

Second Quarter of Fiscal Year  
Ending December 31, 2023  
(Jan 1, 2023 to June 30, 2023)  
Unicharm Investor Meeting  
Presentation Materials

August 4, 2023

Unicharm Corporation



**NOLA&DOLA**

Necessity of Life with Activities & Dreams of Life with Activities

**Second Quarter of Fiscal Year  
Ending December 31, 2023  
(January 1, 2023 to June 30, 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.

# Second Quarter of Fiscal Year Ending December 31, 2023 (January 1, 2023 to June 30, 2023) Financial Results Summary



## Consolidated

**Sales** 453.9 billion JPY (YoY +7.7%)  
**Core operating income** 58.7 billion JPY (YoY +6.0%)

- Sales hit record high in the first half. Core operating income margin reached the highest level.
- The performance progress is as expected in both sales and core operating income margin.

## Japan

**4.2% sales increase, 7.8% profit increase**

- Pet Care Business keeps good performance with Value-shifting. Baby Care Business also shows sales and profit increase as a result of value-shifting.
- Wellness Care Business excluding masks led sales increase with value-shifting as per plan.
- With COVID-19 setting down, distribution inventory of mask was continuously adjusted from the first quarter.

## Overseas

**9.5% sales increase, 3.9% profit increase**

- Increase in sales and decrease in profits in Asia. Overall, Feminine Care Business performs well. Increased sales are driven by India. Decreased profits are affected by shrinking market in Thailand and Vietnam as well as high competition, but it is expected to improve from the second half.
- Increase in sales and profits in other regions. Good performance continued in North America. Profitability was established with high growth in Brazil. Performance is improving in Middle East.

## Shareholder Return

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

- Purchase of own shares: purchased 10 billion yen out of 17 billion yen total acquisition limit.

**Sales hit record high in the second quarter  
and achieved sales and profits increase  
Performance progress is as expected even under a harsh environment**



(100 millions of yen)

● Consolidated account highlights  
(From Jan. to June)

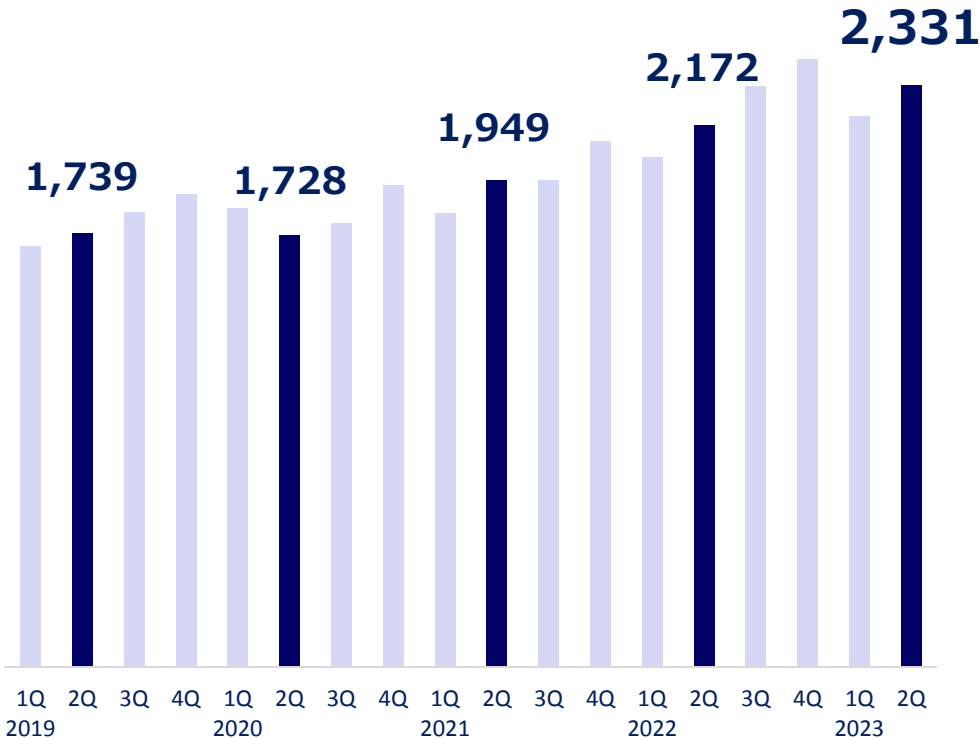
	2Q of FY ended Dec. 31, 2022	2Q of FY ending Dec. 31, 2023	Gap(yen)	Gap(%)	(Forecast) FY ending Dec. 31, 2023	Achievement (%)
Net sales	4,216	<b>4,539</b>	+323	+7.7%	9,635	47.1%
Core operating income (margin-%)	554 (13.1%)	<b>587</b> <b>(12.9%)</b>	+33	+6.0% <b>(-0.2P)</b>	1,410 (14.6%)	41.7%
Profit before tax (margin-%)	564 (13.4%)	<b>610</b> <b>(13.4%)</b>	+46	+8.2% (±0P)	1,375 (14.3%)	44.4%
Profit attributable to owners of parent company (margin-%)	318 (7.5%)	<b>347</b> <b>(7.6%)</b>	+29	+9.1% (+0.1P)	809 (8.4%)	42.9%
EBITDA (profit before tax + depreciation/ amortization)	765	<b>816</b>	+52	+6.7%	1,795	45.5%
Base earnings per share (JPY)	53.26	<b>58.47</b>	+5.21	+9.8%	136.78	42.7%
USD Rate (JPY)	122.89	<b>134.85</b>	+11.96	+9.7%	130.00	—
CNY Rate (JPY)	18.94	<b>19.45</b>	+0.51	+2.7%	19.20	—

**Sales growth sustained and hit record high with continuous value-shifting**  
**Profitability improves with value-shifting**  
**and reached high level in the second quarter (Apr.-June)**



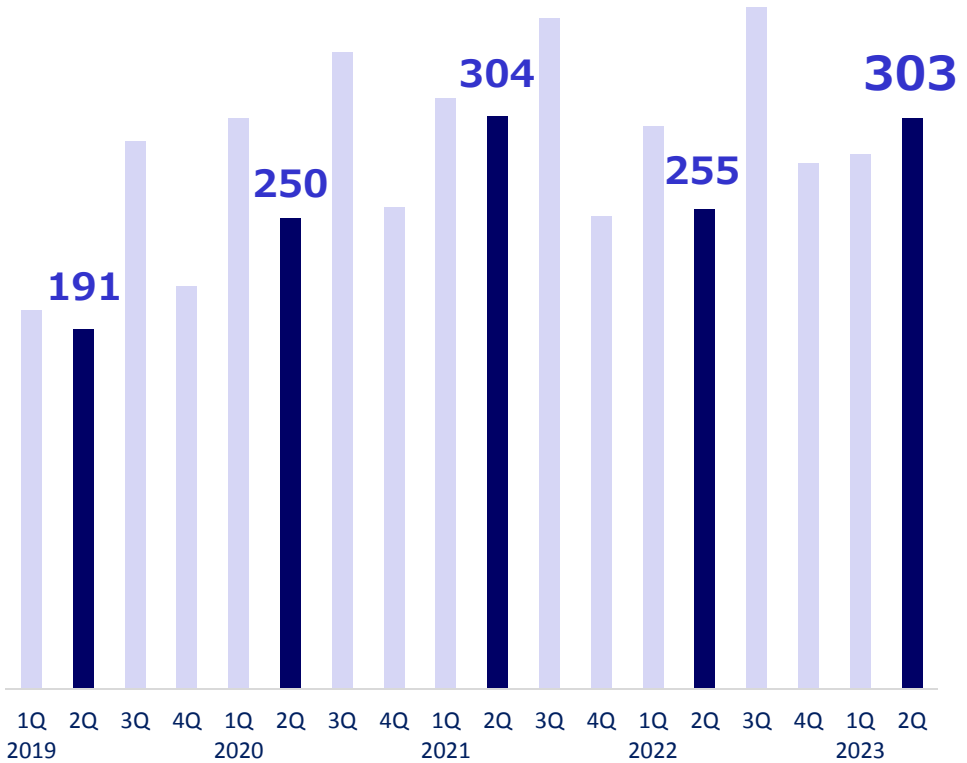
● Sales trend (quarterly)

(Unit: 100 million yen)



● Core operating income trend (quarterly)

(Unit: 100 million yen)

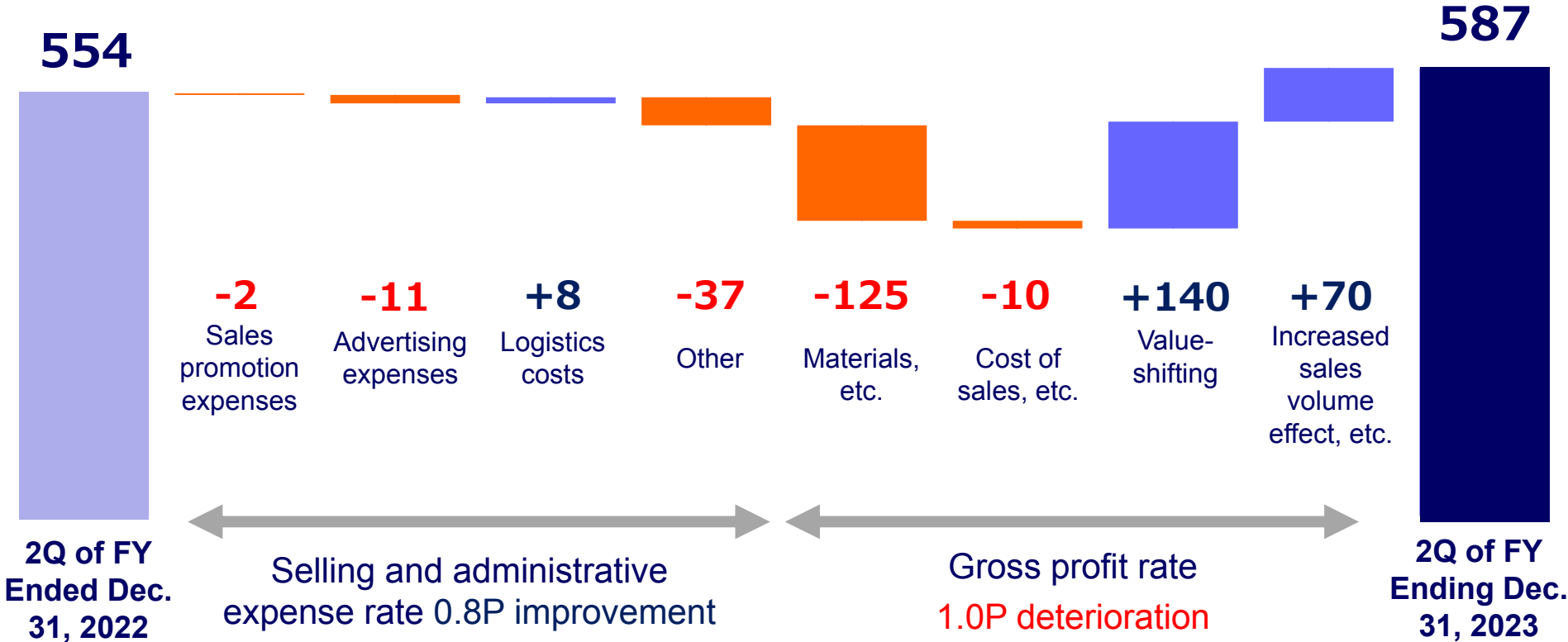


**Core operating income increased by 3.3 billion JPY as a result of absorbing further cost rises such as raw materials by exercising value-shifting**



(Unit: 100 million yen)

- Core operating income fluctuation (from Jan. to June)



Pet Care and Baby Care Business drive sales and profits increase as value-shifting being widespread in Japan  
 In Asia, value-shifting is steadily advanced in India and Indonesia, performance improved in China  
 In other areas, profitability was established in Brazil, effects of value-shifting is sustained in North America



(Unit: 100 million yen)

● Geographical segment information  
 (from Jan. to June)

		2Q of FY Ended Dec. 31, 2022	2Q of FY Ending Dec. 31, 2023	Gap(%)	Gap(%)	(Ref.) ※1 Actual gap rate
Japan	Net sales	1,449	<b>1,510</b>	+60	+4.2%	—
	Core operating income	259	<b>279</b>	+20	+7.8%	—
	(margin)	(17.9%)	<b>(18.5%)</b>		(+0.6P)	
Asia	Net sales	2,007	<b>2,186</b>	+179	+8.9%	+4.6%
	Core operating income	225	<b>225</b>	-0	-0.1%	-4.6%
	(margin)	(11.2%)	<b>(10.3%)</b>		(-0.9P)	
※2 Others	Net sales	760	<b>843</b>	+84	+11.0%	+4.6%
	Core operating income	69	<b>81</b>	+12	+17.1%	+7.0%
	(margin)	(9.1%)	<b>(9.6%)</b>		(+0.5P)	
Consolidated	Net sales	4,216	<b>4,539</b>	+323	+7.7%	+4.4%
	Core operating income	554	<b>587</b>	+33	+6.0%	+2.9%
	(margin)	(13.1%)	<b>(12.9%)</b>		(-0.2P)	

【Actual gap rate of sales in main countries】 \*based on management accounting

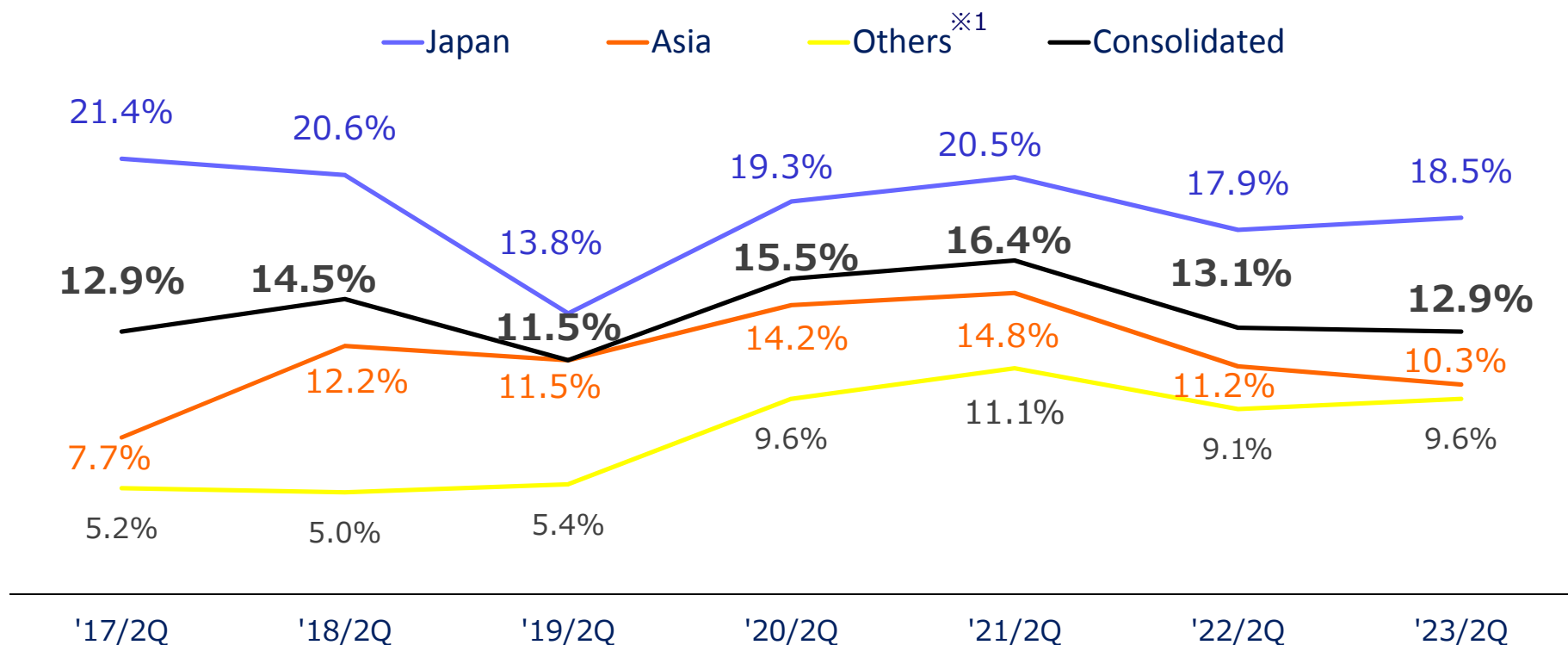
China +5% Indonesia +10% Thailand -6% India +19% Vietnam -3% Middle East +2% North America +1% Brazil +43%

※1 Actual gap rate excluding exchange effects ※2 Others: main regions are North America, Saudi Arabia, Brazil, Netherlands

Cost increases reached high during the first half, however, profitability improved in the second quarter (Apr.-June) thanks to continuous expansion of value-added products



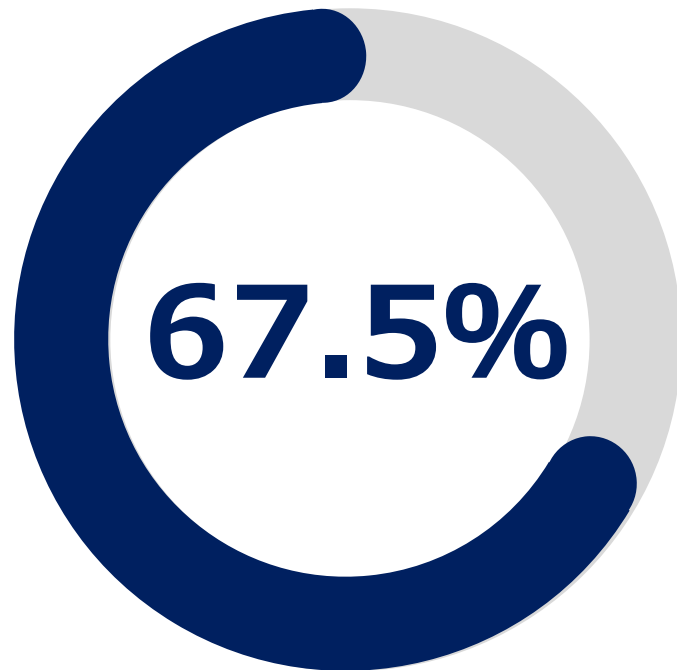
- Core operating income margin by geographical segment (from Jan. to June)



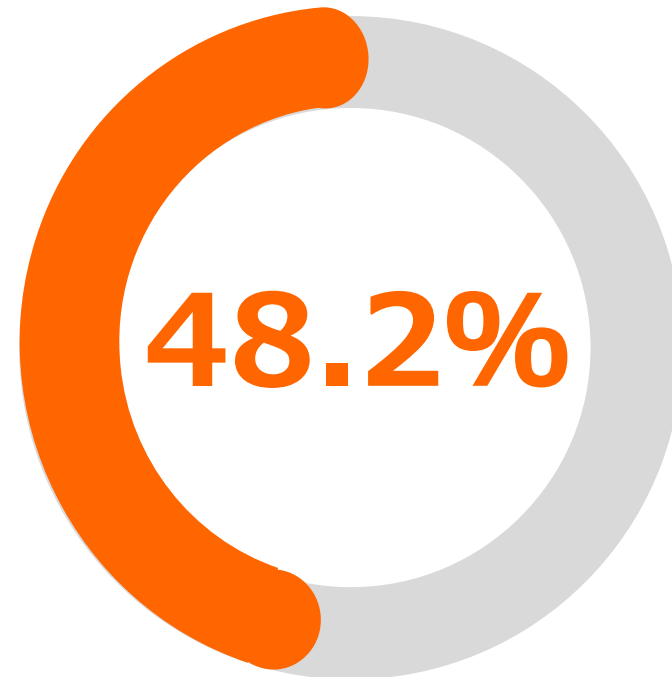
※1 Others: Main regions are North America, Saudi Arabia, Brazil and the Netherlands



- Sales ratio of overseas markets



- Sales ratio of Asian markets



Mask decline was absorbed by all categories' sales increase in Personal Care Business  
Effects of value-shifting in Japan led Pet Care Business,  
prior investment increases in China and South-East Asia



(Unit: 100 million yen)

●Business Segment Information  
(from Jan. to June)

		2Q of FY Ended Dec. 31, 2022	2Q of FY Ending Dec. 31, 2023	Gap(yen)	Gap(%)
Personal Care	Net sales	3,610	<b>3,847</b>	+237	+6.6%
	Core operating income (margin)	482 (13.4%)	<b>482</b> <b>(12.5%)</b>	-0	-0.1% (-0.9P)
Pet Care	Net sales	570	<b>651</b>	+82	+14.3%
	Core operating income (margin)	70 (12.3%)	<b>105</b> <b>(16.1%)</b>	+35	+49.4% (+3.8P)
Others <sup>※1</sup>	Net sales	37	<b>41</b>	+5	+12.4%
	Core operating income (margin)	2 (4.9%)	<b>1</b> <b>(1.9%)</b>	-1	-56.9% (-3.0P)
Consolidated	Net sales	4,216	<b>4,539</b>	+323	+7.7%
	Core operating income (margin)	554 (13.1%)	<b>587</b> <b>(12.9%)</b>	+33	+6.0% (-0.2P)

※1 Other products refer to those related to industrial materials, etc.

**Impacts of foreign exchange fluctuations:  
Approx. 13.7 billion JPY increase in sales and  
approx. 1.7 billion JPY increase in core operating income**



● Rete fluctuations by currency (Jan. to June average rate)

Currency	2Q of 22/12 rate	2Q of '23/12 rate	Rate Change
China (CNY)	18.94	<b>19.45</b>	+2.7%
Indonesia (IDR)	0.0086	<b>0.0090</b>	+4.7%
Saudi Arabia (SAR)	32.81	<b>35.99</b>	+9.7%
Thailand (THB)	3.65	<b>3.95</b>	+8.2%
India (INR)	1.62	<b>1.65</b>	+1.9%
Vietnam (VND)	0.0054	<b>0.0057</b>	+5.6%
USA (USD)	122.89	<b>134.85</b>	+9.7%
Netherlands (EUR)	134.25	<b>145.79</b>	+8.6%
Taiwan (TWD)	4.29	<b>4.42</b>	+3.0%
South Korea (KRW)	0.0997	<b>0.1043</b>	+4.6%
Malaysia (MYR)	28.76	<b>30.27</b>	+5.3%
Australia (AUD)	88.32	<b>91.21</b>	+3.3%
Brazil (BRL)	24.34	<b>26.63</b>	+9.4%
Egypt (EGP)	7.11	<b>4.43</b>	<b>-37.7%</b>

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

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# Fiscal Year Ending December 31, 2023

## Summary of Consolidated Performance Forecast



### Consolidated

**Sales 963.5 billion JPY** (YoY +7.3%)  
**Core operation income 141 billion JPY** (YoY +17.9%)

#### 【Progress】

- Sales and core operating income margin progress in line with expectations.
- Profitability further increases from the third quarter with penetration of value-shifting and ease of cost burdens.

#### 【Second quarter topics】

- After bottoming out in the first quarter, increased sales and profits were achieved in the second quarter (Apr.– June).
- Sales and profits increased with value-shifting penetration in Japan. Mask sales decline was absorbed by upward performance of Pet Care and Baby Care Business.
- Feminine Care business recovered as expected in China. Profit improved after adjustment of distribution inventory in Baby Care Business.
- Sales topline and gross profit margin increased with value-shifting penetration in India, Indonesia, Brazil, and Pet Care Business in North America.
- Profitability was established while prior investment for Feminine Care and Wellness Care Business in India.
- Despite affects of decreased birth rate and competition, performance shows improving trend in Thailand, Middle East and Vietnam.

#### 【Toward performance forecast achievement】

- Thorough expansion and penetration of value-shifting in the second half in Japan, India, Indonesia and Brazil.
- Increase topline with making the balance of product value (price) and volume in line with external environment.
- Sustainable growth of Pet Care and Baby Care Business in Japan, which shows good performance in the first half, through value-shifting.
- Turn a profit through increasing product mix of Chinese premium products in Baby Care Business in China.
- Increase composition of Feminine Care and Wellness Care Business in Thailand, shift to high gross profit margin products in Baby Care Business.
- Cost reduction through stability of resource prices.

**All-time high for sales (7th consecutive year) and all profit items  
Expected to increase sales and profit as per plan from the third quarter**



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

(Unit: 100 million yen)

	FY Ended Dec. 31, 2022	FY Ended Dec. 31, 2023	Gap (yen)	Gap (%)	(Ref) ※1 Actual gap rate
Net sales	8,980	<b>9,635</b>	+655	+7.3%	+8.4%
Core operating income (margin-%)	1,196 (13.3%)	<b>1,410</b> <b>(14.6%)</b>	+214	+17.9% (+1.3P)	+18.1%
Profit before tax (margin-%)	1,157 (12.9%)	<b>1,375</b> <b>(14.3%)</b>	+218	+18.8% (+1.4P)	
Profit attributable to owners of parent company (margin-%)	676 (7.5%)	<b>809</b> <b>(8.4%)</b>	+133	+19.7% (+0.9P)	
Basic earnings per share (JPY)	113.61	<b>136.78</b>	+23.17	+20.4%	
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 exchange effects

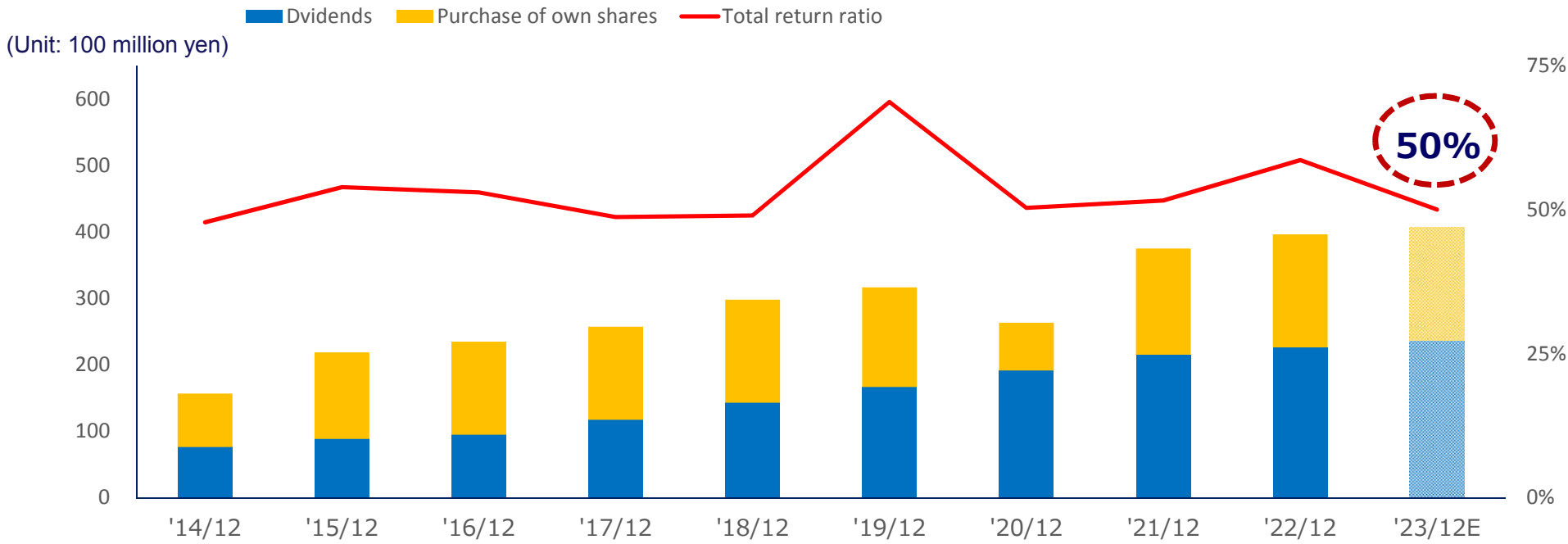
## Shareholders Return Policy

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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



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.

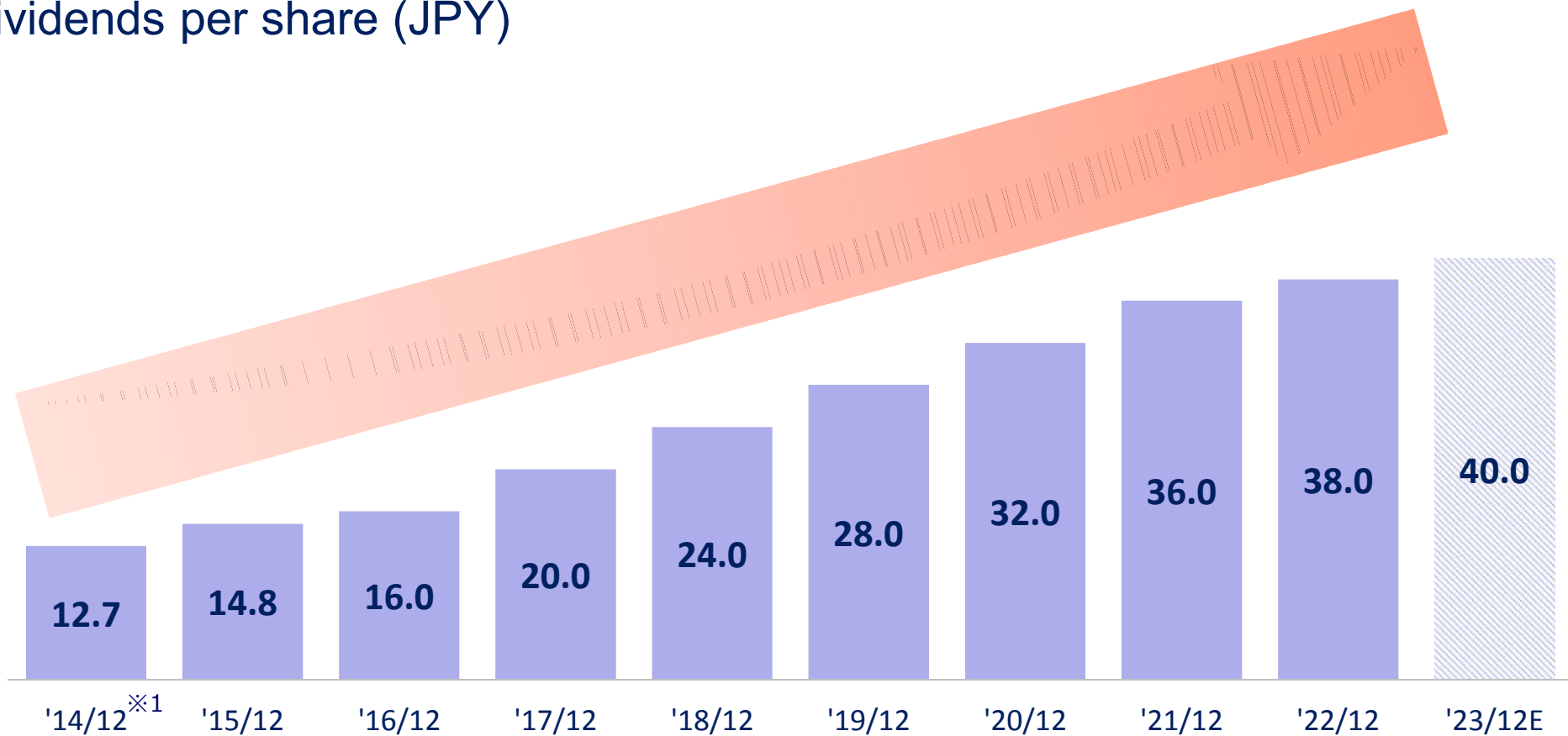


## Dividend per share

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



### ● Dividends per share (JPY)

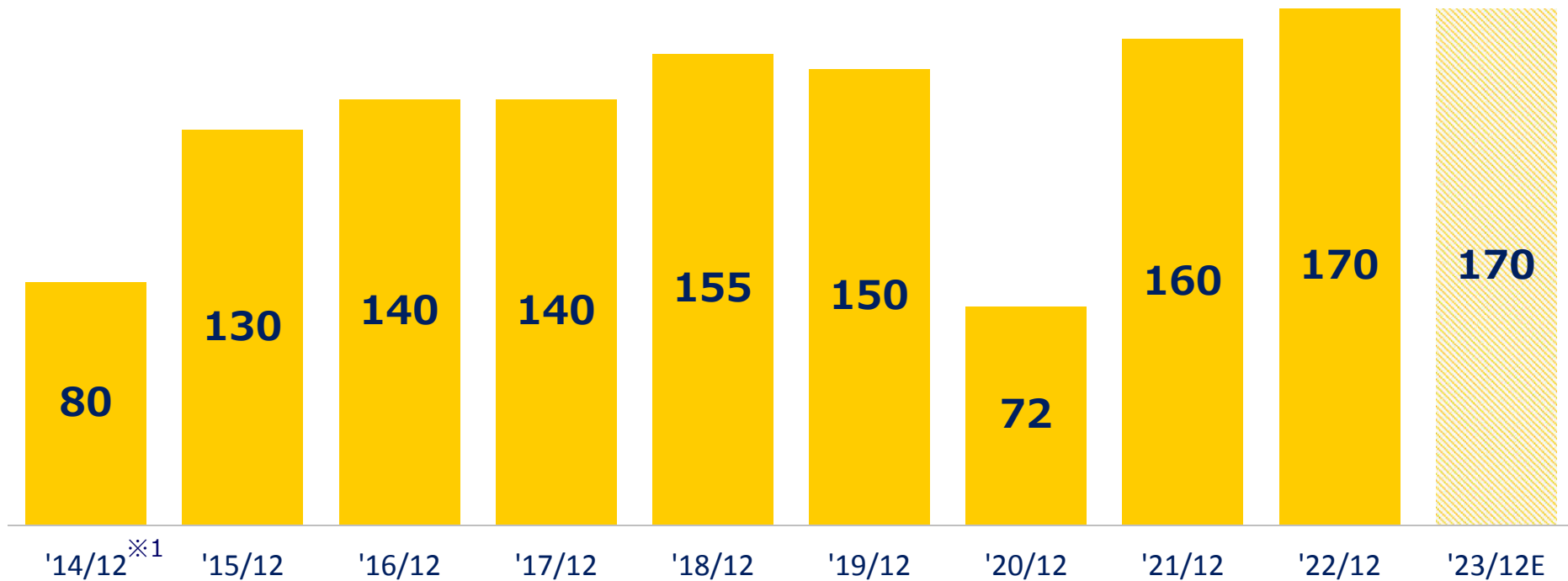


※1 Irregular accounting period of 9 months

**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)



※1 Irregular accounting period of 9 months

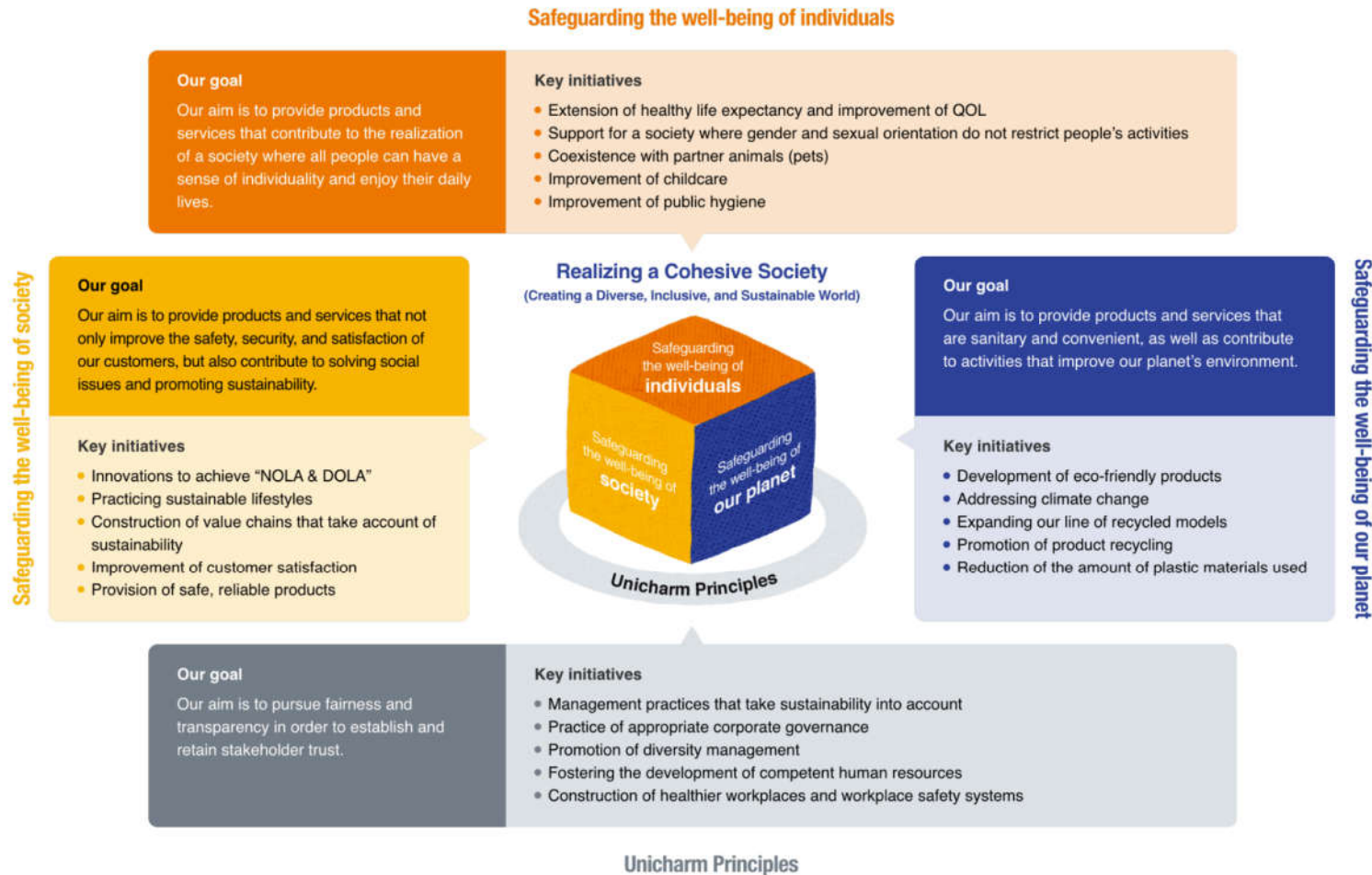
## Approach to realize a “Cohesive Society (Social Inclusion)”

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



## ◆ 20 key themes with the goal in 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 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 pets	Percentage of products and services that contribute to the realization of a society where 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



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

➤ Supporting independent excretion by developing unique products that match the user’s 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

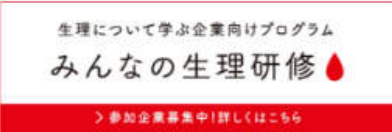


## ◆ Support for a society where gender and sexual orientation do not restrict people's activities



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



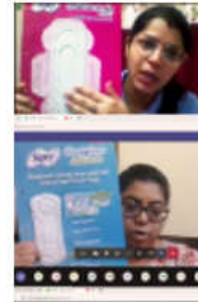
Number of training videos provided:  
Approx. 400 companies and organizations  
(As of end of June 2023)



TikTok views:  
Approx. 6 million  
(As of end of June 2023)



## ➤ Promote women empowerment support globally



Online menarche education

Participants:  
Approx. 571,000 in India  
(As of end of June 2023)



Women-only factory in consideration of culture



Project to create female entrepreneurs



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



(Safeguarding the well-being of each individual)

## Unique new value proposals that match the characteristics of each country and region



- Underwear-like type that reduces the anxiety of leaks, and a napkin that focuses on warmth (developed by China subsidiary)



- Cool napkin that feels less dampness and a cool, refreshing feeling and type of napkin that contains charcoal (developed by Thailand subsidiary)



- Napkin featuring anti-bacterial sheet (developed by Indian subsidiary) and napkin containing olive oil (developed by Saudi Arabia subsidiary)



- A sheet for checking the timing for pregnancy and a product that can be used together with a napkin that combines ease of use, security, and relationships (developed by Japan)



(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



◆ Coexistence with pets



Development of products and services that enable pets to be welcomed by people

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



➤ Toiletry products utilizing non-woven and absorbent core processing and molding technologies, and “Go with Doggie”, a service that allows you to go out with your dog



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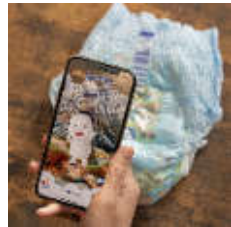


(Safeguarding the well-being of each individual)

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



◆ Improvement of childcare



Year 2030 Goal  
Continuation  
of 100%



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

- “Tebura Toen”, a subscription service (fixed charge system) for nursery schools can reduce the burden on parents and child care workers, as well as infection risk



Over 3,600 locations  
in 47 prefectures  
(As of June 2023)

- Unique products that meet the needs of each country and region



(Safeguarding the well-being of each individual)

Protect everyday health and support safe and comfortable living



◆ Improvement of public hygiene



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



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

- 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”



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



Year 2030 Goal  
Continuation  
of 100%



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

➤ Expanding rollout areas of the world’s first\* disposable diaper that keeps mosquitoes away from the diaper and 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, February 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 <sup>※1</sup>	▲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 <sup>※2</sup>	—	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 <sup>※3</sup> - and CoC-certified)	Percentage of certified factories <sup>※3</sup>	—	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 <sup>※6</sup> -certified)	—	—	77%	72.2%	80.0%	100%	
Promoting the recycling of used disposable diapers	—	—	Development ongoing	2 <sup>※4</sup>	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.)



(Safeguarding and sustaining the well-being of our planet)  
**Aiming to newly acquire 1.5°C target certification from SBTi\***



➤ **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	<ul style="list-style-type: none"> <li>✓ Start of deliberation on modification to 1.5°C target</li> <li>✓ Start of a comprehensive GHG emission volume visualization project, including Scope 3.</li> </ul>
2024	<ul style="list-style-type: none"> <li>✓ Application to be made to SBTi for 1.5°C target</li> <li>✓ Eco Plan 2030 to be modified based on the 1.5°C scenario</li> </ul>

\*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.

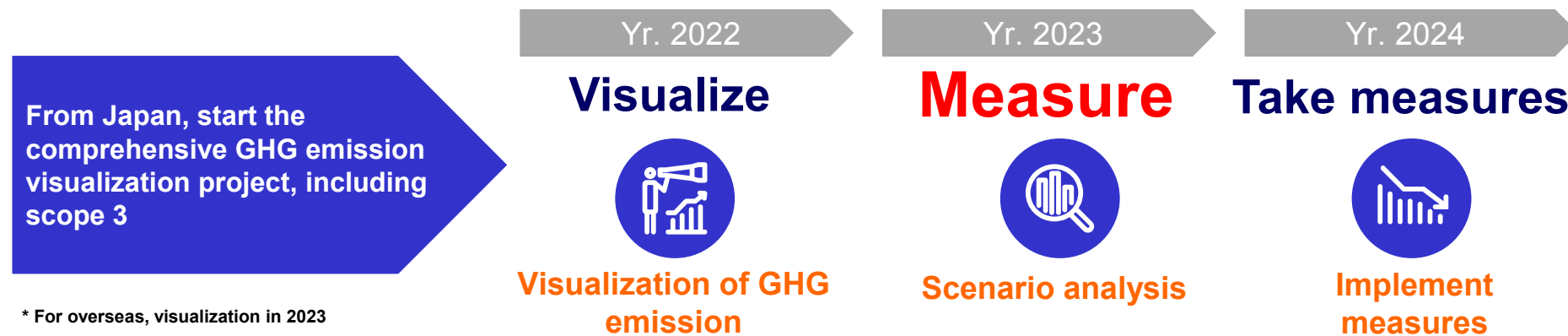
(Safeguarding the well-being of our planet)

## 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%	



\* For overseas, visualization in 2023

(Safeguarding the well-being of our planet)

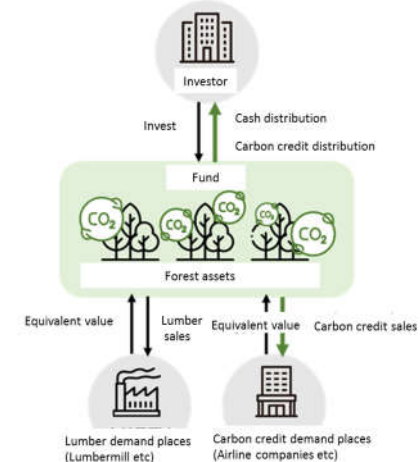
## Carbon Neutral Initiatives to Address Climate Change



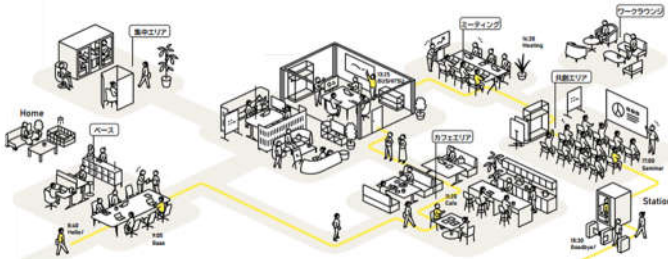
- Forest fund funded by 10 Japanese companies  
Participate in “Eastwood Climate Smart Forestry Fund I”



Name	Eastwood Climate Smart Forestry Fund I
Operation asset scale	Approx. 60 Billion yen (Approx. 415 Million USD) *1USD = 144.46 yen (Calculated based on July 3, 2023 rate)
Asset	Assumes forest assets primarily in North America
Operation period	15 years
Management	Eastwood Forests, LCC (Sumitomo Forestry Group) SFC Asset Management Co.,Ltd. (Sumitomo Forestry Group)
Formation period	June 2023



- Relocated to a new ZEB Ready\*-certified office building, that reduces energy consumption to less than 50% compared to that of a conventional building



\* One of the 4-stage ZEB (an acronym for Net Zero Energy Building) series. The ZEB Ready certification criteria is defined as a building that achieves a reduction in primary energy consumption of 50% or more from the standard primary energy consumption in terms of energy conservation, excluding renewable energy.



- installation of solar power
- Installation of LED lighting with brightness sensors
- Use of multi-layered glass to improve cooling and heating efficiency
- 48% green coverage
- Use of rainwater and wastewater from air conditioning

(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



**Percentage of renewable electric power used for business operation**

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

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

## ➤ Offices with 100% of renewable electric power used



**Brazil**  
(Jaguariuna Factory)



**US**  
(Hartz Pleasant Plain Factory)



**Japan**  
(Kyushu Factory)



**Japan**  
(Toyohama Manufacturing Site)

(Safeguarding the well-being of our planet)

Aiming for a world with “zero waste”

Taking on the Challenge of “Disposable Diapers to Horizontal Recycling from Disposable Diapers”



◆ Development of environmentally friendly products



➤ The world’s first\*1 test-sales product\*2 that uses recycled pulp treated with ozone technology as part of the absorbent core of a new disposable diaper



\*1 From used disposable diapers using ozone treatment technology to horizontal recycling technology to create disposable diapers to (Survey by Unicharm, December 2020)

\*2 Sold at some nursing homes in the Southern Kyushu area



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

➤ Started collecting used diapers at preschools\*3 that have introduced the “Tebura Toen” program



Process flow recycling from collecting used diapers from daycare facilities to creating new product

\*3 5 daycare facilities that use the “Tebura Toen” program in Shibushi City, Kagoshima Prefecture



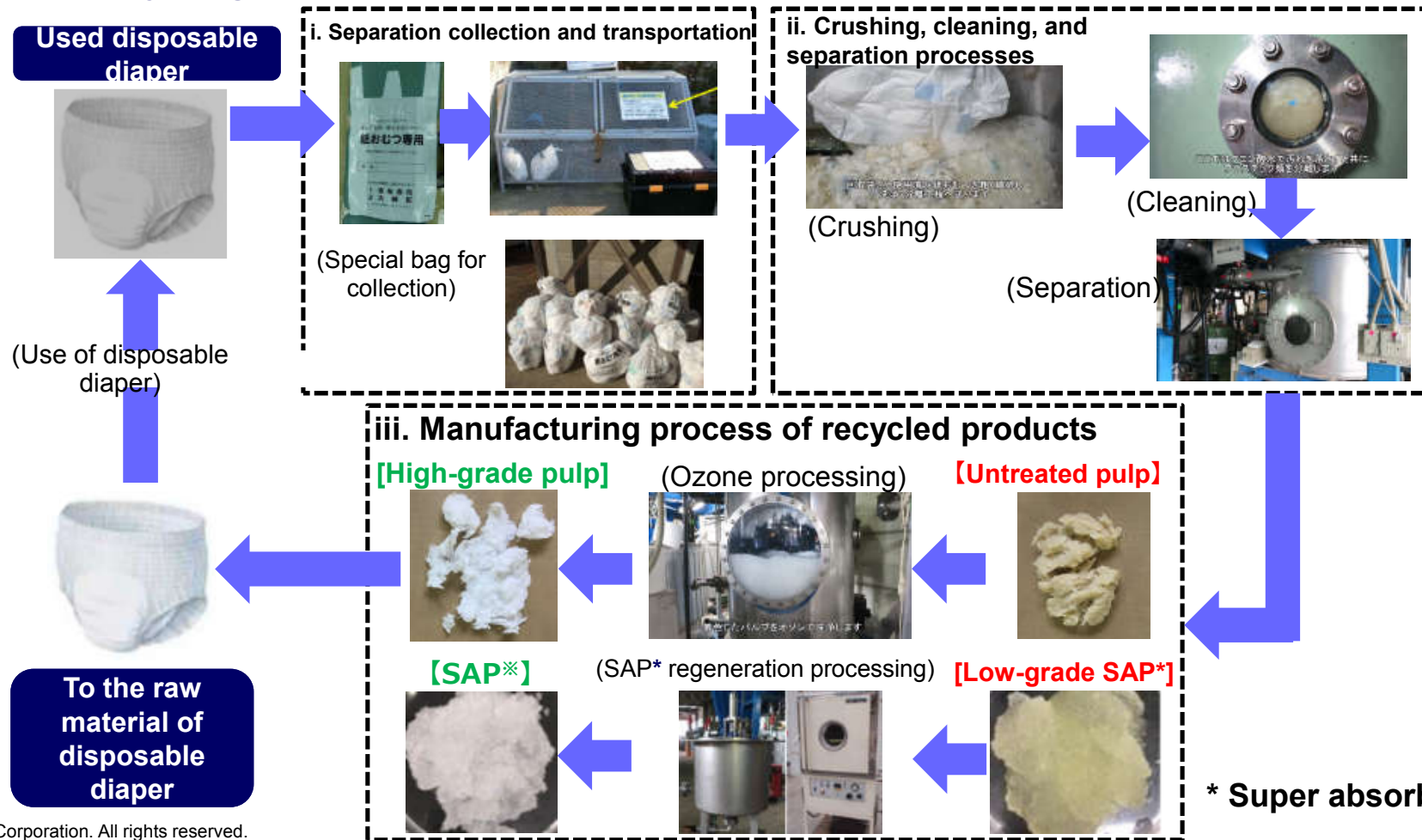


(Safeguarding the well-being of our planet)

# Flow of recycling process of used disposable diapers



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



\* Super absorbent polymer

(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



Soo Recycle Center

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



Image of Plastic Recycling

- Utilize SNS to transmit information to promote understanding of “horizontal disposable diaper-to-disposable diaper recycling”



- Creating opportunities to learn about recycled pulp quality, safety, and considerations for the environment

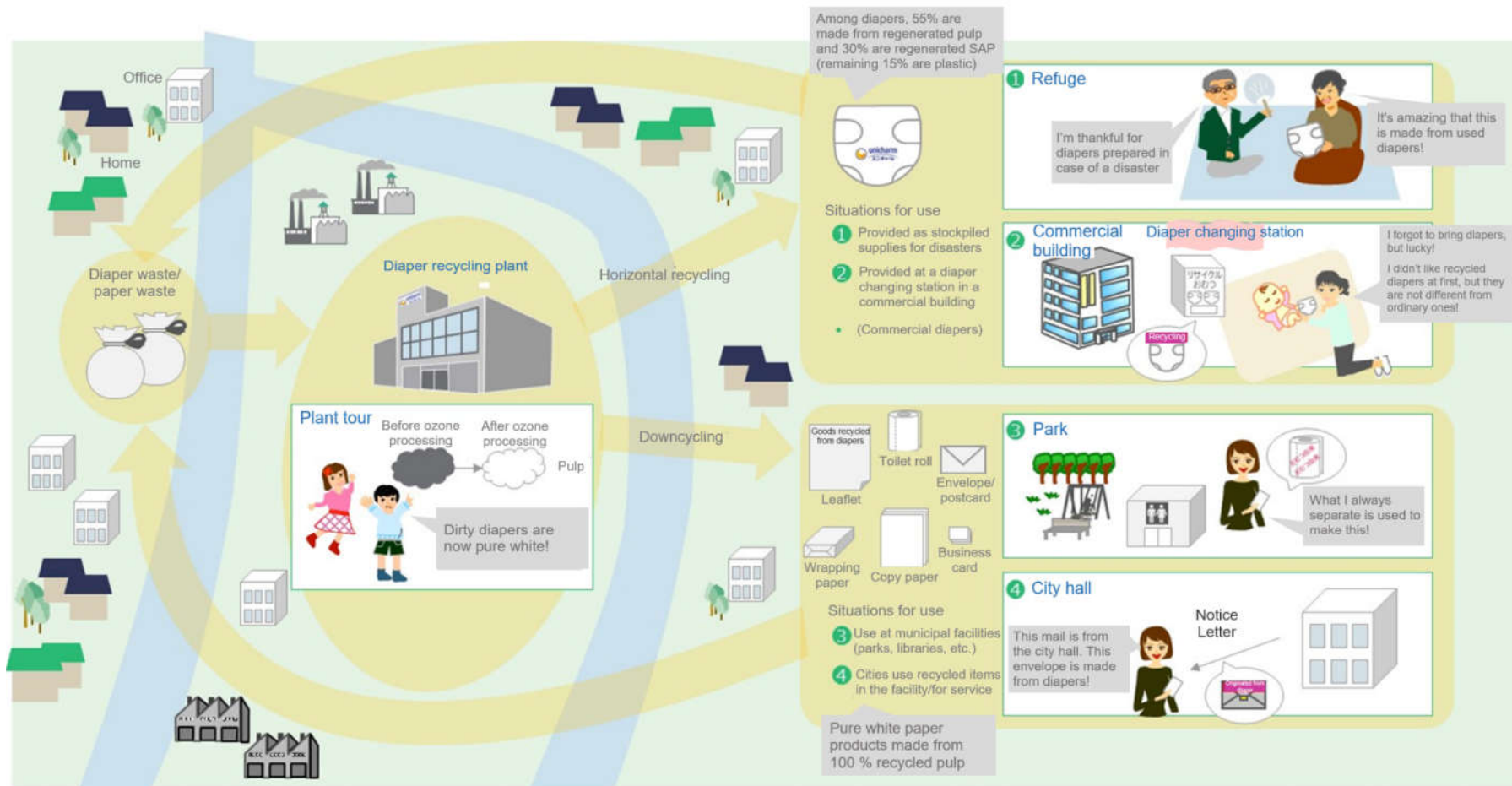




(Safeguarding the well-being of our planet)  
**Make more opportunities to experience recycling**  
**Create the society where “Disposable diaper recycling is a natural matter”**



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



(Safeguarding the well-being of our planet)

# Efforts that consider safety and the environment



## ◆ Reducing usage volume of plastic



**Ratio of virgin petrochemical-derived plastics to plastics**

## ➤ Switched to paper materials for sales promotion materials to reduce the usage volume of plastic



➤ Globally reduce the amount of plastic used in promotional materials by 50% from year 2019 levels by year 2025, and accelerate efforts to reach zero by year 2030



## 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

※ Number of business critical SMETA audits of own facilities and suppliers (bottom row includes results of corrective actions)

(Unicharm Principles)

# 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: Max level



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

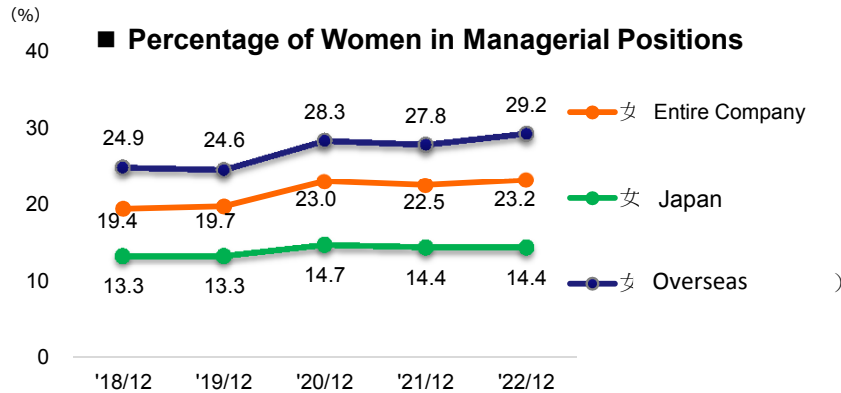
Realize a "Cohesive Society (Social Inclusion)"

HR system

Encourage individual growth to become a global no. 1 company



## ◆ Promotion of diversity management



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

#### 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

2030 Target  
Over 30%



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

### ➤ Supporting women's economic independence by overcoming issues faced by countries and regions (overseas)

#### Creating Women Entrepreneurs in Rural India



#### Providing New Opportunities for Women in Saudi Arabia





◆ 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 encourage employee growth and strengthen human capital

Role-based benefit
Scrum leader benefit
Brother & sister benefit
Career navigator benefit
Newly hired employee initial salary fluctuation system benefit
Skill benefit

## 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

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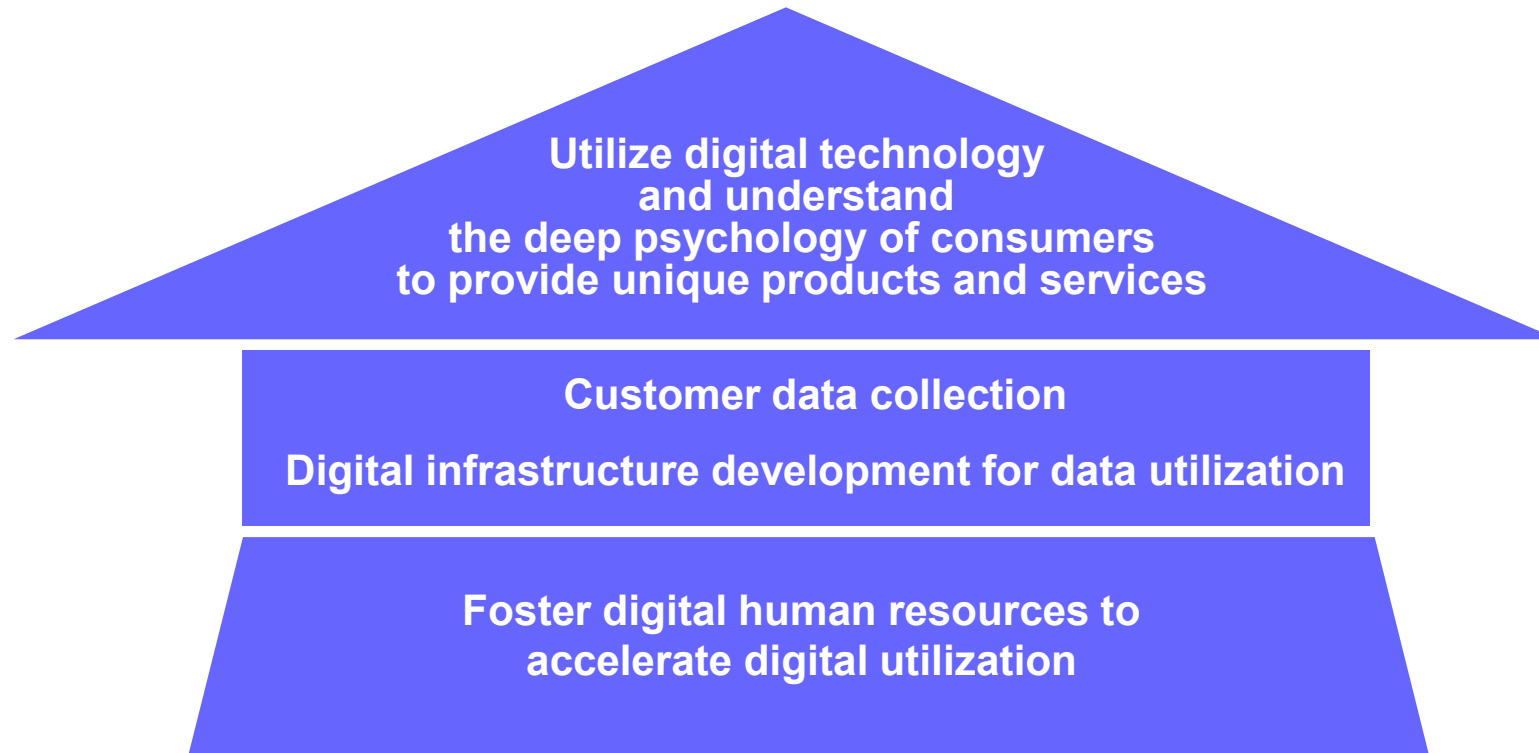


Utilize digital technology and create absolute value for consumers in order to realize sustainable improvement of corporate value and stronger competitiveness



SUSTAINABLE DEVELOPMENT GOALS への貢献

## Achieve a “Cohesive Society” (= Social Inclusion)



Newly established “MDX Headquarters (Marketing by DX)” to accelerate the realization of “DOLA” in the corporate philosophy “NOLA & DOLA”



- Aiming to create products that meet customer needs and additional value (customer experience value) by utilizing digital technology

## NOLA & DOLA

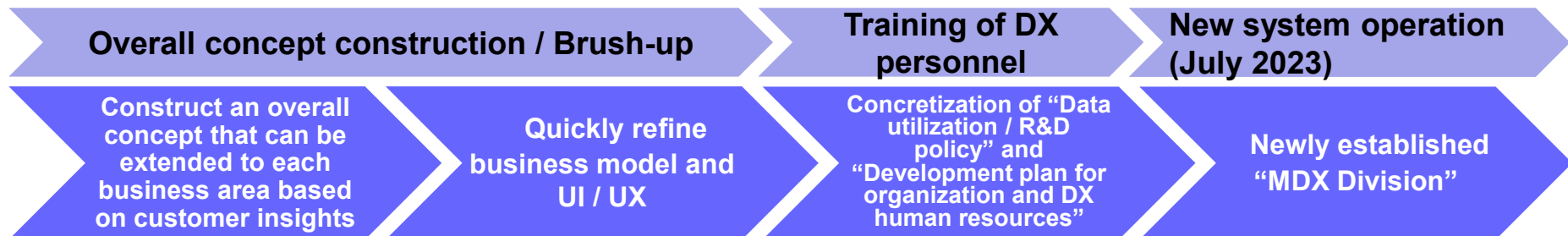
Necessity of Life with Activities & Dreams of Life with Activities

**Eliminating discomfort**  
(transformative change from negative to neutral)

**Changing from no discomfort to feeling good**  
(transformative change from neutral to something extra)

Merchandise value

**Customer-based experience value**



## Efforts to develop “DX human resources” globally to maximize customers’ lifetime 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%

Realization of high login rate, high repeat rate, self-directed learning, etc.



Received the highest award in the “Learning category” of “LinkedIn Talent Awards 2022”

## Examples of initiatives using digital technology

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



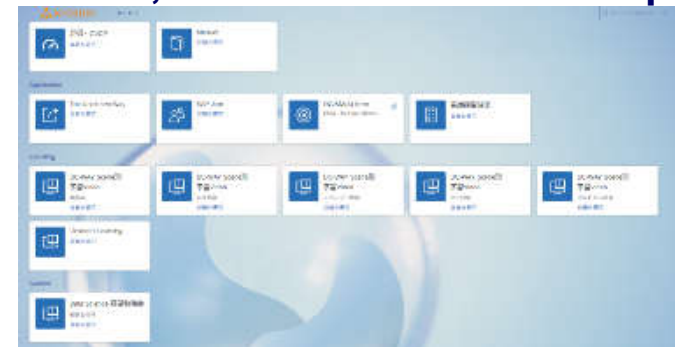
- “BOP-Ship”, Unicharm’s corporate culture that has been inherited from the establishment and evolving



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



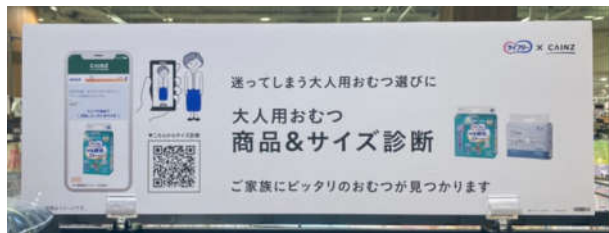
- Challenge to higher goals and strengthen the ability of human resource development with “KYOSHIN”, human resource development PF



# Japan initiatives utilizing digital technology-1



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



No. of Users: Approx. 29,000  
(As of the end of June, 2023)

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



※ DOQAT <https://doqat.jp/>

Registrants: 39,000 (total)  
(As of the end of June 2023)

➤ "Sofy girl" and "Sofy" that support menstruation-related concerns (menstrual management app)



Registrants: Approx. 1.7 million.  
(as of June 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. 1.88 million members  
(as of end of June 2023)





## Japan initiatives utilizing digital technology-2



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



with  
Catlog\_



\*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

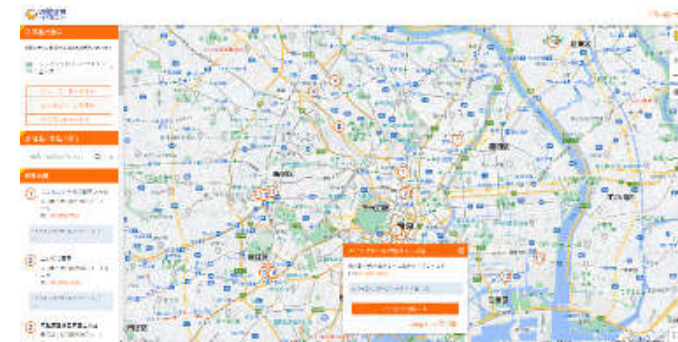


3,600+ across 47  
prefectures (as of end  
of June 2023)

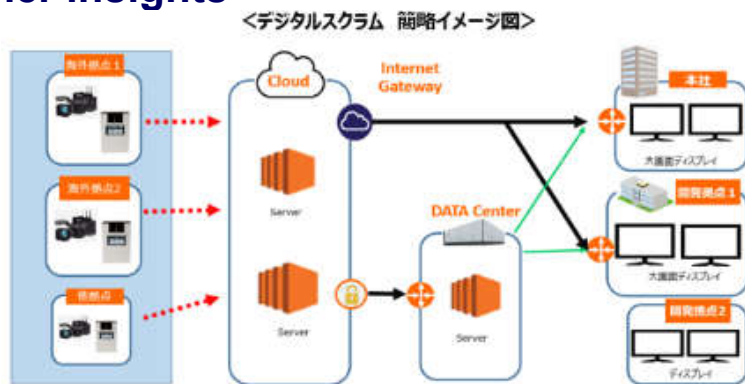
## Japan initiatives utilizing digital technology-3



- 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



- Respond to various customer needs by strengthening the “Direct shop” system



ユニ・チャームダイレクトショップのサービス

POINT 1 / unicharm DIRECT SHOP メーカー直販で安心!	POINT 2 / いつもの商品が手に入る!	POINT 3 / うれしい特典も!
POINT 4 / まとめて3,980円以上 お買い上げで送料無料	POINT 5 / 平日午後3時までの ご注文で翌出荷日に発送	POINT 6 / 便利なクレジットカード 代金引換も対応 <small>※一部商品にはご利用いただけず 決済手段に制限があります</small>



## 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

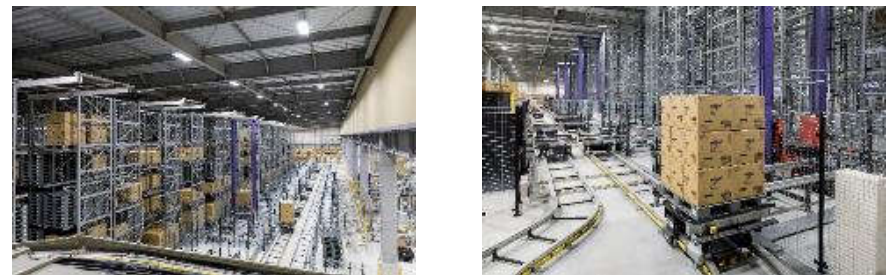
### Industrial robot



### SCADA



### Smart logistics



\* Abbreviation of Supervisory Control And Data Acquisition

## 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)



<p><b>February</b></p>	<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>
<p><b>March</b></p>	<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>
<p><b>April</b></p>	<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>
<p><b>May</b></p>	<ul style="list-style-type: none"> <li>✓ Received “Award of Excellence” at the 50<sup>th</sup> Environmental Awards</li> <li>✓ Selected as “2023 Noteworthy DX Company” in “Digital Transformation Stock (DX Stock) 2023”</li> </ul>
<p><b>July</b></p>	<ul style="list-style-type: none"> <li>✓ Selected as a constituent of “SOMPO Sustainability Index” for twelve years in a row</li> <li>✓ Received the Excellence Award of “Supply Chain Innovation Awards 2023”</li> <li>✓ Selected as a constituent of all six ESG investment indices used by GPIF</li> </ul>

# Index inclusion and evaluation



DX注目企業2023  
Digital Transformation



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



地方創生SDGs  
官民連携  
プラットフォーム



私たちは持続可能な開発目標 (SDGs) を支援しています。



In support of



Established by UN Women and the UN Global Compact Office



# Evaluation by external organizations and coordination with them

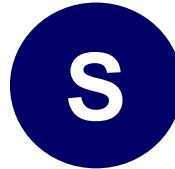


## Selected in 6 ESG investment indices of stock composites adopted by GPIF

### Integrated Index



2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX



### Thematic Index



2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



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### Other ESG Index



FTSE4Good





## 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: 171 times in total (as of the end of June 2023)
	Excretion care: 323 times in total (as of the end of June 2023)
Number of users for “Adult Diaper Counseling”	Approx. 29,000 people (as of the end of June 2023)
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. 4000 companies and organizations (as of the end of June 2023)
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. 1,700,000 people in total (as of the end of June 20223)
Number of views for TikTok “Sarakeda-so (Let’s talk it out room)” <a href="https://www.tiktok.com/@sofy_official_7days/">https://www.tiktok.com/@sofy_official_7days/</a>	Approx. 6 million views (as of the end of June 2023)
Education of first menstruation/period (including online)	India: approx. 571,000 people (as of the end of June 2023)
Education of first menstruation/period (mother-daughter learning sessions)	India: approx. 338 sessions, about 10,000 mother-daughter groups (as of the end of June 2023)
Number of registrations for first menstruation site “Charm Girls Talk”	Indonesia: approx. 80,000 people (as of the end of June 2023)
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. 1,880,000 members (as of the end of June 2023)
Nursery schools using “Tebura-touen (service delivering diapers to nursery schools so that parents don’t have to bring diapers)”	3,600+ across 47 prefectures (as of the end of June 2023)
Number of registrations with “DOQAT”, Q&A service for pets <a href="https://doqat.jp/">https://doqat.jp/</a>	Approx. 39,000 people (as of the end of June 2023)



# NOLA & DOLA

Necessity of Life with Activities & Dreams of Life with Activities

We support the Sustainable Development Goals (SDGs)

