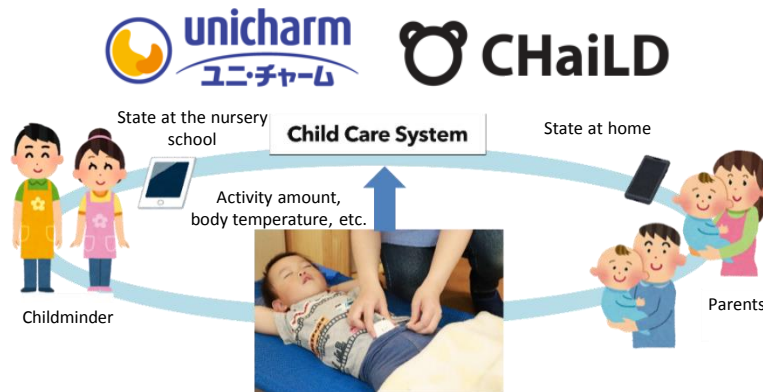
# Japan initiatives utilizing digital technology-2

- Develop health care support service for kitties through business and capital tie-up with RABO, Inc.\*1



\*1 RABO, Inc. <https://rabo.cat/company/>

- Promote a good sleeping environment and appropriate care for babies through joint research with CHaiLD Co., Ltd. \*3



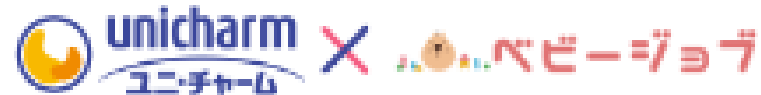
\*3 CHaiLD Co., Ltd. <https://c-c-s.jp/>

- Accelerate the realization of a healthy childrearing environment through a capital and business alliance with First-Ascent Inc.\*2



\*2 A company that creates new services to enrich the childrearing environment with cutting-edge technology utilizing AI and IoT

- "Tebura Touen", which is a disposable diaper subscription service for nursery schools, can reduce the burden on parents and nursery teachers and infection risk



Introduced at 3,400+ locations across 47 prefectures (as of April 2023)

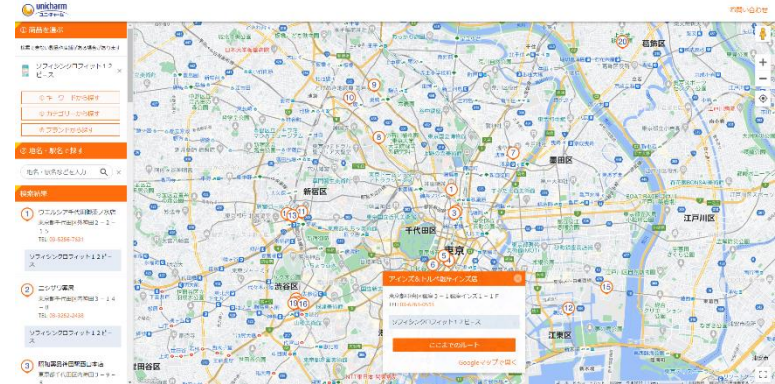


# Japan initiatives utilizing digital technology-3

- Evolved value transmission through digital measures outside the store before visiting stores

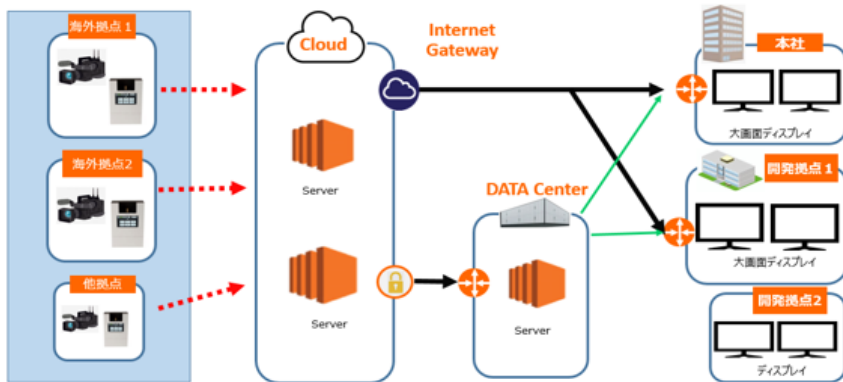


- “Shop search system” can help find shops carrying products to improve customer satisfaction



- Developed “Digital Scrum System” to discover customer insights

<Simple figure of Digital Scrum System>



# Japan initiatives utilizing digital technology-4

- The cutting-edge smart factory utilizes various automated equipment and IoT (Kyushu)



- Example of unmanned system through automation at the smart factory (Kyusyu)

Item	Effect (vs. existing factories)
Related to production instruction	100% automation
Related to management of material and warehouse	About 92% automation
Related to equipment operation	About 70% automation
Work for grasping weekly performance figures	About 90% automation
Work for performance input	100% automation

- Shifting to value-added work is promoted through the introduction of industrial robots, SCADA\*, automated warehouse equipment, and the latest warehouse management system

## Industrial robot



## SCADA



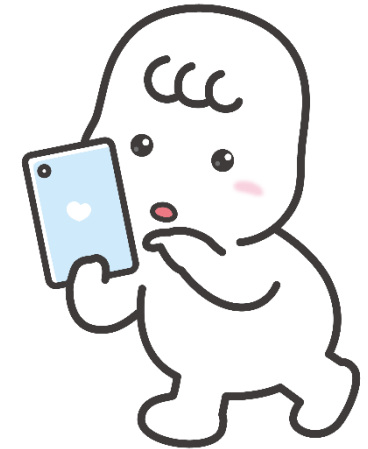
## Smart logistics



\* Abbreviation of Supervisory Control And Data Acquisition  
Copyright (c) Unicharm Corporation. All rights reserved.

# Overseas initiatives utilizing digital technology

- Pet growth recording tool + O2O pet clinic introduction platform  
“Pet note”



- An app “Sofy Girl Talk” that supports women's physiological knowledge and worries



- “Mamypoko Club” that realizes a unique customer experience for baby diapers





# Evaluation by external organizations and coordination (FY 2023)

<b>February</b>	<ul style="list-style-type: none"><li>✓ Received the 8<sup>th</sup> ACAP “Consumer-Oriented Activity Award”</li><li>✓ Received the “Minister of State for Special Missions Award” in 2022 Consumer-oriented Management Excellence Awards.</li></ul>
<b>March</b>	<ul style="list-style-type: none"><li>✓ Recognized as a "Sports Yell Company</li><li>✓ Certified as a “Health and Productivity Management Outstanding Organization (large enterprise category)”</li><li>✓ Selected for “Human Capital Leaders 2022”</li><li>✓ Received the “Kagawa Prefecture Governor’s Award” for 2022 Everyone's Child Rearing Support Team Grand Prize</li><li>✓ Selected for “CDP 2022 Supplier Engagement Leader”</li></ul>
<b>April</b>	<ul style="list-style-type: none"><li>✓ Selected as “All-Star” in Institutional Investor “2023 Japan Executive Team Rankings”</li><li>✓ Won Best award for “Learning Division” of “LinkedIn Talent Awards 2022”</li></ul>

# Index inclusion and evaluation



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index



FTSE4Good



2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



\* The inclusion of Unicharm Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, does not constitute a sponsorship, endorsement, or promotion of Unicharm Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



# Coordination with external organizations

WE SUPPORT



# Evaluation by external organizations and coordination with them

Selected in 5 ESG investment indices of stock composites adopted by GPIF

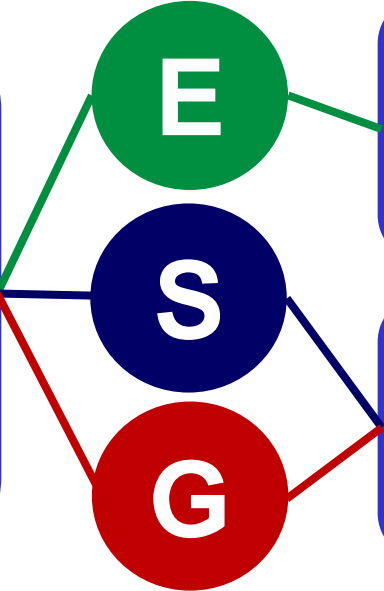
## Integrated Index

## Thematic Index

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX



S&P/JPX  
カーボン  
エフィシエント  
指数

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

\* The inclusion of Unicharm Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, does not constitute a sponsorship, endorsement, or promotion of Unicharm Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

## Other ESG Index

FTSE4Good

Bloomberg  
Gender-Equality  
Index  
2022

2022 MSCI ESG Leaders  
Indexes Constituent

# ESG-related scores and ratings

		2019	2020	2021	2022
<b>CDP SCORES</b>	<b>Climate change</b>	<b>B</b>	<b>A-</b>	<b>A-</b>	<b>A-</b>
	<b>Forest (timber)</b>	<b>B</b>	<b>B-</b>	<b>B</b>	<b>B</b>
	<b>Water security</b>	<b>B-</b>	<b>B-</b>	<b>B</b>	<b>B</b>
<b>MSCI ESG RATINGS</b>		<b>BBB</b>	<b>A</b>	<b>BBB</b>	<b>A</b>
<b>FTSE ESG RATINGS</b>		<b>3.5</b>	<b>3.7</b>	<b>3.9</b>	<b>4.0</b>

# “Kyo-sei Life Vision 2030”

## Examples of initiatives related to important themes



Examples of initiatives	Results
“Urine incontinence care/excretion care” course	Urine incontinence care: 8 times in total (FY 2022)
	Excretion care: 30 times in total (FY 2022)
Users of Adult Diaper Counseling	Approx. 13,000 people (as of the end of Dec. 2022)
Number of times the video “Menstruation Study for Everyone” was provided <a href="https://www.sofy.jp/ja/campaign/minnanoseirikensyu.html">https://www.sofy.jp/ja/campaign/minnanoseirikensyu.html</a>	Approx. 3000 companies and organizations (as of the end of Dec. 2022)
Number of users for “Sofy Girl” (menstruation management app) <a href="https://www.sofy.jp/ja/app/sofygirl.html">https://www.sofy.jp/ja/app/sofygirl.html</a> Number of users for “Sofy” (menstruation management app) <a href="https://www.sofy.jp/ja/app/sofy.html">https://www.sofy.jp/ja/app/sofy.html</a>	Approx. 1,500,000 people in total (as of the end of Dec. 2022)
Education of first menstruation/period (including online)	India: approx. 483,000 people (as of the end of Dec. 2022)
Education of first menstruation/period (mother-daughter learning sessions)	India: approx. 321 sessions, about 10,000 mother-daughter groups (as of the end of Dec. 2022)
Number of registrations for first menstruation site “Charm Girls Talk”	Indonesia: about 78,000 people (as of the end of Dec. 2022)
Number of registered members for “Team moony point program” <a href="https://jp.moony.com/ja/apps/moonypoint.html">https://jp.moony.com/ja/apps/moonypoint.html</a>	Cumulative total of approx. 1,800,000 members (as of the end of Dec. 2022)
Nursery schools using “Tebura-touen (service delivering diapers to nursery schools so that parents don’t have to bring diapers)”	3,400+ across 47 prefectures (as of Apr. 2023)
Number of registrations with “DOQAT”, Q&A service for partner animals (pets) <a href="https://doqat.jp/">https://doqat.jp/</a>	Approx. 36,000 people (as of the end of Mar. 2023)

