![unicharm NOLA&DOLA logo]

Unicharm Australasia

Unicharm Australasia
Modern Slavery Statement 2020

EDITORIAL POLICY/CONTENTS

Editorial Policy

This document has been prepared as Unicharm Australasia's (UcA) Modern Slavery Statement (MSS). Unicharm's MSS is embedded with our corporate philosophy of "NOLA & DOLA."*

Here, we will take a closer look at how we are working to achieve NOLA & DOLA through our business. This year we will outline the progress of our initiatives for the Modern Slavery Act (MSA) key topics and, at the same time, strive to further improve our reporting from the view-point of ESG information disclosure.

Furthermore, as a division of the Unicharm Corporation, we refer to the UN Global Compact, ISO26000 and GRI Guidelines via the Unicharm Sustainability Report 2020.

We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you go through the Unicharm "Integrated Report 2020" and provide any frank opinions and comments you may have.

NOLA & DOLA

NOLA = To contribute to the customers' health through removing burdens/stress on their body = functional contribution through products

DOLA = To contribute to the customers' health through removing burdens/stress on their mind = enrich the experience through value

Our concept of NOLA & DOLA:

"Necessity of Life with Activities & Dreams of Life with Activities" contains our hope that "from newborns to the elderly, Unicharm aims to equip people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams."

* Unicharm's vision of "NOLA & DOLA" "Necessity of Life with Activities & Dreams of Life with Activities."

CONTENTS

Unicharm Australasia

INTRODUCTION

Our Basic Approach and Strategy

Since the founding of Unicharm, we have always believed in respecting human rights, as seen in the prominent mention of respect for human rights and a mutually respectful human perspective in the Unicharm Group Charter of Action and our Human Resource Philosophy. Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in global business based on international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly. In 2017 we formulated the Unicharm Group Policy on Human Rights and demonstrate our continued efforts to fulfill our responsibility to respect human rights in all of our activities. Furthermore, we distribute our human rights policy to all Group employees as part of the Unicharm Group Charter of Action.

We will not tolerate child labour and forced or compulsory labour and we will never discriminate against people based on nationality, race, religion, gender, sexual prejudice, age, family background, disability, or any other factor. We will guarantee freedom of association and freedom of collective bargaining and we will confirm the reduction of excessive work hours and uphold the right to minimum wages.

Unicharm Australasia

Unicharm Australasia, formerly known as Australian Pacific Paper Products, has been a leader within the Australasian market over the last 30-plus years providing high-quality products across the disposable hygiene market.

We operate our head office out of Mentone, Victoria with distribution centres across Australia and New Zealand bringing Unicharm's 60 years of global experience and technology.
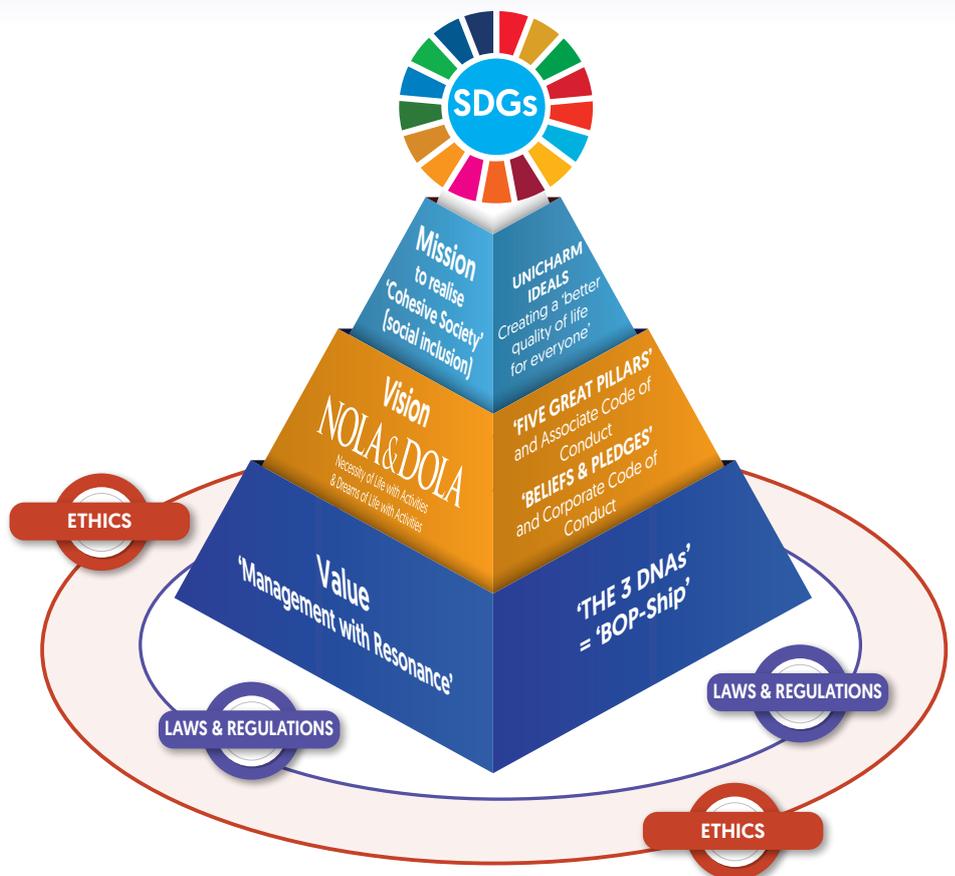
Unicharm's Corporate Philosophy System

LETTER FROM CEO – UNICHARM AUSTRALASIA

" **The Modern Slavery Act (MSA) is more than a mandate that requires companies to identify and address their modern slavery risks, and maintain responsible and transparent supply chains, it represents a responsibility to ensure the quality of life of people throughout the world represents something to be proud of.**

The Unicharm Corporation was founded on the belief that every person has the chance to live and fulfill their dreams and be free from discomfort and this belief is held strongly by everyone at Unicharm in everything that we do. Unicharm Australasia is a proud subsidiary of the Unicharm Corporation, who manufactures and distributes high-quality personal care and hygiene products throughout the world. The support and dedication from the entire Unicharm group of companies to review and combat modern slavery in all parts of our supply chain shows our commitment to our mission and values and genuine care for people everywhere.

It is often said that we have the highest standard of living ever experienced but we must confront the reality that this is not the case for everyone. Data collated by the International Labour Organization in 2016 reveals that over 40.3 million people are forced or deceived into modern slavery and women account for 71% of the people impacted. Modern slavery refers to the criminal acts of human trafficking, forced labour, bonded labour, and slavery. Officers of all companies have a duty of care to identify and address modern slavery within global supply chains.

Every time we manufacture, supply, or purchase a product we must ask ourselves who was involved and how were they impacted by the making and supply of this product and would these conditions and treatment be acceptable for my mother, father, sister, or brother? As CEO of Unicharm Australasia I live by Unicharm's strong beliefs and values of treating everyone with respect, being truthful, and ensuring everyone's voice is heard and listened to. It is with these values and approach that we are assessing modern slavery risks throughout our entire supply chain and providing the education and framework to our teams and suppliers to be aware of potential risks and how to address them.

By educating and having a common goal to eliminate modern slavery across our entire organisation and supply chain, I know we can contribute to improving the lives of everyone involved in our value chain creation. "

This statement was approved by the board of Unicharm Australasia on the 23 June 2021.

Bridget Spark

Bridget Spark
CEO

OVERVIEW OF UNICHARM GROUP

UcA Profile

Corporate Name	Unicharm Australasia Pty Ltd.
Established	2008
Head Office	1 Hargrave Place, Mentone, Victoria, Australia, 3194
Number of Employees	52
Business Lines	Baby Care, Health Care, Partner Animal (Pet) Care
URL	www.unicharm.com.au

Parent Company Profile

Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Capital	15,993 million yen (as of December 31, 2020)
Head Office	Sumitomo Fudosan Mita Twin Bldg, West Wing 3-5-27 Mita, Minato-ku, Tokyo, Japan
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo-City, Ehime, Japan
Number of Employees	16,304 (on a consolidated basis as of December 2019)
Listed Exchange	First Section of the Tokyo Stock Exchange
Business Lines	Manufacture and Sales of: Baby and Child Care products Feminine Care products Health Care products Clean and Fresh products Partner Animal (Pet) Care products
URL	www.unicharm.co.jp www.unicharm.co.jp/english

Primary Consolidated Subsidiaries and Affiliates

Japan
Unicharm Products Co., Ltd.
Unicharm Kokko Nonwoven Co., Ltd.
Cosmotec Corporation
Unicharm Mölnlycke K.K.

Outside Japan
United Charm Co,. Ltd. (Taiwan)
Uni-Charm (Thailand) Co., Ltd.
LG Unicharm Co., Ltd. (Korea)
PT Uni–Charm Indonesia Tbk (Indonesia)
Uni.Charm Mölnlycke B.V. (Netherlands)
Unicharm Consumer Products (China) Co., Ltd.
Unicharm Consumer Products (Tianjin) Co., Ltd.
Unicharm Gulf Hygienic Industries Ltd. (Saudi Arabia)
Unicharm India Private Ltd. (India)
Unicharm Australasia Pty Ltd. (Australia)
Diana Unicharm Joint Stock Company (Vietnam)
The Hartz Mountain Corporation (United States)

Other
44 companies (as of December 31, 2020)

OUR ORGANISATION, STRUCTURE & SUPPLY CHAIN

UcA's Reporting Structure

```
Unicharm Corporation
Board of Directors
        |
        |————————————————  ESG Committee &
        |                   Related Groups
UcA Board of Directors
        |
UcA ESG Management
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Head of UcA ESG Management

Matthew Chester

OPERATIONS MANAGER
Quality | Compliance | Logistics | Sustainability

UcA's Organisation

Unicharm Australasia brings global technology across all categories for the comfort and satisfaction of Australian and New Zealand customers. We use vast consumer and market experience to design and tailor products specifically for our region, not only to the highest quality standards but also factoring in the highest standards possible for ethically sourced production and sustainable operations.

```
                        Unicharm
                        Australasia
                        Reporting Entity
                    |                   |
                UcA                 UcA
                Employees           Contractors
                Part of Entity      Part of Entity
```

UcA Suppliers	Unicharm (Indonesia) Jakarta	Unicharm (Indonesia) Surabaya	Unicharm Thailand	Unicharm Japan	Unicharm China	OEM China	OEM Mexico	OEM Belgium	OEM France
Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1
	UCI Major Suppliers	UCI Major Suppliers	UCT Major Suppliers	UCJ Major Suppliers	UCCP Major Suppliers	OEM China Major Suppliers	OEM Mexico Major Suppliers	OEM Belgium Major Suppliers	OEM France Major Suppliers
	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2

OEM Belgium

OEM France

OEM Mexico

OEM China

Unicharm Thailand

Unicharm Japan

Unicharm China

Unicharm Indonesia Karawang

Unicharm Indonesia Surabaya

Unicharm Australasia

OUR ORGANISATION, STRUCTURE & SUPPLY CHAIN

Unicharm has a business presence in more than 80 countries and regions around the world.

Russia
Netherlands
Korea
United States
Japan
China
Egypt
Saudi Arabia
Taiwan
India
Vietnam
Philippines
Myanmar
Thailand
Malaysia
Singapore
Indonesia
Brazil
Australia
New Zealand

- Sales Areas
- Production & Sales Bases
- Sales Bases

Our Attitude toward Social Contribution and their Structures

Our basic approach and strategy

Unicharm believes that its business activities have a highly positive impact on society. We feel a strong sense of pride and joy in providing comfort, support and pleasure to people in Asia and other parts of the world. Through our involvement in a variety of social contribution activities directly related to our business while expanding products and services suited to each country and region's characteristics, we are working to become a company that makes contributions to societies through the creation of employment and one that is welcomed and trusted by people in these societies.

CORE BUSINESS
- Baby Care
- Feminine Care
- Health Care
- Partner Animal (Pet) Care
- Clean & Fresh

SOCIAL CONTRIBUTION ACTIVITIES
- Various charitable activities
- Employee-led social contribution activities
- Activities in the field of education
- Activities of contribution in the community

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Unicharm Australasia

OUR ORGANISATION, STRUCTURE & SUPPLY CHAIN

Management Structure

Unicharm implements procurement activities with a focus on crisis management in addition to communication in supply chains throughout the world in response to dramatic changes in awareness and regulations relating to human rights and the environment. In addition, Unicharm conducts a supplier risk assessment when starting new business transactions overseas to determine in advance whether a potential supplier is an appropriate business partner.

While regularly monitoring the labour environment after business transactions are commenced, we are ready to establish a sound understanding and dissemination of Unicharm's stance and approach toward procurement, including compliance with laws and social imperatives and due consideration to human rights and labour, and thus call for the cooperation of our partners in environmental and ethical areas.

Implementation of Human Rights and Labour Monitoring

The Unicharm Group regularly conducts monitoring of suppliers regarding ESG using the Sustainable Procurement Guidelines for the purpose of identifying risk. Improvement activities are conducted together with suppliers if any risks are identified.

Number of Employees by Geographic Area

	FY Dec 2016	FY Dec 2017	FY Dec 2018	FY Dec 2019	FY Dec 2020
Other	3,322	3,797	3,886	4,028	4,198
Asia	9,519	8,851	9,121	9,032	9,160
Japan	3,001	3,109	3,200	3,244	3,307
Total	**15,842**	**15,757**	**16,207**	**16,304**	**16,665**
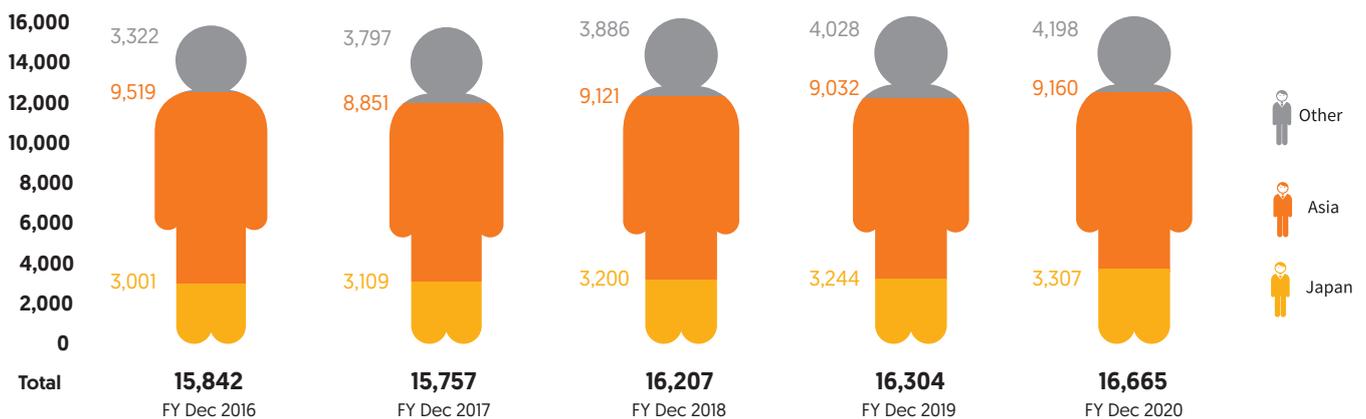
Total Unicharm Group Employees / Ratio of Female Employees in Unicharm

	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020
All employees	15,842	15,757	16,207	16,304	16,665
Ratio of female employees (%)	39.5	40.0	38.0	37.6	37.4
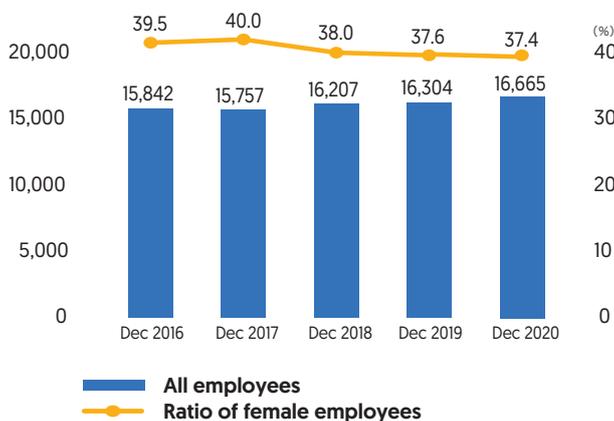
Ratio of Female Managers

(%)	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020
Overseas	25.3	24.3	24.9	24.6	28.3
Japan	10.4	11.7	13.3	13.3	14.7
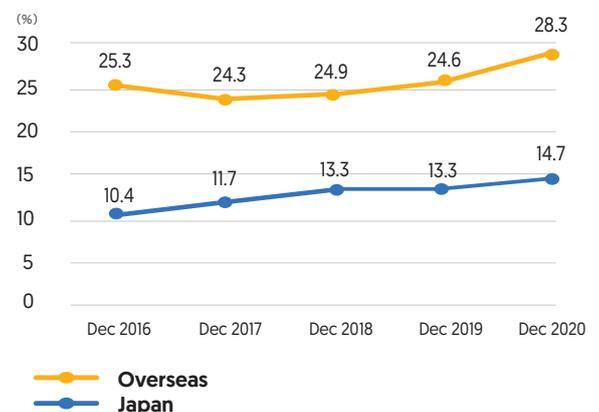
WHAT IS MODERN SLAVERY?

Risks of Modern Slavery Practices

TYPE OF EXPLOITATION	DEFINITION *(Each of these types of modern slavery involve coercion, threats or deception.)*
Trafficking of persons	Describes the recruitment, harbouring and movement of a person for exploitation through modern slavery
Slavery	Describes situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way
Servitude	Describes situations where the victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work
Forced labour	Describes situations where the victim is either not free to stop working or not free to leave their place of work
Forced marriage	Describes situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony **You only need to report on forced marriage in situations where your <u>entity's activities</u> or the <u>activities of entities in your supply chain</u> may cause or contribute to forced marriage.*
The worst forms of child labour	Describes situations where children are: • Exploited through slavery or similar practices, including for sexual exploitation or • Engaged in hazardous work which may harm their health, safety or morals or • Used to produce traffic drugs **The worst forms of child labour can occur in a variety of contexts and industries. This may include orphanage trafficking and slavery in residential care institutions, as well as child labour in factories and manufacturing sites, and in mining and agriculture.*
Deceptive recruiting for labour or services	Describes situations where the victim is deceived about whether they will be exploited through a type of modern slavery

Reference: https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf Pages 76 & 77

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OUR GOVERNANCE STRUCTURE, POLICIES & STRATEGY FOR MODERN SLAVERY

Unicharm Australasia's team is at the core of our business where customers, team members, suppliers and every member of our global supply chain are dedicated to sincerely conducting our business activities. All members hold the key to bettering tomorrow by working globally towards upholding human rights in our local communities through education to create trust and transparency.

UcA Current Policies

	POLICY
Recruitment	Recruitment Induction
Leave	Annual Leave Personal Leave Compassionate Leave Parental Leave Long Service Leave
General Employment	Remuneration Drugs and Alcohol Dress Code Motor Vehicle Flexible Working Working from Home Service Awards Smoke Free Access Leaving the Company Whistle-blower

	POLICY
Health and Wellbeing	Healthy Days Employee Assistance Program Wellness Room COVID-19
Use of IT	Information Security Electronic Communications Employee Use of Company Computers
Performance Standards	Dealing with Suppliers and Customers Grievance Counseling and Discipline Harassment, Discrimination and Bullying Performance Management
Training and Development	Professional Development
WHS	Work Health and Safety Management System

UcA Potential Policies

- Consumer communication principles
- Company group security: objectives, operational and organisational requirements (internal document)

- Responsible sourcing guidelines
- Supplier code
- Commitment on water stewardship
- Global sourcing principles
- Data security policy

OUR ACTIONS

UcA's Key Actions

Employee relations practices remain at the heart of the UcA business with compliance and employee surveys completed annually to ensure our team defines our culture and ethical standards across the entire business.

June 2019

UcA attended **'Implementing Australia's Modern Slavery – Know Your Supply Chain'** conference

UcA **joined** Sedex

Sedex

Sept 2019

Completed UcA's first **SAQ*** as part of ethical sourcing risk mapping

Dec 2019

UcA developed and signed its **first ethical sourcing policy**

Informed Unicharm headquarters in Japan of **Modern Slavery Act requirements**

Aligned UcA implementation plan with Unicharm headquarters

H1 2020

Commenced **MSA implementation** training across **Tier 1 suppliers**

Unicharm Indonesia	Unicharm Thailand	Unicharm Japan	Unicharm China	OEM China	OEM Mexico	OEM Belgium	OEM France
Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1

Unicharm global becomes AB **member of Sedex**

Sedex | Member

UcA **Ethical Sourcing Policy** signed and returned from all T1 suppliers

H2 2020

Commenced **MSA implementation** training across **Tier 2 suppliers.**

UCI Major Suppliers	UCT Major Suppliers	UCJ Major Suppliers	UCC Major Suppliers
Tier 2	Tier 2	Tier 2	Tier 2

H2 2020

UCI, UCT and UCJ **complete SAQ tool** towards Sedex radar

* SAQ explained as Self-Assessment Questionnaire

OUR APPROACH TO HUMAN RIGHTS, MODERN SLAVERY & HUMAN TRAFFICKING

Unicharm Australasia recognises our role within the overall Unicharm Group's responsibility to understand the potential for employee exploitation and the commitment to support affected team members to resolve and eliminate modern slavery.

2020 has seen an approach to understand every element of our supply chain and complete Tier 1 training clearly communicating the following:

- Have suppliers understand the content and purpose of the Modern Slavery Act that has been enacted in Australia, and make it the basis for future collaboration
- Have suppliers understand and consent to Unicharm's Ethical Sourcing policy
- Confirm if suppliers have completed, or have a plan to conduct, the ethical audits or other accreditations
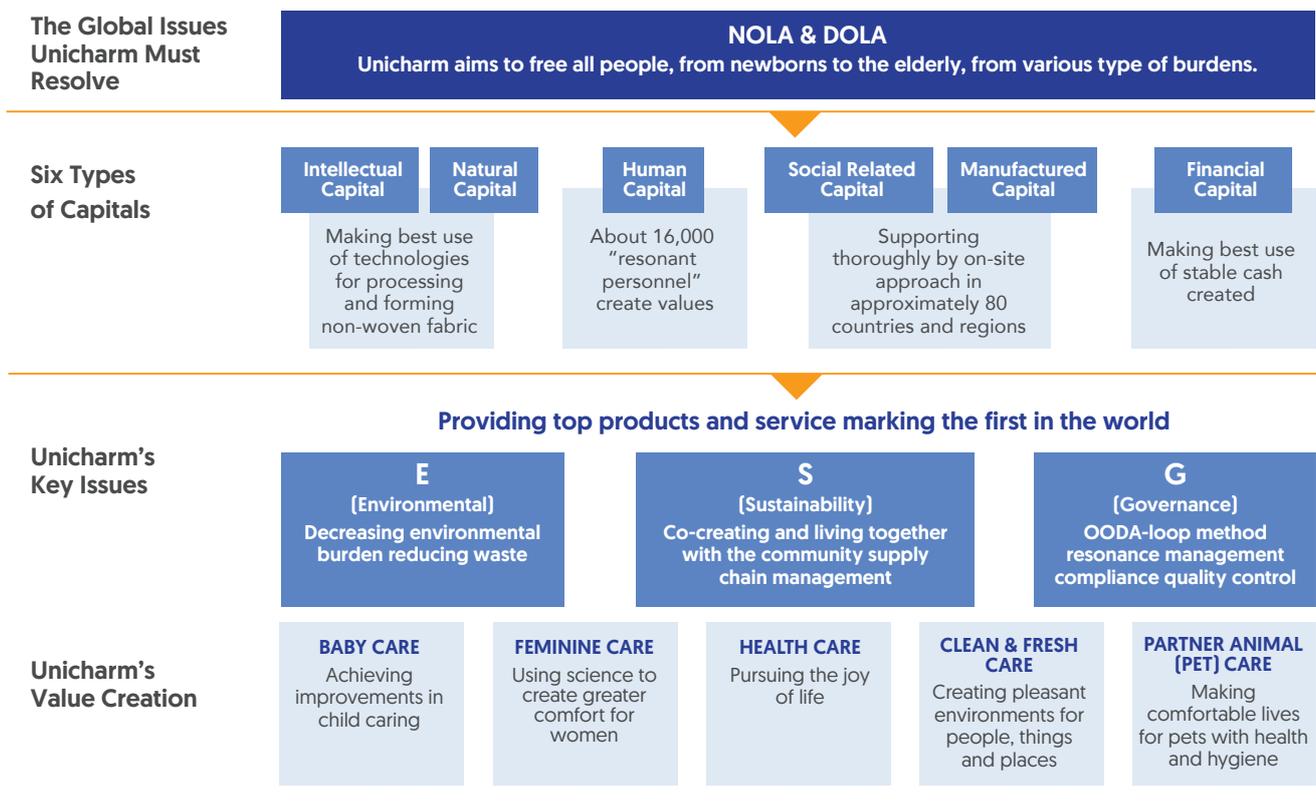- Continue building a collaborative relationship between Unicharm/UcA and suppliers to continue understanding human rights issues

Unicharm's Value Creation Model

The Global Issues Unicharm Must Resolve	**NOLA & DOLA** **Unicharm aims to free all people, from newborns to the elderly, from various type of burdens.**

Six Types of Capitals	**Intellectual Capital**	**Natural Capital**	**Human Capital**	**Social Related Capital**	**Manufactured Capital**	**Financial Capital**
	Making best use of technologies for processing and forming non-woven fabric		About 16,000 "resonant personnel" create values	Supporting thoroughly by on-site approach in approximately 80 countries and regions		Making best use of stable cash created

Providing top products and service marking the first in the world

Unicharm's Key Issues	**E** **(Environmental)** **Decreasing environmental burden reducing waste**	**S** **(Sustainability)** **Co-creating and living together with the community supply chain management**	**G** **(Governance)** **OODA-loop method resonance management compliance quality control**

Unicharm's Value Creation	**BABY CARE** Achieving improvements in child caring	**FEMININE CARE** Using science to create greater comfort for women	**HEALTH CARE** Pursuing the joy of life	**CLEAN & FRESH CARE** Creating pleasant environments for people, things and places	**PARTNER ANIMAL (PET) CARE** Making comfortable lives for pets with health and hygiene

The world Unicharm aims to reach (our reason for being): realising a cohesive society

OUR APPROACH TO HUMAN RIGHTS, MODERN SLAVERY & HUMAN TRAFFICKING

Cohesive Society Life Vision 2030 for a Diverse, Inclusive and Sustainable World

In order to realise the world we envision, Unicharm upholds the following three commitments based on our corporate principle of fair and transparent management:

SAFEGUARDING THE WELL-BEING OF INDIVIDUALS

Our Goal
Our aim is to provide products and services that contribute to the realisation 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 socials 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

Realising a Cohesive Society
(Creating a Diverse, Inclusive & Sustainable World)

Safeguarding the well-being of **individuals**

Safeguarding the well-being of **society**

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

Unicharm Principles

SAFEGUARDING THE WELL-BEING OF OUR PLANET
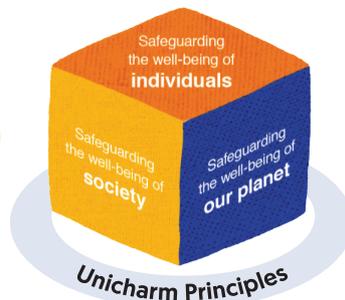
Our Goal
Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.

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

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

Community Based Social Contribution Activities (Overseas)

• (Vietnam) Maternal & Child Health Handbook promotion activities
• (Vietnam) Provision of disposable diapers to vaccination centers in Vietnam
• (Thailand) Disability support project
• (India) Support for women affected by major cyclone
• (India) Educational activities for disposable diaper use
• (Indonesia) Educational activities for river cleanups and proper waste disposal
• (Indonesia) Visit to orphanages
• (Indonesia) Excretion care seminar for nursing care trainees
• (Malaysia) Donations for social welfare groups through a purchasing campaign
• (Taiwan-Greater China) Sponsored and senior stage show
• (Taiwan-Greater China) Sponsored the Infant and Children Support Bazaar
• (China) Visited welfare facilities
• (China) Exhibited at the "Children Baby Maternity EXPO China"
• (Korea) Carried out the "SHARED PAD Campaign"
• (Korea) Campaign to support low birth weight babies
• (USA) Exhibited at "Global Pet Expo 2019"

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OUR APPROACH TO HUMAN RIGHTS, MODERN SLAVERY & HUMAN TRAFFICKING

Unicharm Group Mid-to Long-Term ESG Objectives Contributing to SDGs

Key initiatives

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH & WELL BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER & SANITATION	7 AFFORDABLE & CLEAN ENERGY	8 DECENT WORK HOURS & ECONOMIC GROWTH	9 INDUSTRY, INNOVATION & INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES & COMMUNITIES	12 RESPONSIBLE CONSUMPTION & PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE & STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
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			•		•	•		•		•							

The 12 Fundamental Principles of our Responsible Sourcing

1 LAWFUL BUSINESS

2 TERMS OF EMPLOYMENT

3 EQUAL TREATMENT WITH RESPECT & DIGNITY

4 VOLUNTARY WORK

5 APPROPRIATE AGE

6 FAIR WAGES

7 WORKING HOURS

8 FREEDOM OF ASSOCIATION

9 HEALTH & SAFETY

10 FAIR PROCEDURES & REMEDIES

11 LAND RIGHTS

12 SUSTAINABILITY & ENVIRONMENT
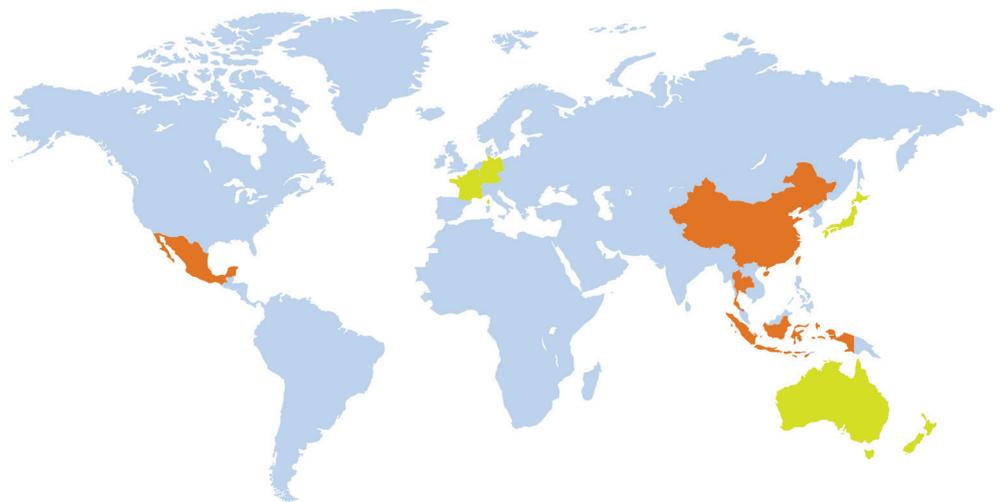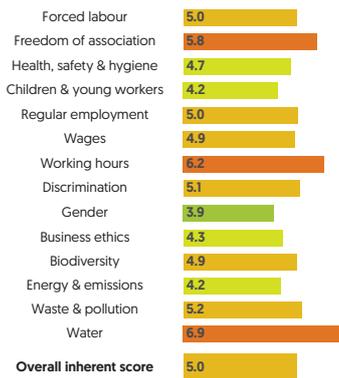
RISK MANAGEMENT

Our Risk Management

Within the reporting period Unicharm Australasia commenced our global communication to educate our total supply chain towards understanding potential risk areas and UcA's clear expectations in regards to Human Rights.

| Collect and share supply chain data | Reduce duplication and save time and resources | Make better informed business decisions | Store all data in one place | Drive responsibly sourcing improvements globally | Implement measures to protect people, the environment and business |

Potential Human Rights Risks across Unicharm Australasia's Supply Chain regions

Reference scale for meaning

Labour Standards	Health & Safety	Business Ethics	Environment
5.0	4.7	5.3	5.3

Forced labour	5.0
Freedom of association	5.8
Health, safety & hygiene	4.7
Children & young workers	4.2
Regular employment	5.0
Wages	4.9
Working hours	6.2
Discrimination	5.1
Gender	3.9
Business ethics	4.3
Biodiversity	4.9
Energy & emissions	4.2
Waste & pollution	5.2
Water	6.9
Overall inherent score	5.0

Reported product risks

0.0 — 10.0
LOWER RISK — HIGHER RISK

Source: Sedex

Case Study

Managing Risks in Tier 1 Production Facilities

Within the reporting period Unicharm Australasia completed training across 80% of Tier 1 Suppliers supporting the completion of Self-Assessment Questionnaires to understand their potential risk areas against existing policies and procedures.

Country	Overall Inherent risk score	Overall inherent risk category	Forced Labour risk score	Freedom of association risk score	Health & safety risk score (average)	Children & young workers risk score	Wages risk score	Working hours risk score	Discrimination risk score	Gender risk score	Regular employment risk score	Labour standards risk score (averaged)	Business ethics risk score	Biodiversity risk score	Energy & emissions risk score	Waste & pollution risk score	Water risk score	Environment risk score (average)
Australia	4.3	Medium Risk	4.1	5.6	4.5	3.6	3.8	4.1	3.6	3.3	4.4	4.1	2.9	4.6	3.9	4.8	7.0	5.1
Belgium	4.3	Medium Risk	3.8	4.6	3.9	3.5	3.8	5.1	4.3	3.2	4.3	4.1	3.4	4.4	3.9	4.1	8.2	5.1
China	6.2	High Risk	6.4	7.6	4.6	5.9	6.4	9.1	7.4	4.2	6.1	6.6	5.2	6.2	5.2	6.2	6.7	6.1
France	4.1	Medium Risk	4.5	4.6	4.0	2.8	3.8	4.1	4.7	3.2	4.2	4.0	3.4	NA	NA	4.1	6.5	4.6
Germany	4.0	Low Risk	4.0	3.6	6.8	3.3	3.8	4.1	4.2	3.4	4.1	3.8	2.9	NA	NA	4.2	6.5	4.7
Indonesia	6.1	High Risk	5.8	7.6	5.7	5.2	5.8	8.2	6.9	5.0	6.3	6.3	5.6	5.6	4.7	6.8	6.4	5.9
Japan	4.4	Medium Risk	3.8	4.6	4.3	3.7	4.8	5.1	3.8	4.1	4.1	4.3	3.4	4.5	3.9	4.9	6.0	4.8
Mexico	5.9	Medium Risk	5.8	6.6	5.8	4.9	6.8	8.1	5.3	5.0	5.3	5.9	6.5	4.8	4.2	5.4	8.2	5.6
Thailand	5.9	Medium Risk	6.8	7.6	5.1	4.6	4.8	8.1	5.6	4.1	6.3	6.0	6.1	5.6	4.8	6.2	7.3	6.0

Source: Sedex

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RISK MANAGEMENT

Our Basic Approach and Strategy

Unicharm pledges to continuously improve corporate value through global business activities and to sincerely conduct business activities in order to gain the trust of all stakeholders including customers, shareholders, business partners and local communities. In order to achieve this, Unicharm has established the Unicharm Ideals, the Five Great Pillars and Associate Principles of Action, the Beliefs and Pledges and Corporate Principles of Action, and the Unicharm Group Charter of Action.

Gaining an appropriate understanding of the various risks that could have an effect to the realisation of these objectives, and preventing and minimising the impact of such risks when they occur, are positioned as important management issues. Unicharm has established a risk management system for the entire group that is implemented while continuously reviewing and improving ESG risk management.

In addition to overseeing the code of conduct and code of ethics, the Board of Directors also analyses and evaluates major ESG risks that are reported from each unit leader in order to deliberate and decide on improvement measures, while members on the Audit and Supervisory Committee fulfill their roles by implementing various audits during their statutory term of office.

In addition, the ESG Committee learns about the importance of crisis management based on the theme of risk management. The main items that could become a business risk have been defined as follows and are deliberated by the ESG Committee.

Major Risks in Business

1. Risks related to the sales environment in conditions of intense competition
2. Risks related to the population structure
3. Overseas business risk
4. Raw materials price fluctuation risks
5. Risks related to environmental problems
6. Risks related to climate change
7. Risks related to the reliability of products
8. Risks relating to legal compliance violations
9. Risks related to intellectual property including patents and trademarks
10. Risks related to disasters and accidents
11. Risks related to acquisition, partnership, business consolidation, etc
12. Information leakage risks
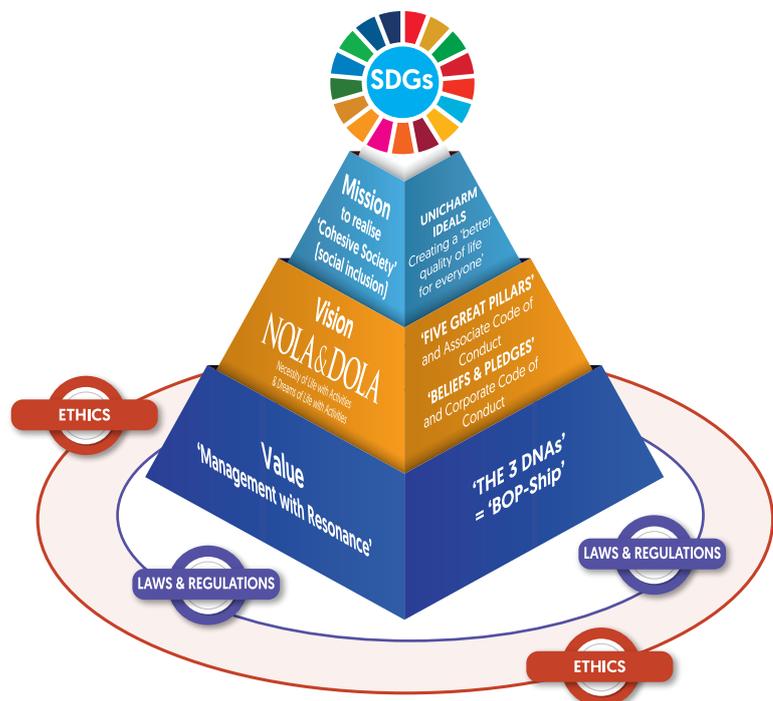
For the management of these risks, Unicharm uses the ISO framework that also incorporates quality and environmental risks as important business risks as a manufacturer. In addition, individual management is conducted for risks including business continuity at the time of disasters.

Primary Reference Frameworks

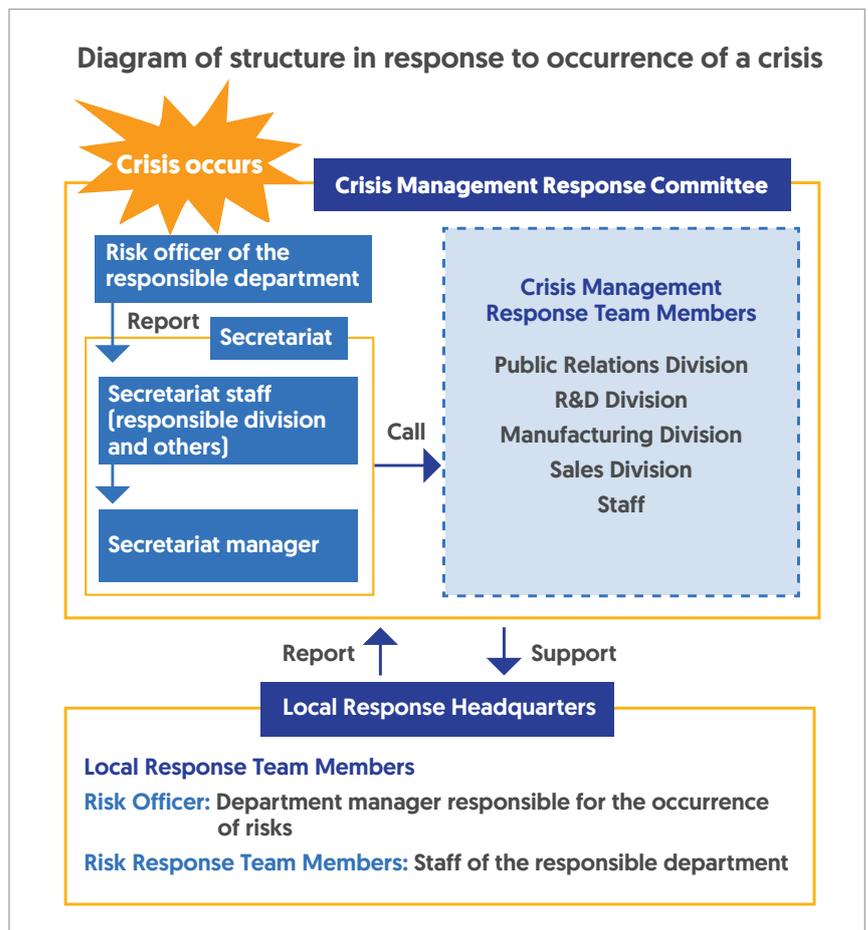• COSO • ISO9001 • ISO14001 • ISO10002 • ISO13485 • ISO14971

RISK MANAGEMENT

Response to the Occurrence of ESG Risks

If a major crisis occurs, a Crisis Management Response Committee will be established to endeavour to respond quickly and appropriately and achieve a prompt recovery based on the Crisis Communication Manual established as a regulation related to crisis management.

An emergency in which the above risks eventuate is considered a crisis and Unicharm positions the 12 items below as major crises. When such a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation swiftly and accurately in accordance with the Crisis Communication Manual, working to prevent the expansion of damage and communicating appropriately with stakeholders. A handy manual has been distributed to every employee for the purpose of responding promptly when an ESG risk has emerged and a crisis has occurred. In addition, a structure has been established to respond to risks by the Crisis Management Response Committee in cooperation with internal related departments.

Major Crises

1. **Quality**
2. **Environment**
3. **Representations**
4. **Occupational Safety**
5. **Human Rights**
6. **Supplier/Vendor Related**
7. **Top/Executives Related**
8. **Disaster**
9. **Information Accidents**
10. **Reputational Damage**
11. **Pandemics**
12. **Disputes/Political Changes**

Diagram of structure in response to occurrence of a crisis

Crisis occurs

Crisis Management Response Committee

Risk officer of the responsible department

Report

Secretariat

Secretariat staff (responsible division and others)

Call

Crisis Management Response Team Members

Public Relations Division
R&D Division
Manufacturing Division
Sales Division
Staff

Secretariat manager

Report   Support

Local Response Headquarters

Local Response Team Members

Risk Officer: Department manager responsible for the occurrence of risks

Risk Response Team Members: Staff of the responsible department

DUE DILIGENCE

Our MSA Implementation Training

Unicharm Australasia completed Modern Slavery Act (MSA) Implementation training across 100% of Tier 1 suppliers to provide an understanding of the content and purpose of the MSA that has been enacted in Australia, and make the basis for future collaboration.

All Tier 1 suppliers were supplied with UcA's Ethical Sourcing Policy, which was then confirmed, signed and returned to UcA by each factory's accountable member of management.
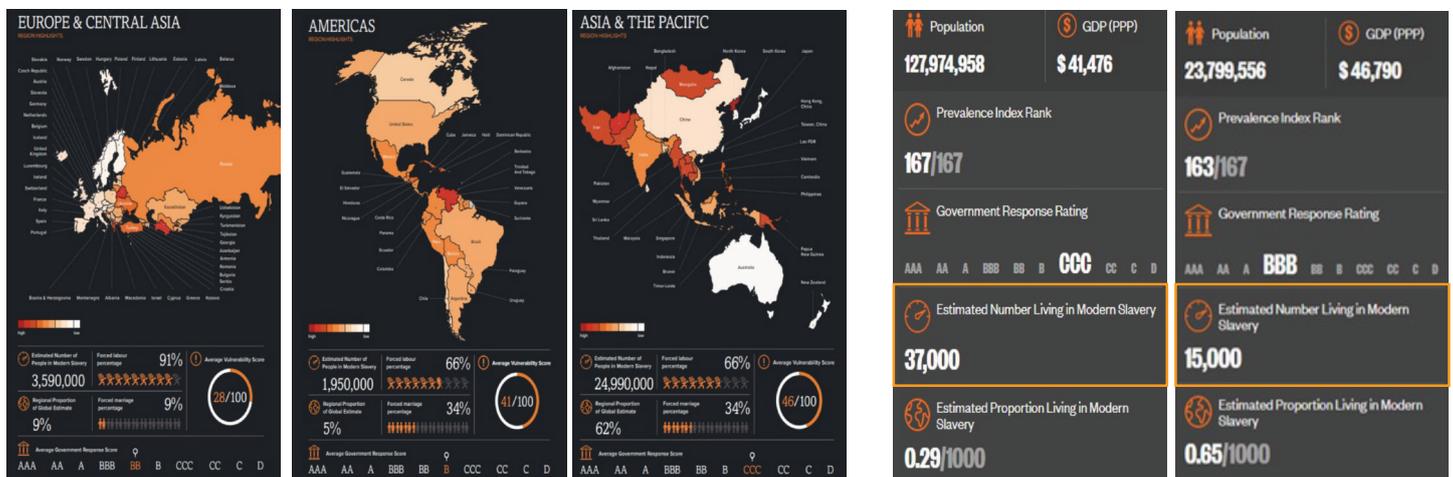
The highest priority of the training below was to continue building a collaborative relationship between UcA and all Suppliers by working together to improve our Human Rights understanding and move towards a positive and effective action plan. Our key 2020 intention was solely to raise awareness and encourage businesses to take action to eradicate any potential risks found.

Due Diligence Training Completed

- ✔ UcA's organisation, structure and supply chain
- ✔ Background information
- ✔ What is the Modern Slavery Act in Australia?
- ✔ The purpose of the Modern Slavery Act in Australia
- ✔ Reporting requirements of MSA
- ✔ Scope of modern slavery
- ✔ Ethical sourcing policies
- ✔ Ethical audits and certification

- ✔ Risks for modern slavery – Sector and industry, product and services, geographic
- ✔ Global Slavery Index 2018 findings
- ✔ Entity risk
- ✔ Indicators of modern slavery
- ✔ How UCA and suppliers can work together
- ✔ How to respond to a case of modern slavery
- ✔ UcA's MSA direction 2021 and beyond

GSI 2018 Regional Findings

Whilst we understand human rights risks are higher in certain regions, we also provided clear training that these risks are still prevalent in our (the reporting entities') region as well as our HQ's region (Japan).

Results for Japan

Population	GDP (PPP)
127,974,958	$ 41,476

Prevalence Index Rank
167/167

Government Response Rating
AAA AA A BBB BB B **CCC** CC C D

Estimated Number Living in Modern Slavery
37,000

Estimated Proportion Living in Modern Slavery
0.29/1000

Results for Australia

Population	GDP (PPP)
23,799,556	$ 46,790

Prevalence Index Rank
163/167

Government Response Rating
AAA AA A **BBB** BB B CCC CC C D

Estimated Number Living in Modern Slavery
15,000

Estimated Proportion Living in Modern Slavery
0.65/1000

Source: Global Slavery Index (2018) Dataset, Walk Free, available from: www.globalslaveryindex.org

CONSULTATION & MONITORING

Responsible Sourcing Benchmarks

Responsibly Sourced
Where places of origin are assessed against our responsible sourcing requirements to understand compliance and action plans developed towards the implementation of equivalent standards

Traceable
Where products we buy are identified back to their places of origin such as raw material suppliers and plantations

Ethical Auditing across our Supply Chain

BUSINESS ETHICS
UcA supports our supply chain to understand our policies across prohibiting bribery, corruption and fraud within the business, business integrity and business ethics standards and also how these policies are communicated and taught to employees/team members so that they understand the accountability within the company for business ethics.

HEALTH & SAFETY
UcA collaborates with our supply chain to understand the safety and welfare of team members. This covers facilities, procedures, guarding, training, systems and responsibilities to confirm our accountability for all members.

PROFILE
UcA completes both on-site visits and ethical audits across our supply chain including relevant certificates from each of our manufacturing sites. Audit outcomes are also reviewed with continuous improvement established in current practices.

ENVIRONMENT
UcA maintains a strong direction towards environmental standards with all factories achieving third-party certification such as ISO 14001. UcA also has clear environmental footprint reduction targets as well as closed-loop recycling partnerships.

LABOUR
UcA incorporates international principles, national laws and customer requirements in our workplace practices. Via the implementation of human resource policies and procedures we ensure safe, fair and humane working conditions across our supply chain.

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LOOKING AHEAD - NEXT STEPS

Our Targets Beyond 2020

Introduce human rights into supply contracts

Train UcA employees on human rights

Continue to embed responsible sourcing in our supply chain

Introduce grievance mechanisms within UcA supply chain

Incorporate speak-up functions into code of conduct

Whistleblowing education across supply chain

Industry cooperation on supply chain

Respecting Human Rights

DETECT
- Analysis
- Review of Processes
- Reporting

RESPOND
- Corrective Measures
- Continuous Improvement

PREVENT
- Code of Conduct
- Analysis
- Individual Measures
- Training

Compliance Assessment
- Country risk
- Legal and organisational frameworks

Impact/Risk Assessment
- Stakeholder engagement
- Community relations projects impact assessment

Outcomes
- Impact (low/medium/high)
- Risk (low/medium/high)
- Recommendations: Human Rights Management Plan

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