



Unicharm Australasia

Modern Slavery Statement 2021



Contents

Editorial Policy/Contents	3		
Company Profile	4	Company Key Actions	21
Letter from CEO - Unicharm Australasia	5	Sustainable Procurement Guidelines.....	21
Unicharm’s Value Creation Model/Business Model	6	Management Structure.....	22
Our Basic Approach & Strategy	7	Encourage Joining Sedex - Suppliers of HQ Procurement.....	23
Kyo-sei Life Vision 2030 - For a Diverse, Inclusive and Sustainable World	8	Latest Reports of Promoting Sedex 2021.....	24
Positioning of Kyo-sei Life Vision 2030.....	8	UcA’s Key Actions	25
Cohesive Society = Social Inclusion.....	8	UcA Global MSA Implementation Plan across Tier 2	
The Future We Envision.....	9	Supplier’s Key Focus.....	26
Kyo-sei Life Vision 2030.....	10	Our Approach to Human Rights, Modern Slavery & Human Trafficking	27
Our Structure, Operations & Supply Chains	11	Human Rights Due Diligence	28
Management Structure.....	12	Due Diligence Process	29
UcA’s Reporting Structure.....	13	Due Diligence for MSA	29
UcA’s Organisation.....	13	Due Diligence for Sustainable Procurement.....	29
Our Governance Structure, Policies & Strategy for Modern Slavery	14	Monitoring Process	30
UcA Current Policies.....	14	Compliance	31
What is Modern Slavery?	15	Consultation & Monitoring	32
Risk Management	16	Responsible Sourcing Benchmarks.....	32
Potential Human Rights Risks across UcA’s Supply Chain Regions.....	16	Ethical Auditing Across our Supply Chain.....	32
Case Study.....	17	Unicharm Group Mid-to-Long-Term ESG Objectives Contributing to SDGs	33
Our Basic Approach and Strategy.....	18	The 12 Fundamental Principles of our Responsible Sourcing	34
Serious Risks in Business.....	18	Looking Forward	35
Response to the Occurrence of ESG Risks.....	19	Course of Action - Sedex FY2022 & Beyond.....	35
Diagram of Structure in Response to Occurrence of a Crisis.....	19	Our Targets Beyond 2021.....	35
Initiatives.....	20		

Editorial Policy/Contents

Editorial Policy

■ This document has been prepared as Unicharm Australasia’s (UcA) 2021 Modern Slavery Statement (MSS)

UcA’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 further embed the progress of our Modern Slavery Act (MSA) initiatives by directly correlating our reporting structure to the Mandatory Criteria aligning the view-point of ESG information disclosure with the Act requirements.

Furthermore, as a division of the Unicharm Corporation, we refer to the UN Global Compact, ISO26000 and GRI Guidelines via the Unicharm Sustainability Report 2021. We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you review the Unicharm “Integrated Report 2021” and provide any frank opinions and comments you may have.

Our concept of NOLA & DOLA:

(Necessity of Life with Activities & Dreams of Life with Activities), into action. “NOLA” means “providing people with gentle support both in their mind and body for freeing them from various burdens” while “DOLA” means “contributing to fulfill the dream of each and every person.”

Contents

■ Areas Covered

In the report, “Unicharm” refers to “Unicharm Group.” Company names are listed individually when there is a need to specify the scope. In addition, all data are shown on a consolidated basis of Unicharm Group companies. Details of companies mentioned in the environmental activity report can be found on the Unicharm website.

■ Intended Audience

All Unicharm stakeholders inclusive of customers, shareholders, investors, business partners, employees, and society in general.

■ Period

January 1 to December 31, 2021
(The report focuses on results from 2021 and includes some of the latest information from 2022.)

■ Date of Issue

July 2022
(The next edition is scheduled for publication in July 2023.)

■ Reference Guidelines

- GRI Sustainability Reporting Standards
- “2018 Environmental Reporting Guidelines” of the Ministry of the Environment
- Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)
- Annual Report (World Energy Outlook) by the International Energy Agency (IEA)

■ Unicharm Information Disclosure System

We disclose our financial and non-financial data through the following channels:



Company Profile

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, 2021)
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	16,308 (on a consolidated basis as of December 2021)
Listed Exchange	First Section of the Tokyo Stock Exchange
Business Lines	Manufacture and Sales of: <ul style="list-style-type: none"> • 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-Greater China) 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, 2021)

Letter from CEO – Unicharm Australasia



Bridget Spark

Bridget Spark
CEO

“ Since our first Modern Slavery Statement in 2021, we have continued to strengthen our actions to understand and support our suppliers to be aware and alert to modern slavery practices. The ongoing impacts of the COVID-19 pandemic on supply chains and people across the globe have impacted business in ways not seen before, thus further strengthening our resolve to promote fairness and equity across our supply chain. As a result, we have shifted our focus to Tier Two suppliers, enabling us a greater reach across a number of companies and individuals, which ultimately equates to greater human rights support and ownership.

While continuing to strive towards improvements and create best practices over the past 12 months, we have sought feedback and advice from stakeholders and key organisations that support the identification and mitigation of modern slavery in operations and supply chains. We were able to receive feedback and advice on how to improve our approach to combating modern slavery risk within our supply chain from the Domus 8.7 (Australian Catholic Anti-Slavery Network) and the Salvation Army. It was also pleasing to receive positive feedback that our actions and commitment to combating modern slavery are on the right path. The sharing of information and best practice amongst companies and key stakeholders will increase the speed at which we can reduce the risk of modern slavery and improve the working and living conditions for people worldwide.

Digital technology offers new ways to speed up many processes and systems and I envisage that we will be using smart technology in the future to further identify and prevent modern slavery risks. For this to occur, we need to share best practice across organisations and learn quickly from those who adopt the most impactful technology.

I am heartened that over the past 12 months there has been a real shift—throughout our supply chain and globally—in awareness, acknowledgement, and commitment to understanding and taking actions to mitigate modern slavery. The Unicharm Group has committed to Sedex and we have clearly directed across our supply chain that our preferred platform is Sedex membership, which has been well received and taken up. We have also worked closely with suppliers on self-assessment questionnaires (SAQs), identifying and building understanding of specific challenges and facilitating action plans to draw us closer to our shared goals to combat modern slavery.

A widely used phrase at Unicharm is ‘one wave causes countless waves’, which means that taking action is what is most important and that from taking the first step we move closer towards the goal. We know that by Unicharm taking action, we can spread knowledge and focus across the breadth and depth of our global supply chain and we can have a real and significant impact, particularly globally in training and educating people to identify, address, and mitigate modern slavery. I am encouraged by the response from our suppliers and confident that we can make a difference to improve the lives of all individuals across our supply chain. We will continue to pursue and promote the purpose of the Modern Slavery Act and be guided by the Sustainable Development Goals (SDGs) in our decision-making and actions. ”

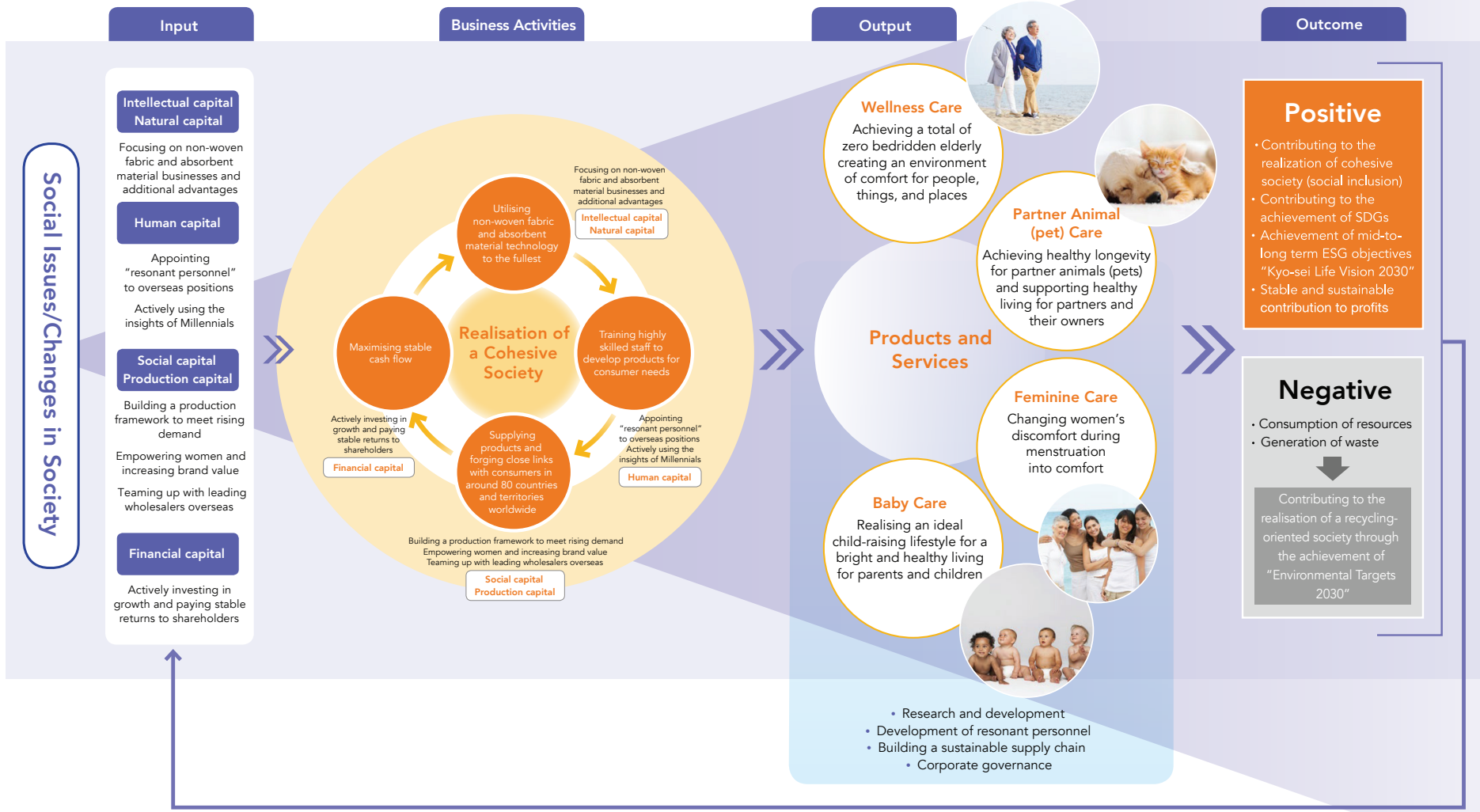
This statement was approved by the board of Unicharm Australasia on the 28 June 2022.

Unicharm's Value Creation Model/Business Model

Aiming to Contribute to the Realisation of Cohesive Society (Social Inclusion)

The products and services offered by Unicharm are all essential to a hygienic and healthy life. Through business activities such as these that are closely intertwined with society, Unicharm aims to address environmental and social issues and contribute to the realisation of cohesive society (social inclusion).

See p.13 of this Integrated Report. https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/ir/library/annual/en_Integrated_Report_2021_all.pdf





Our Basic Approach & 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.

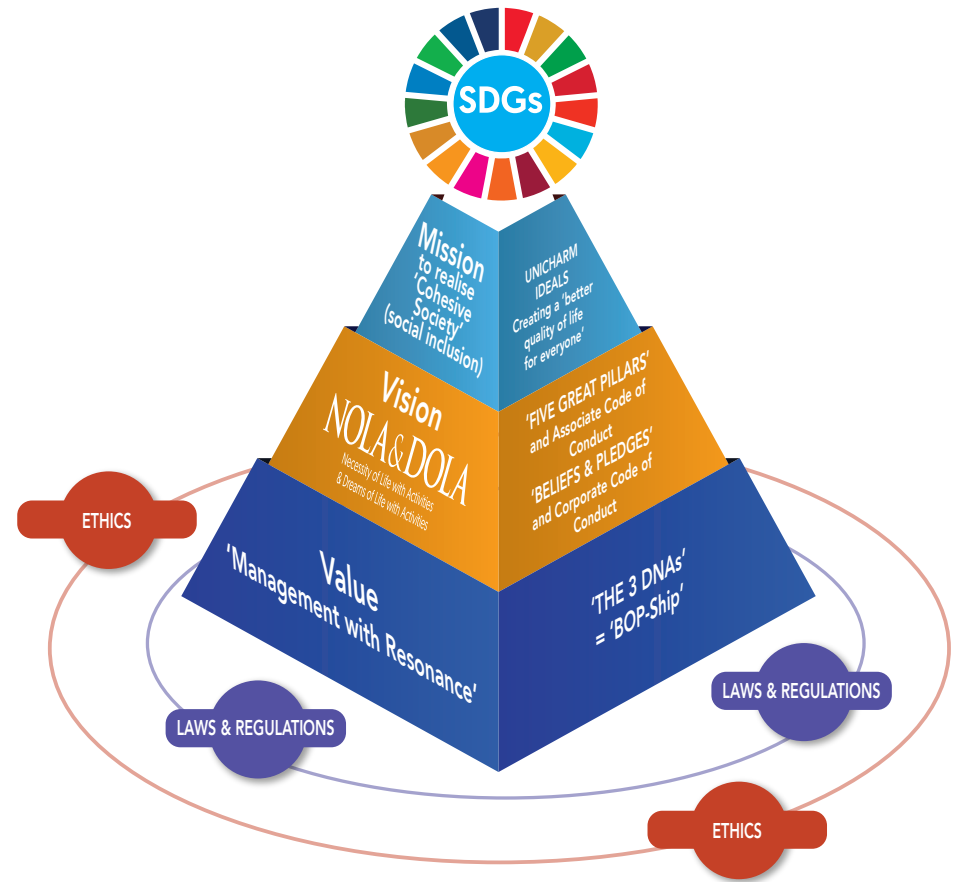
Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in global business based on international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly.

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, 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 and services 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

Kyo-sei Life Vision 2030 - For a Diverse, Inclusive and Sustainable World

At Unicharm, we are committed to helping solve environmental and social issues as we work together to realise a cohesive society.

With that in mind, we have put forward Unicharm Group's mid-to-long term environmental, social, and corporate governance (ESG) goals in a document called "Kyo-sei life vision 2030 - for a Diverse, Inclusive, and Sustainable World".

In this declaration, we bring our vision for 2030 into sharper focus, explicating the key initiatives and targets that we believe will help us achieve our goals.

Through the implementation of "Kyo-sei Life vision 2030," we are confident that we can satisfy the needs of consumers and communities, while continuing to grow our business.

Positioning of "Kyo-sei Life Vision 2030"

At Unicharm, we believe that our fundamental raison d'être, that is, our "Purpose", is to help achieve the United Nations Sustainability Development Goals (SDG's).

Because this "Purpose" is so basic to our essence as a company, we think that it is important that all of our employees understand, agree, and empathise with it. To better delineate the substance of that "Purpose", and to further its accomplishment, we have broken it down into three key components: "Mission," "Vision," and "Value."

"Mission" clarifies what we want to do. More specifically, our mission is to realise a cohesive society, a society that must inherently be diverse, inclusive, and sustainable.

In this society, personal freedom will harmonise with social altruism, enabling people to be true to themselves and live lives of their own choosing, while at the same time helping others to achieve a better life.

Where "Purpose" is the goal, "Vision" is the means. "Vision" elucidates how we can realise a cohesive society. In practical terms, it is the application of our corporate philosophy, which we call "NOLA & DOLA" (Necessity of Life with Activities & Dreams of Life with Activities).

Through "NOLA & DOLA," we hope to provide powerful, yet discreet and unobtrusive support for the minds and bodies of our users, relieving them of the burdens of their lives and enabling them to better focus the efforts on making their dreams come true.

"Value" is the sense of duty and social responsibility that underlies our "Mission" and powers our "Vision", bringing it all together to serve the common "Purpose." All Unicharm employees around the world are now pushing forward with our standardised management model called "Management with Resonance."

To understand and promote our "Purpose", and to clarify how our "Mission", "Vision", and "Value" work together to push forward that "Purpose", this document explains in detail the world we have envisioned in 2030 and describes how we hope to get there, highlighting the key initiatives and targets that we believe will make "Kyo-sei Life Vision 2030" a reality.

We are committed to helping solve environmental and social issues, while providing new value to consumers and communities and assuring steady growth.

Cohesive Society = Social Inclusion

It is a society in which each person is independent while supporting each other in a way that allows each person to have just the right sense of distance so that, in addition to the vulnerable members of society, those who are disadvantaged either temporarily or for an extended period due to aging, illness, childbirth, menstruation or other factors can live their lives in the way they wish regardless of the situation.





Kyo-sei Life Vision 2030 - For a Diverse, Inclusive and Sustainable World

The Future We Envision

A society in which everyone can maximise individual potential and live life to its fullest.
 A society in which we comfortably coexist,
 helping each other while respecting mutual independence.

Unicharm continually considers every moment of life.
 From birth to adulthood, and all the years in between.
 From this generation to the next, and many years into the future.

We endeavour to realise a diverse,
 inclusive and sustainable world,
 Protecting and supporting life for people and society through “kindness” in various forms.

Baby care that supports and comforts both infant and family.
 Nursing care that helps people live a full life at any age.
 Environments that ensure our partner animals (pets) are warmly welcomed by the family and neighbourhood.
 Feminine care that helps lift spirits during the monthly cycle.
 Good hygiene that helps enhance and expand pleasant interactions for everyone.

This is the “kindness” we at Unicharm have always valued.

As we create and extend such kindness,
 we must emphasise not only the well-being of individuals,
 but also the well-being of society and our planet as a whole.

When we picture the manufacturing that sustains local economies,
 we imagine the faces of people at work and their families.

When we consider the dynamic switch to renewable energy,
 we visualise a future with reduced global warming.

At Unicharm, we strive for all of our business activities to reflect kindness,
 thereby contributing to a diverse, inclusive and sustainable world for our future.

Unicharm continues to conduct business while championing the freedom of individuals to
 pursue their own way of life, based on our corporate philosophy of “NOLA & DOLA.”*

In the decade to come, we at Unicharm will continue to affirm this ideal, providing kindness
 and support at every moment, throughout every lifetime.

NOLA & DOLA

“ 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.

Kyo-sei 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

<p>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.</p>	<p>Key initiatives</p> <ul style="list-style-type: none"> • Extension of healthy life expectancy and improvement of QOL • Support for a society where gender and sexual orientation do not restrict people's activities • Coexistence with companion animals • Improvement of childcare • Improvement of public sanitation and hygiene
--	--

Achieving a harmonious society



Safeguarding the well-being of society

<p>Our goal Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers, but also contribute to solving social issues and promoting sustainability.</p>	<p>Key initiatives</p> <ul style="list-style-type: none"> • Innovations to achieve "NOLA & DOLA" • Practicing sustainable lifestyles • Construction of value chains that take account of sustainability • Improvement of customer satisfaction • Provision of safe, reliable products
--	---

Safeguarding the well-being of our planet

<p>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.</p>	<p>Key initiatives</p> <ul style="list-style-type: none"> • Development of eco-friendly products • Addressing climate change • Expanding our line of recycled models • Promotion of product recycling • Reduction of the amount of plastic materials used
---	---

<p>Our goal Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.</p>	<p>Key initiatives</p> <ul style="list-style-type: none"> • Management practices that take sustainability into account • Promotion of diversity management • Construction of healthier workplaces and workplace safety systems • Practice of appropriate corporate governance • Fostering the development of competent human resources
---	--

Unicharm Principles

Our Structure, Operations & Supply Chains



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.



Our Structure, Operations & Supply Chains

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.

ESG Promotional Structure

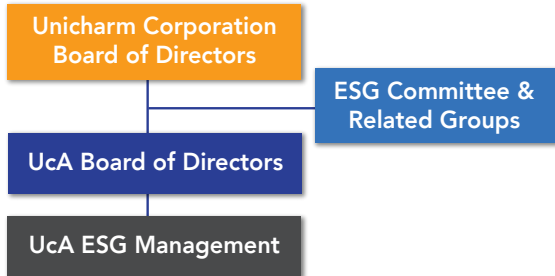
Unicharm has established a structure to implement and promote smooth ESG activities in order to meet our stakeholders' expectations. Our "ESG Committee" is a cross-organisational structure chaired by the Representative Director for promoting ESG. The committee meets four times a year to discuss and share information about ESG activities which in turn is utilised in the management.

Core Themes and Categories of ESG Committee Initiatives

ISO26000 Core Subjects	Organisational Governance, Human Rights, Labour Practices, The Environment, Fair Business Practices, Consumer Issues & Community Involvement & Development
Core themes of initiatives	
E	<ul style="list-style-type: none"> Climate change: greenhouse gases, energy use management and climate change risk Water resources: water use and reduction of water use Pollution and resources: waste disposal, resource usage and recycling Supply chain: supplier policy, environmental issues and sustainable palm oil procurement Biodiversity Development of environmentally-friendly products
S	<ul style="list-style-type: none"> Labour standards: forbidding child labour, forbidding forced labour, anti-discrimination, freedom of association, collective bargaining rights, minimum wage and harassment Health and safety Human rights: due diligence, children's rights, forbidding child labour, community employment and complaint handling Society: community investment and social contribution activities Responsibilities to customers: responsible advertising and marketing and customer satisfaction. Supply chain: forbidding child labour, forbidding forced labour, anti-discrimination, freedom of association, collective bargaining rights, minimum wage, health and safety, due diligence and capacity building Product quality and product safety
G	<ul style="list-style-type: none"> Corruption prevention: anti-bribery, insider trading, whistleblower hotline, education and risk assessment Corporate governance Company-wide risk management (environment, society, corporate governance) Compliance Tax transparency

Our Structure, Operations & Supply Chains

UcA's Reporting Structure

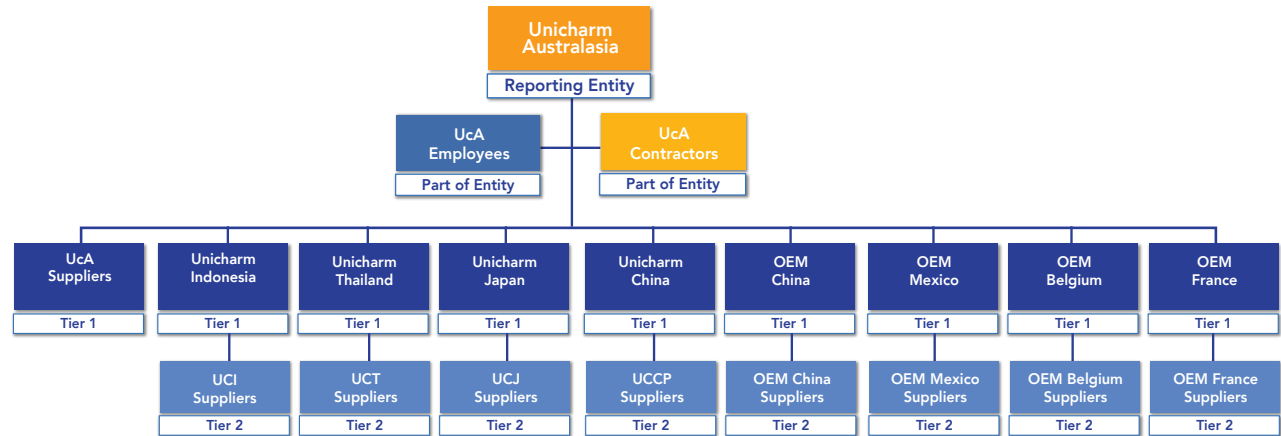


Head of UcA ESG Management

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.



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		POLICY
Recruitment	Recruitment Induction	Health and Wellbeing	Healthy Days Employee Assistance Program Wellness Room COVID-19
Leave	Annual Leave Personal Leave Compassionate Leave Parental Leave Long Service Leave	Use of IT	Information Security Electronic Communications Employee Use of Company Computers
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	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 - completed in 2021
- Supplier code
- Commitment on water stewardship
- Global sourcing principles
- Data security policy

The Unicharm Group will make efforts to fulfill its corporate social responsibility and implement its fair and equitable corporate activities.

■ Compliance with laws and regulations and social norms

- (1) Comply with related laws and regulations and social norms in purchasing activities.
- (2) Provide business partners with fair and equitable opportunities for competition in purchasing activities regardless of nationality, size, or track record.
- (3) Require business partners to implement appropriate management information obtained in purchasing activities.

■ Giving due consideration to human rights and labour

- (1) Engage in purchasing activities with corporations that place importance on respect for human rights.
- (2) Engage in purchasing activities with corporations that give due consideration to the appropriateness of labour practices.
- (3) Respect the importance of engaging in purchasing activities with corporations that promote appropriate employment practices.

■ Environmental responsibility

- (1) Value corporations that understand the importance of, and promote, environmental conservation in purchasing activities.
- (2) Emphasise environmentally friendly raw materials in purchasing activities in an effort to achieve a recycling-oriented society.

■ Procurement of safe and secure products and materials that provide peace of mind

- (1) Choose products and materials for which safety has been confirmed in purchasing activities.
- (2) Choose economical and high-quality materials and products in purchasing activities.
- (3) Emphasise the ability to manufacture and supply products that meet requirements in purchasing activities.

■ Development of relationships of mutual trust

- (1) Cultivate a relationship and trust with business partners within the scope of social norms.
- (2) Strive to enhance business performance mutually through exchange of essential information with business partners.

What is Modern Slavery?



**Australian
BORDER FORCE**

MODERN SLAVERY KEY FACTS AND FIGURES

WHAT IS MODERN SLAVERY?



Modern slavery is used to describe serious forms of exploitation.



Types of modern slavery include human trafficking, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour.



Modern slavery occurs when coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom



Modern slavery cases do not always involve physical violence. Perpetrators often use subtle threats and psychological pressure to control victims.

HOW PREVALENT IS MODERN SLAVERY?



The United Nations and the Walk Free Foundation estimate there are over 40 million people in situations of modern slavery around the world.



16 million of the world's modern slaves are exploited in private sector supply chains.



Modern slavery disproportionately impacts women and girls. 71% of modern slavery victims are female.



Modern slavery can occur in every industry and sector. It is often linked to other crimes and activities that adversely impact human rights, such as corruption and environmental damage.

DOES MODERN SLAVERY, HAPPEN IN AUSTRALIA?



Australia is not immune from modern slavery. Modern slavery can occur in multiple industries and sectors, including hospitality, horticulture, sex work, domestic work, and cleaning.



Australia is the sixth country in the world to prepare an official national estimate of modern slavery. This national estimate found that between 2015 and 2017, there were up to 1,900 modern slavery victims in Australia.



Modern slavery is often hidden in plain sight in our communities. Four out of every five modern slavery victims in Australia go undetected. In 2019, Australian authorities received 213 reports of possible modern slavery cases resulting in 84 suspected victims being identified.



Every modern slavery case is different. There is no typical modern slavery victim and the length of time victims are exploited can vary. However, modern slavery victims are often vulnerable to exploitation due to their background or circumstances.

WHAT TYPES OF PRODUCTS AND SERVICES CAN HAVE HIGH MODERN SLAVERY RISKS?



Modern slavery risks can be linked to certain sectors, such as cleaning, hospitality, agriculture, textiles production, and some types of manufacturing. These sectors can have high modern slavery risks because of their characteristics and processes, such as widespread use of low skilled labour or reliance on outsourcing.



Modern slavery risks can be linked to certain products, such as rubber products, bricks and construction materials, minerals, cocoa, and tea. These products can have high modern slavery risks because of the way they are produced, provided, or used.



Modern slavery risks can be linked to certain countries and geographic regions. Some countries or regions may have high modern slavery risks due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors, like poverty.



Modern slavery risks can be linked to specific entities. Some businesses or other entities may have high modern slavery risks because they have poor governance structures, a record of treating workers poorly, or a track record of human rights violations.

WHAT IS AUSTRALIA DOING TO COMBAT MODERN SLAVERY?



Australia has enacted a world-leading Modern Slavery Act to require large businesses and other entities to explain what they are doing to combat modern slavery risks in their global operations and supply chains. The Government has created a Modern Slavery Business Engagement Unit to implement the Act.



Australia has a strong national response to modern slavery developed in collaboration with civil society and business. As part of this response, Australia has comprehensively criminalised all forms of modern slavery and established specialist police investigative teams.



Australia provides a dedicated support program and visa framework for modern slavery survivors. The program provides support including safe accommodation and medical and psychological care. The visa framework enables survivors to remain in Australia and access the support program.



Australia works with other countries in our region and around the world to combat modern slavery. This includes working with partner countries to strengthen their law and justice frameworks and driving regional efforts to combat modern slavery through the Bali Process and other international fora.



Risk Management

Case Study

■ Managing Risks in Tier 1 Production Facilities

Within the reporting period UcA completed training across 100% 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 (Average)	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	6.1	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	4.3	3.3	4.1	6.5	4.6
Germany	4.0	Low Risk	4.0	3.6	3.8	3.3	3.8	4.1	4.2	3.4	4.1	3.8	2.9	4.2	3.8	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

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 Code of Conduct, the Beliefs and Pledges and Corporate Code of Conduct, 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.

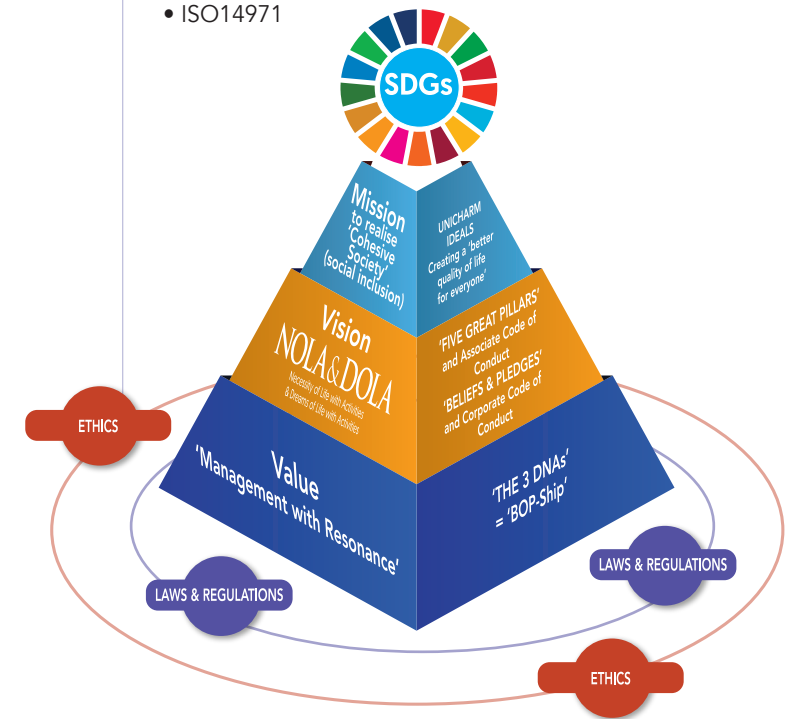
Serious Risks in Business

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



Unicharm's Corporate Philosophy System

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.

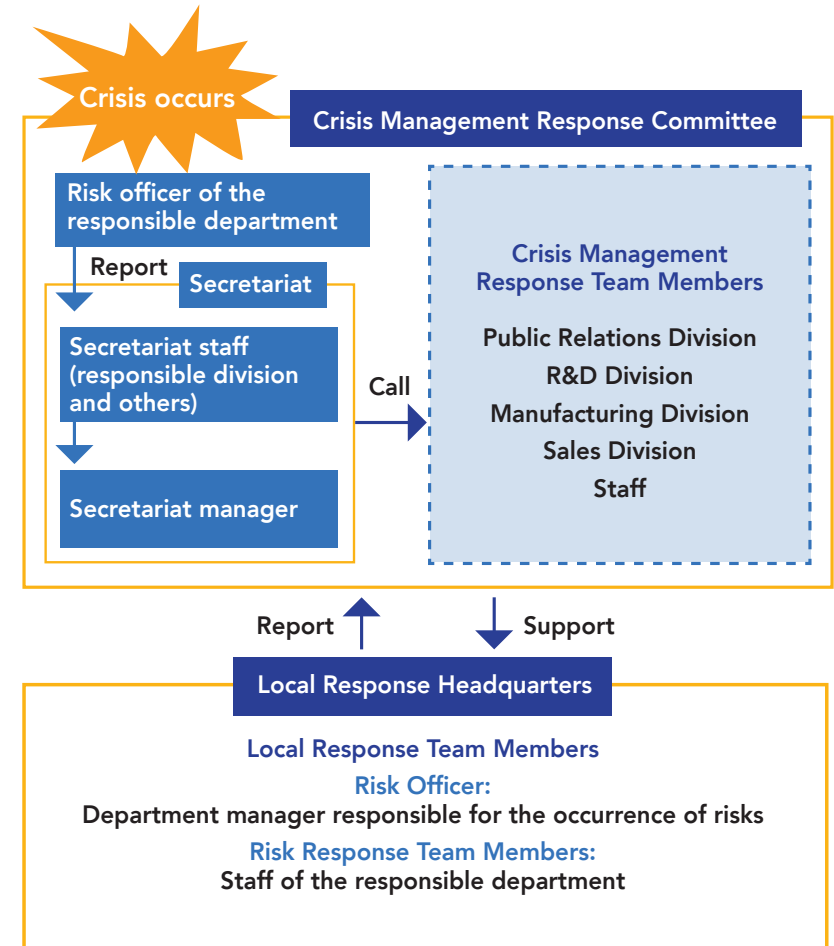
An emergency in which the above risks eventuate is considered a crisis and Unicharm positions the 12 items below as serious crisis. When such a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation swiftly and accurately in accordance with the Crisis Communication Manual, 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 for the Crisis Management Response Committee to respond to risks in cooperation with internal related departments.

Serious Crises

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

Diagram of Structure in Response to Occurrence of a Crisis



Risk Management

Initiatives

■ Supply Chain Monitoring

Unicharm regularly conducts monitoring on suppliers regarding ESG using the “Sustainable Procurement Guidelines” for the purpose of identifying risks.

It assesses the status of compliance, labour environment (safety and health, fire safety, harassment and discrimination), working hours, wages and employment, child labour, and environmental protection. When monitoring identifies any violations or risks, we request the supplier to correct the issue and work toward improvement.

In July 2020, Unicharm also became a Sedex AB member (Buyer/Supplier). Going forward, the entire Group will make use of the Sedex platform to monitor suppliers.

■ Supplier audits: Number and Evaluation Grade

Year	Number of audits	Number of evaluations					Incidents cited
		A	B	C	D	E	
2018	116	4	97	1	14	0	431
2019	142	1	123	3	12	3	386
2020	12	1	9	0	2	0	42

■ Implementation of Quality Policy Briefing Sessions

Quality Policy Briefing Session are regularly held for suppliers. The briefing session is held to provide explanations on Unicharm’s management philosophy, approach towards ESG efforts, materials quality and distribution, safety, environmental consideration, approach towards the supply chain management, the revised Basic Policy of Procurement, Sustainable Procurement Guidelines and the newly established Policy on Human Rights and to share information to foster a mutual understanding of sustainable procurement and to strengthen cooperative efforts.

Additionally, we are promoting quality improvement activities together with our local suppliers related to a broad range of themes involving materials through meetings with overseas subsidiaries and suppliers from various countries, including quality policy briefings in China.



Quality Policy Briefing Session (Japan)



Quality Policy Briefing Session (China)

■ Initiatives to Improve Quality

To raise the motivation of suppliers towards improvement the Quality Policy Briefing Session has established the “Unicharm Supplier Award” under which they are evaluated from five perspectives (stable quality, stable supply, safety, environmental burden, and deliveries) with excellent suppliers recognised for their outstanding contributions.

For the stability of materials quality, we narrow down priority themes and conduct intensive improvement with suppliers, resulting in acceleration of improvements. We will continue to expand these efforts going forward as we work towards even further improvements in materials quality.

In addition, we regularly conduct quality audits to suppliers. In the audits, we confirm whether suppliers are in compliance with our requirements in all processes from raw materials management to shipment.

If a non-complying item is discovered, we ask for the proposal of a rectification method, confirm the contents of proposal and implementation of improvements, and confirm the instilling of improvements in the next audit.

We will ensure the ongoing quality improvements of materials by repeating this cycle from auditing to the implementation of improvements.



Company Key Actions

Globally, Unicharm has established the “Basic Policy of Procurement” to prevent human rights and labour problems throughout the supply chain. At the same time, the “Unicharm Group Sustainable Procurement Guidelines” were established as a subdivision of “Basic Policy of Procurement” to express our intentions towards the prevention of child and forced labour, prohibition of discrimination, the right to the freedom of association, the right to the collective bargaining, reductions in excessive working hours, minimum wages, health and safety standards, and the prevention of corruption. The policy and guidelines were created to facilitate fair and impartial business activities with all business partners that conduct business with the Unicharm Group around the world as well as the fulfilment of our social responsibility.

Sustainable Procurement Guidelines

These guidelines define the ethical standards that Unicharm wants all of its suppliers to adhere to, in order to help realise sustainable procurement. We expect all of our suppliers to understand and comply with the intent of these guidelines.

A. Compliance with laws and social imperatives

1) Legal compliance

- Comply with laws and regulations (antitrust laws, personal information protection laws, subcontracting laws, etc.) as well as social imperatives related to the individual country and region.

2) Fairness in transactions and prohibition of bribery

- Comply with laws related to fair trading, fair competition, and antitrust.
- Prohibit all stakeholders from offering or accepting bribes (monetary or non-monetary benefits) and from abusing superior bargaining power.

3) Management and protection of information

- Comprehensively manage and protect confidential information and build a structure that prevents information leakage.
- Use suppliers’ intellectual property only after concluding appropriate contracts and do not use them illegally.
- Properly handle personal information.

B. Giving due consideration to human rights and labour (refer to the Unicharm Group Policy on Human Rights⁶).

1) Respecting the International Bill of Human Rights and the International Labour Organisation (ILO) declaration

- Respect the International Bill of Human Rights (the Universal Declaration of Human rights, International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights) and the ILO Declaration on Fundamental Principles and Rights at Work.

2) Prohibition of child labour

- Do not employ children who do not meet the minimum age requirement. (A child is defined as any person younger than 16 years of age, unless local minimum age law stipulates a higher age for work or the mandatory schooling in which case the higher age requirement applies.)

3) Prohibition of forced labour

- Do not employ any form of forced or inhumane labour, hold a person in slavery or servitude, or engage in human trafficking.
- Employ only people who voluntarily wish to be employed and do not restrict their rights to freely leave their jobs.

4) Prohibition of discrimination

- In recruitment and employment, do not discriminate on the basis of race, national origin, ethnicity, gender, religion, or physical impairment, etc.

C. Prohibition of inhumane treatment

- Respect the human rights of employees and do not subject them to inhumane treatment such as physical abuse, physical punishment, harassment, physical oppression, or sexual abuse.

D. Fair employment

1) Working hours

- Comply with the working hours set forth by the local laws and regulations of the individual country and region (excluding crises and emergency situations).

2) Proper compensation

- Pay employees in compliance with local compensation-related laws and regulations on minimum wages, overtime work, piecework pay, etc.
- For overtime work, pay a wage premium in accordance with the local laws and regulations, of the individual country and region.

3) Ensuring health and safety

- Clearly identify potentially dangerous locations related to work and take preventive actions and implement workplace safety measures.
- To prepare for emergencies, take steps such as confirming the reporting requirements in the event of an emergency, establishing rules for notifying employees, and installing fire detectors.

cont.

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/en-ucsus2021_all.pdf#page=71

Company Key Actions

Sustainable Procurement Guidelines cont.

4) Respecting freedom of association and the right to collective bargaining

- Do not, in any way, obstruct employees' right to form a labour union using legal and peaceful means in accordance with applicable laws.

E. Responsibility to the environment

1) Environmental conservation

a) Legal compliance

- Comply with the environment-related laws and regulations of the individual country and region.
- In accordance with local laws and regulations, submit the required administrative reports when necessary and retain records.

b) Control of substances that are harmful to the environment

- Control discharge of harmful substances that can cause air pollution, water degradation etc.
- Control discharge of harmful substances that can cause soil contamination.
- Control discharge of waste generated during manufacturing, product usage, and end-of-life disposal.

c) Promotion of resource conservation and recycling

- Strive to conserve resources, manage waste, and promote recycling.
- Improve efficiency of usage of energy (such as electricity and fuel).
- Strive to consume sustainable resources such as alternative energy sources.

d) Promotion of global warming countermeasures

- Identify substances that contribute to global warming, assess their emissions, and retain records
- Control discharge of substances that contribute to global warming.

2) Promoting procurement of sustainable raw materials (Refer to the Forest-derived Raw Materials Procurement Guidelines.^)

- Prohibit use of illegally logged lumber.
- Do not consume natural-resource-derived raw materials such as lumber and water excessively but utilise resources in step with the cycling speed at which nature recovers.

3) Procurement of safe and secure products and materials (Comply with the Unicharm Group Materials Safety Guidelines.)

a) Supplying safe materials

- Report component composition including the content of chemical substances deemed harmful by the Unicharm Group.

b) Supplying materials that are high in quality and for which the supplier has large supply capacity

- Submit safety data sheets (SDS) for materials.

Management Structure

Although Unicharm avoids various risks by closely communicating with business partners, we also implement procurement activities with a focus on crisis management in addition to communication in supply chains throughout the world in response to dramatic changes in regulations relating to human rights and the environment.

Effective use of global platform

Since 2019, we have made effective use of our global platform as a B member (Supplier) under Sedex*1 at our factories in Japan, China, Taiwan-Greater China, Thailand, Indonesia, India, and Saudi Arabia for initiatives that respect the human rights of our employees and improve the working environment.

Based on these achievements, Unicharm became an AB Member (Buyer/Supplier) on July 1, 2020, following deliberation and formal approval procedures at the advisory board meeting in order to strengthen its activities using the Sedex platform across the Group. Ahead of Joining Sedex, we have implemented regular SMETA audits*2 at our own production sites and at some suppliers in efforts to respect the human rights of employees and improve the working environment.



*1 Sedex is a global membership organisation, leading in responsible sourcing practices. Sedex provides companies with technology and insights to build a responsible business and supply chain, including the world's largest platform for sharing supply chain data on labour standards, health and safety, the environment, and business ethics. Over 60,000 business members in 180 countries use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

Sedex site - <https://www.sedex.com/>

*2 SMETA (Sedex Members Ethical Trade Audit) is a social auditing methodology developed by Sedex. It enables businesses to assess their sites and suppliers to understand working conditions in their supply chain across the areas of labour standards, health and safety, the environment, and business ethics.

^ https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/en-ucsus2021_all.pdf#page=55

Company Key Actions

■ Supplier Risk Assessment

New suppliers

For new suppliers, we ask that they understand the “Unicharm Group Policy on Human Rights” and “Unicharm Group Sustainable Procurement Guidelines” and conduct a risk assessment for them using our independently developed comprehensive anti-corruption risk assessment table.

In high-risk regions, we also carry out advance monitoring of the labour environment together with the risk assessment.

Existing Suppliers

For existing suppliers, we conduct a regular supplier assessment in accordance with the annual plan. Based on the results, we commend outstanding suppliers through our Unicharm Supplier Award.

Explaining the assessment items and standards at the awards ceremony also boosts the awareness of improvements among all suppliers.

■ Risk Assessment of Associate Companies (contractors, etc.) on our Plant Premises

Associate companies (contractors, etc.) are given corruption prevention briefing sessions and are monitored.

■ Global Communication with Suppliers

The “Sustainable Procurement Guidelines” are distributed to suppliers and their intent is explained in an aim to achieve a sustainable society throughout the supply chain.

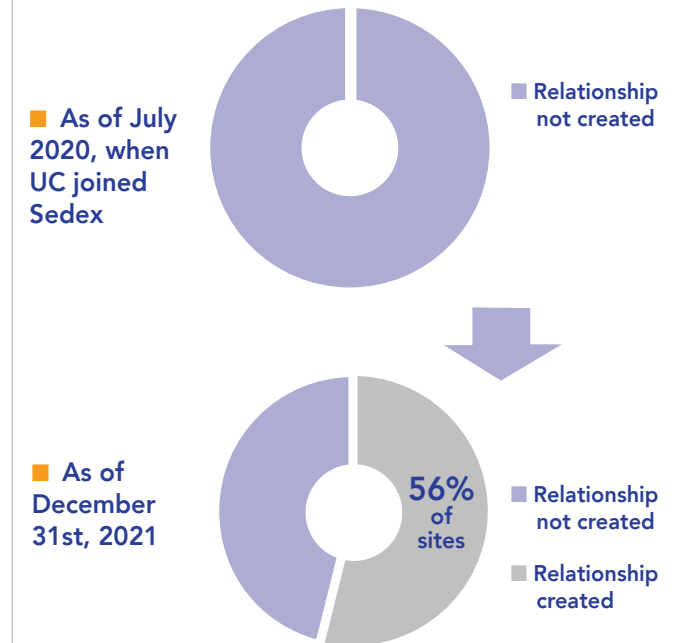
Since 2016, we have held briefing sessions on procurement at distribution warehouses and the factories of suppliers at 53 locations in seven countries to disseminate our “Sustainable Procurement Guidelines” and share information on health and safety in the workplace.

■ Education for Internal Personnel

In order to promote sustainable procurement, we believe it is essential that everyone involved understands our basic procurement policy and guidelines for building a sustainable supply chain. We therefore hold briefing sessions for persons in charge at our plants to educate them about the necessity of sustainable procurement initiatives and the importance of building a sustainable supply chain.


Encourage Joining Sedex - Suppliers of HQ Procurement

We so far have created the relationships between 200 sites of the suppliers under the management of HQ Procurement, exceeding the goal for the year: 50% of the total sites. (Reached 56% of the goal for the year).



Company Key Actions

Latest Reports of Promoting Sedex 2021 - Press Release Dated October 21, 2021 <https://www.unicharm.co.jp/en/company/news/2021/1012-11.html>



日本語 Search by keyword Q

About Us Sustainability Investor Relations Our Brands

Home > About Us > 2021 News Release > Unicharm's efforts to promote sustainable supply chains

2021.10.12

Unicharm's efforts to promote sustainable supply chains ~ Addressing human rights issues and improving work environments using Sedex ~

Unicharm Corporation (Head Office: Minato-ku, Tokyo, President & CEO: Takahisa Takahara) is addressing human rights issues and improving work environments to promote sustainable supply chains using Sedex.

About Sedex

Sedex is a global membership organization, leading in responsible sourcing practices. Sedex provides companies with technology, insights, practical tools, services and a community network to help them improve their responsible and sustainable business practices and source responsibly. Sedex has over 60,000 members in 180 countries, across 35 industry sectors.

The 17 Sustainable Development Goals (SDGs) toward which Unicharm contributes with Sedex through a sustainable supply chain

Unicharm considers that these activities contribute to the achievement of the following 7 goals in the 17 SDGs adopted by the UN in 2015:

3 – Good health and well-being; 7 – Affordable and clean energy; 8 – Decent work and economic growth; 9 – Industry, innovation and infrastructure; 10 – Reduced inequality; 12 – Responsible consumption and production; and 17 – Partnership for the goals. Unicharm is aiming at contributing to achievement of the SDGs through the business activities such as supply of products and services. Going forward as well, we will contribute to safeguarding the global environment and solving social issues through our business activities.

(Reference)

Unicharm Group Policy on Human Rights
https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/en-ucsus2021_all.pdf#page=71

Unicharm Group Sustainable Procurement Guidelines
https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/report/en-ucsus2021_all.pdf#page=107

Unicharm's effort to promote sustainable supply chains using Sedex

Unicharm is trying to promote sustainable supply chains based on the "Unicharm Group Policy on Human Rights" (established in 2017) and the "Sustainable Procurement Guidelines" (established in 2009 and revised in 2017).

As a part of the attempt to promote sustainable supply chains, factories of Unicharm Group in Japan, China, Taiwan-Greater China, Thailand, Indonesia, India and Saudi Arabia joined Sedex as B members (supplier members) in 2019, and the entire Unicharm Group engaged in Sedex as an AB member (buyer/supplier member) in July 2020.

Unicharm, as an AB member, makes use of the Sedex platform mainly in the following two key areas: (1) factories within Unicharm Group, and (2) raw material suppliers and OEM manufacturers. Among them, we put the first priority as (1) factories within Unicharm Group.

First, regarding the factories within Unicharm Group, we started registering site information of 18 sites in Japan and 22 sites outside Japan (40 sites in total) from July 2020. By the end of December 2020, all sites filled in the Sedex SAQ (Self-Assessment Questionnaire). In 2021, we are updating the SAQ answers for all sites and these will be completed by the end of this year. Unicharm's Governance Group, ESG Department, ESG Division, reviews answers from all sites and asks managing directors, factory managers or other managing staff of subsidiaries for improvement if ambiguous or otherwise inappropriate answers are identified.

On the other hand, Unicharm, taking the coronavirus pandemic into account, gives up a plan to conduct SMETA audits* in 2021 on companies within Unicharm Group. From now on, we will find measures to cope with the current situation by considering remote auditing etc. and attempt to find non-compliances as early as possible by third party audits and take corrective actions.

Second, regarding how we promote sustainable supply chains with raw material suppliers and OEM manufacturers, Unicharm is asking them to join Sedex and accept relationships with us on the Sedex platform (so that we can view their information on the platform). We are going to establish relationships with 50% of our raw material suppliers and OEM manufacturers by the end of December 2021.

Unicharm will continuously and further promote sustainable supply chains using the Sedex platform and in collaboration with raw material suppliers and OEM manufacturers.

* SMETA (Sedex Members Ethical Trade Audit) is a social auditing methodology developed by Sedex. It enables businesses to assess their sites and suppliers to understand working conditions in their supply chain across the areas of labor standards, health and safety, the environment and business ethics.

ニュースリリース一覧へ戻る >

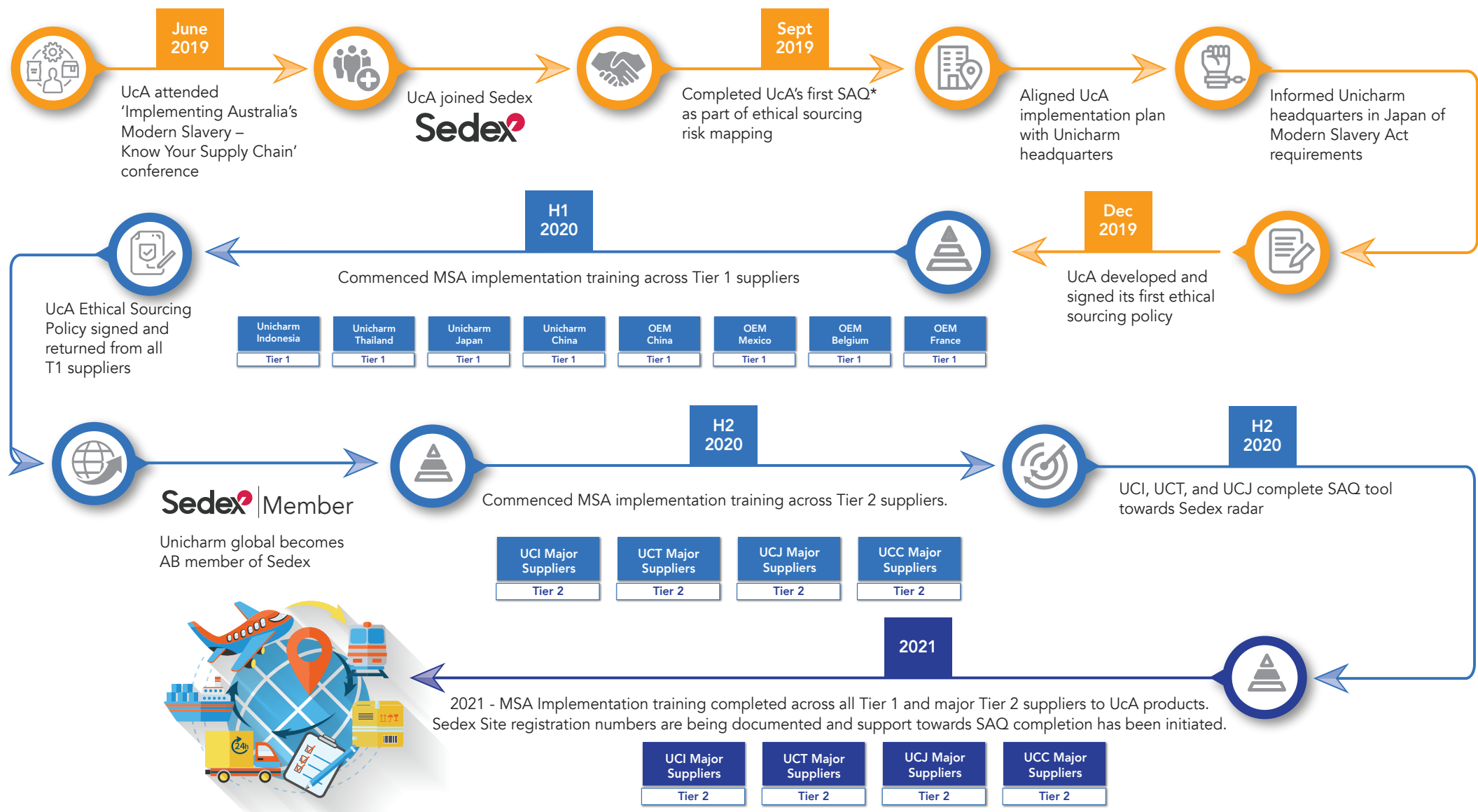
Share On

f t LINE

About Us Our Brands Website Terms of Use
Sustainability Privacy Policy
Investor Relations Sitemap

unicharm 著作権© Unicharm Corporation

UcA's Key Actions



UcA's Key Actions

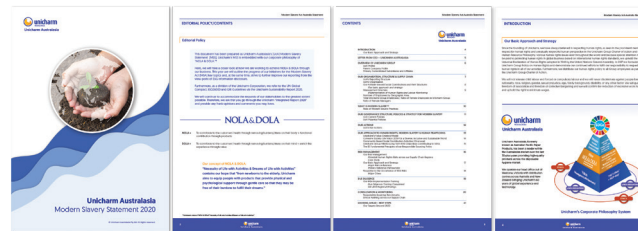
UcA Global MSA Implementation Plan across Tier 2 Suppliers Key Focus

This year UcA's training direction was specifically designed towards our global supply chain and to establish the basis for future collaboration. Upon risk analysis it was clear that whilst the Australian regulation changes were slowly filtering domestically the awareness across our global supply chain was an immediate gap. As a result, UcA altered our direction from Tier 1, then Tier 2 and commenced Tier 2 MSA implementation training simultaneously to enable Human Rights awareness and underpinning direction towards suppliers internal reviews for all levels of UcA's Supply Chain. With the ever changing impacts of COVID-19 UcA moved 2021 MSA training to screen-based completing all 25 Tier 1 training sessions globally across Australia, Japan, Switzerland, Thailand, China and Korea.

■ Key Training Topics

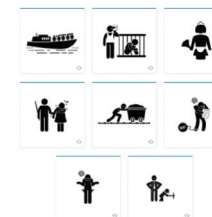
- Face-to-face training with clear objectives
- Understanding the estimated global impact of modern slavery
- What modern slavery is
- UcA's organisation and structure and how each supplier fits within our supply chain tiers
- What MSA is in Australia, outlining the act, purposes, and reporting
- UcA's Ethical Sourcing Policy
- Ethical audits and certifications
- Risk Indicators of modern slavery
- How to identify risks
- How can UcA and suppliers work together
- How to respond to a case of modern slavery
- UcA's MSA direction for 2022 and beyond

■ UcA's 2020 Statement Details were Shared



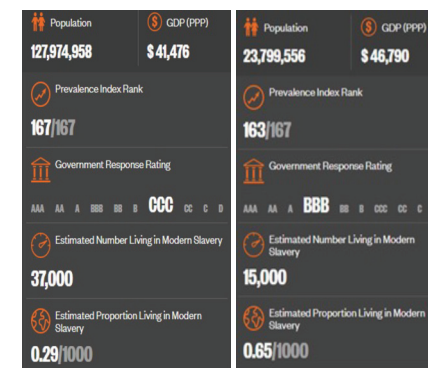
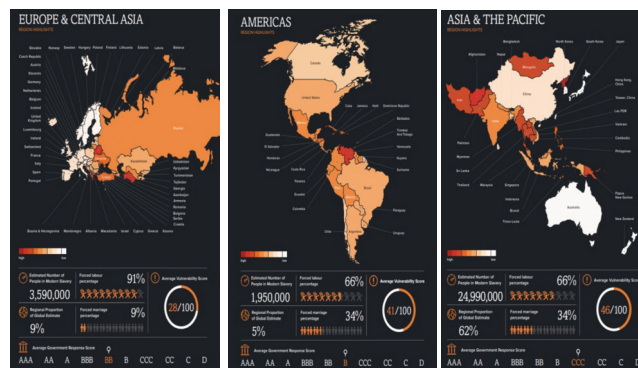
■ Online Training due to COVID-19

■ Visual References for the Types of Modern Slavery



1. Trafficking in persons
2. Slavery
3. Servitude
4. Forced labour
5. Debt bondage
6. Forced marriage
7. The worst forms of child labour
8. Deceptive recruitment for labour or service

■ Global Slavery Index Reports to Visualise the Global Nature of Issues



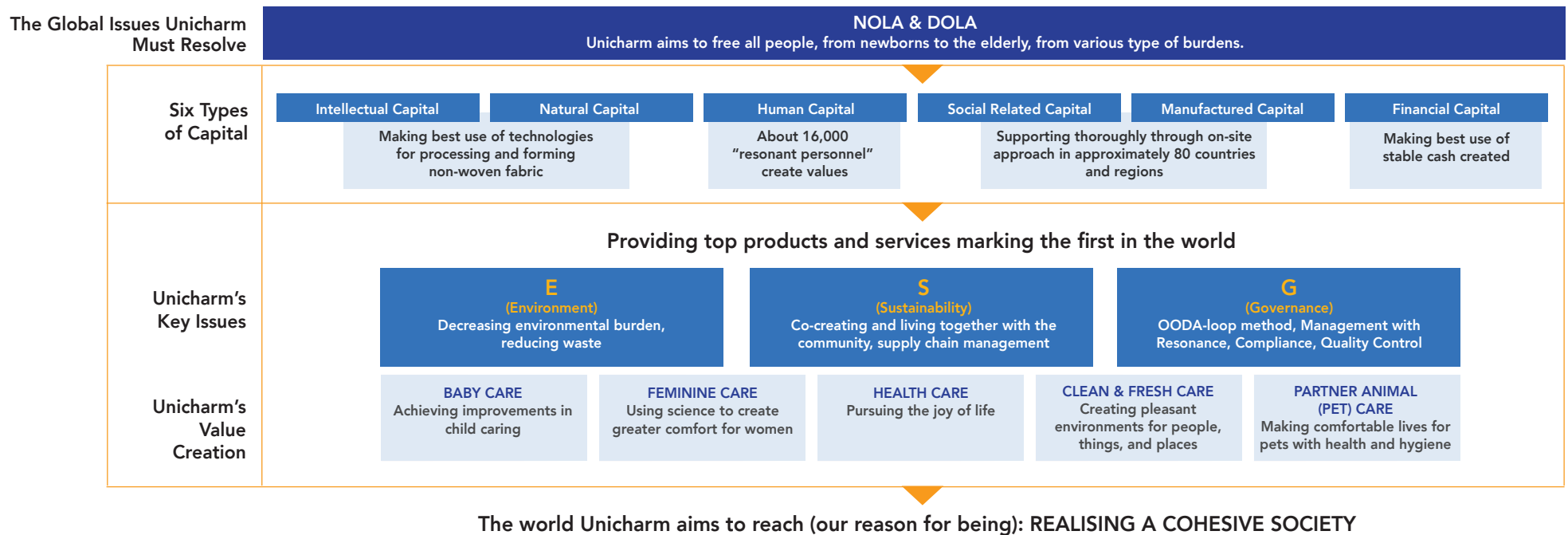
Our Approach to Human Rights, Modern Slavery & Human Trafficking

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.

2021 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



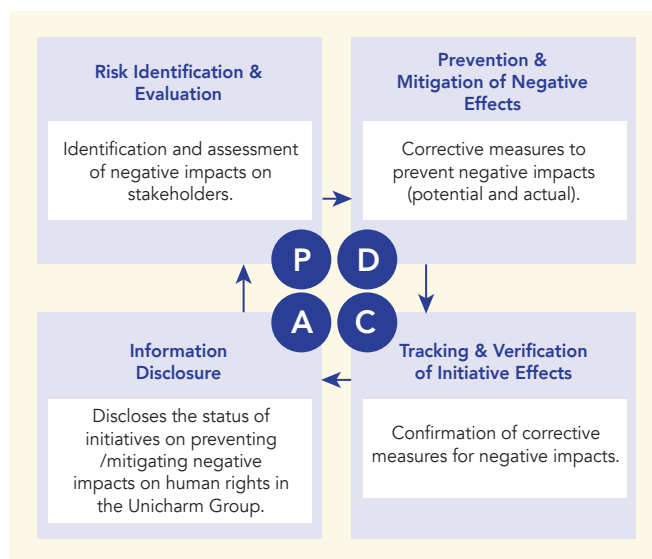
Human Rights Due Diligence

Our Basic Approach and Strategy

We will respect children's rights by eliminating forced and child labour and will never discriminate against people based on nationality, race, religion, gender, sexual preference, age, family background, disability, or any other factors.

We will also guarantee freedom of association and collective bargaining and pay attention to the reduction of excessive work hours and the right to minimum wages.

Human Rights Due Diligence Process



Core Evaluation Items for Dealing with Labour Issues

- Prevention of child labour
- Prevention of forced labour
- Mechanisms for employee representatives to be involved in company management
- Reduction of excessive working hours
- Support for living wages

Management Structure

Since it is necessary to have a variety of departments involved in human rights, the Global Human Resources & Administration Division and the ESG Division take the lead, under the direction of the General Manager of Global Human Resources & Administration Division who is the executive-level officer assigned a responsibility for human rights, in collaborating with the relevant departments and group companies inside and outside Japan that handle purchasing and auditing and in reporting to the ESG Committee.

Meanwhile, human rights initiatives at suppliers are headed by our Procurement Department, the contact point for suppliers, which encourages them to uphold human rights while the "Basic Purchasing Policy" and "Sustainable Purchasing Guidelines", which were enacted in 2017, are distributed and explained to our domestic suppliers.

As a result of such internal and external efforts, there was no incidence of human rights abuses in 2021.



Due Diligence Process

Due Diligence for MSA

■ Our MSA Implementation Training

Unicharm Australasia completed Modern Slavery Act (MSA) Implementation training across 100% of Tier 1 and major Tier 2 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 2021 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 for 2022 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 region (Australia & New Zealand) as well as our HQ's region (Japan).

Due Diligence for Sustainable Procurement

■ Our Basic Approach and Strategy

Since the founding of Unicharm, we have stated our "respecting humanity and dignity" in our management policy and always believed in the mind-set of respecting human rights. In fact, our spirit of respecting "human rights" and a mutually respectful human perspective are clearly stated in the "Unicharm Group Charter of Action" and in the opening of 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 and, in 2017, we enacted the "Unicharm Group Human Rights Policy" and demonstrate our continued efforts to fulfill our responsibility to respect human rights in all of our business activities. This human rights policy is also included in the "Unicharm Group Charter of Action" which in turn is a part

of "The Unicharm Way," a statement of corporate ideals that is well-known and applied throughout the Group.

Furthermore, Unicharm promotes management by local subsidiaries in the countries and regions in which we operate with priority given to contributing to the local economy, actively creating local employment, and manufacturing products by using locally-procured raw materials for a goal of "local production for local consumption."

In this context, the 2009 "Unicharm Group CSR Procurement Guidelines" (which was then upgraded to the "Basic Policy of Procurement" in October 2017) and the 2017 "Unicharm Group Sustainable Procurement Guidelines" were respectively formulated and implemented to maintain fair and impartial relationships with all suppliers.



Monitoring Process

■ Labour Environment Monitoring Initiatives

Unicharm conducts monitoring of the labour environment while cooperating with our own plants and supplier factories. Through this monitoring, it is possible to identify issues related to long working hours, occupational safety, wages, and building safety and to encourage efforts towards improvement.

Addressing an issue of long working hours at factories, if issues to be addressed are discovered, the details are verified and appropriate measures are taken in cooperation with factories. In particular, monitoring the labour environment is essential for achieving improvements in productivity and quality in an environment where the human rights of employees are respected and the safety of employees is protected.

Unicharm works towards these goals through strong partnership with suppliers.

Monitoring is regularly conducted by external organisations before and after the commencement of new transactions. This monitoring program was consolidated into SMETA audits from October 2017, under which monitoring is conducted based on global standards for effective risk management.

■ Regular Monitoring

External auditors visit our own plants and supplier factories that Unicharm has a direct contract with and conduct monitoring.

Monitoring starts with an opening meeting and includes observation of related facilities such as the factory, cafeteria, and dormitory, interviews with factory employees and the employees of associate companies on the premises, meetings with management, and checks on the required documents.

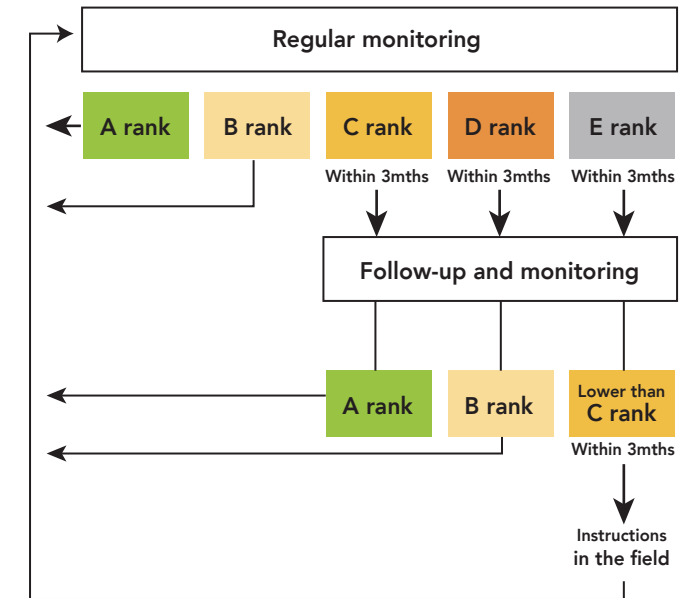
Lastly, a closing meeting is held and points to note identified in the monitoring are explained to management. At a later date, management will be requested to prepare an improvement report as well as their commitment to carry it out.

The monitoring results are scored on a 5-level ranking from A to E. If a point to note is confirmed to be rank B to E in monitoring, Unicharm will conduct an analysis of the root cause of the problem, cause to formulation, and appropriate improvement plan, and provide support for resolution of the problem.

If improvements at a factory are not made within the prescribed deadline, a visit is made to the factory and instructions are provided so that a rank B or above is achieved.

If a point to note is identified in the monitoring, efforts are made to improve together with the factory.

■ Monitoring Assessment Framework



A rank

No points to note

B rank

Minor violation: There is a gap with requirements, but it has no clear impact on occupational safety, health or environmental performance.

C rank

Serious violation: There is a gap with requirements of laws and regulations and it has a clear impact on occupational safety, health and environmental performance.

D rank

Critical violation: There is a serious violation of requirements of laws and regulations and it may possibly and immediately threaten human health and lives.

E rank

Denial of supervision, child labour, forced labour

Compliance

■ Management Structure

The “Compliance Hotline” has been established for Group employees, both within and outside Japan, including contract employees, as a consultation and whistle-blowing contact point in anonymity for violation of laws and regulations, violation of internal regulations, and acts of corruption such as the making and receiving of bribes etc. or major corporate ethics violations. The “Ring-Ring Employee Hotline” has been established for problems in the workplace such as internal harassment and interpersonal issues. Unicharm has also put in place a system that makes it easy for employees and their families to consult with external organisations.

The privacy of employees who use this system is respected and every effort possible is made to ensure that whistle-blowers are protected from harm. In addition, if it becomes necessary to involve a third party, the whistle-blower's consent to this will be sought.

■ Number of Consults (Japan)

	2018	2019	2020
TOTAL	41	51	41
Number of compliance violations	0	0	0
Number labour standards violations	0	0	0
Number of human rights violations	0	0	0

The same hotlines are established and operated overseas in the local subsidiaries of China, Thailand, and Indonesia.

■ Initiatives to Raise Compliance Awareness

“The Unicharm Group Charter of Action” in “The Unicharm Way”, which is utilised by all Group employees, states the behaviors that should be kept in their mind in order to achieve our pledge to each stakeholder and aims to improve awareness of compliance in relation to issues such as corruption prevention.

In addition, monitoring is conducted every year through an employee survey. Audits are also carried out by the Internal Audit Department, which is independent from the departments being audited. Furthermore, an executive responsible for ESG will be specified as an insider information management administrator in the Insider Trading Prevention Regulations in an effort to prevent illegal acts.

Transactions with a high level of risk that are similar to insider trading are prohibited as a general rule.

In addition, it is obligatory to submit a trade notice for Unicharm's shares, etc. every time treasury shares are sold and cautionary information is released as appropriate that sets specific limits on trades of Unicharm's shares in consideration of circumstances including the positions and departments of executives and employees.

■ Regular Reviews of the Effectiveness of the Code of Conduct

The Company regularly reviews its code of conduct on compliance. It confirms the effectiveness of this code through monitoring using the employee survey and internal audits. The Company reviewed the “Unicharm Group Action Guidelines” and renamed it the “Unicharm Group Charter of Action” on February 10, 2021.

■ Compliance Training and Education

In order to raise the awareness of executives and employees towards compliance with laws and regulations and prevent the occurrence of compliance problems, compliance themes are incorporated into the learning curriculum in training for new employees and employees posted overseas and the Legal Department and Accounting Control & Finance Division hold compliance study sessions for directors and executive officers several times a year.

Amidst this, efforts are made to thoroughly instill awareness of legal compliance and all corruption prevention matters such as prohibitions on bribery and facilitating payments and the importance of compliance with antitrust laws. Additionally, efforts are made to increase awareness of legal compliance and anti-corruption through compliance related questions on the employee survey targeting all employees.

Compliance-related courses are incorporated into e-learning and the status of participation in these courses is monitored in an effort to ensure participation and instill understanding.

Furthermore, quizzes related to legal knowledge are regularly posted on the intranet in an effort to spread awareness to ensure that employees do not unintentionally violate the law by introducing cases that can lead to misunderstandings.

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 its supply chain to understand its 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.



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

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH and WELL BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER and SANITATION	7 AFFORDABLE and CLEAN ENERGY	8 DECENT WORK and ECONOMIC GROWTH	9 INDUSTRY, INNOVATION and INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES and COMMUNITIES	12 RESPONSIBLE CONSUMPTION and PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE and 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 peoples activities	●		●	●	●			●		●	●	●	●		●		
Coexistence with partner animals (pets)			●	●				●			●	●	●	●	●		●
Improvement of childcare			●	●	●			●			●	●	●		●		
Improvement of public hygiene			●	●		●		●			●	●	●		●		
Safeguarding the well-being of society																	
Innovations to achieve "NOLA & DOLA"	●		●						●				●	●	●		
Practising 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

Looking Forward

Course of Action - Sedex FY2022 and Beyond

The SAQ is so to say a "health checkup" of the site and we keep the efforts to raise the level of practicing "responsible sourcing" every year. We prospect the Unicharm factories SAQ answer sufficiency has reached 100% in 2021. In 2022, we will make efforts to improve the quality of respective answers.



■ Our goal for 2022 is to improve the quality of respective answers.

Case Study:

- ✓ Check if the site practices is the same way with the corresponding SAQ answer, especially for open-ended questions
- ✓ Accuracy of the numbers in answers
- ✓ Accuracy of the answers of the multiple-answers-allowed questions

Our Targets Beyond 2021

<p>Continue to address human rights</p>	<p>Train UCA employees on human rights</p>	<p>Continue to embed responsible sourcing in our supply chain</p>	<p>Introduce grievance mechanisms within UCA supply chain</p>	<p>Incorporate speak-up functions into code of conduct</p>
--	---	--	--	---

Whistle-blowing education across supply chain



Industry cooperation in supply chain

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

Registered Office:

1 Hargrave Place, Mentone VIC 3194, Australia

Tel: 1800 224 332

www.unicharm.com.au

Unicharm Australasia Sustainability

Matthew Chester

OPERATIONS MANAGER

Quality | Compliance | Logistics | Sustainability

