



Love Your Possibilities



unicharm
Love Your Possibilities

Unicharm Australasia
Modern Slavery Statement 2024

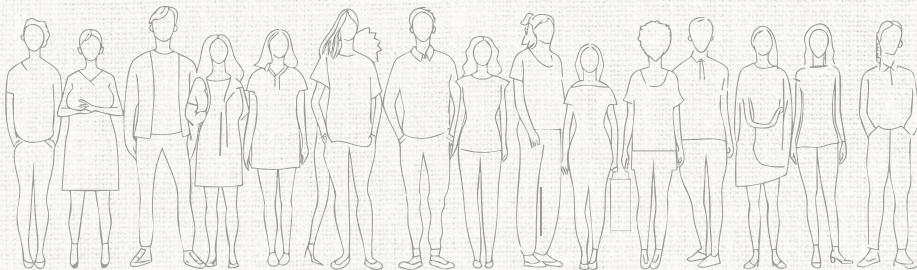
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01 Introduction

What would the future look like in the cohesive society envisioned by Unicharm?

In what kind of value creation will Unicharm engage to realise that future?

This section outlines the Company's values, including **"Love Your Possibilities,"** its corporate brand essence.



Corporate Brand Essence

Love Your Possibilities

We will realise a cohesive society that enables everyone to embrace their potential at all times and support one another with a spirit of altruism.

We want to accept and appreciate people for who they are, at all times.

And we want to be appreciated.

For everyone—women, men, newborns, and the elderly—to be true to themselves. Because there is no limit to the **"Possibilities"** we can achieve. We want to believe in them, embrace them, and follow them closely.

And we want you to follow them closely.

This is the asking in **"Love."**

We will surely realise a **cohesive society** when **"Love"** is conveyed to you with a spirit of altruism and spread throughout the world.

This is the ambition in **"Your."**

Acknowledgement of Country

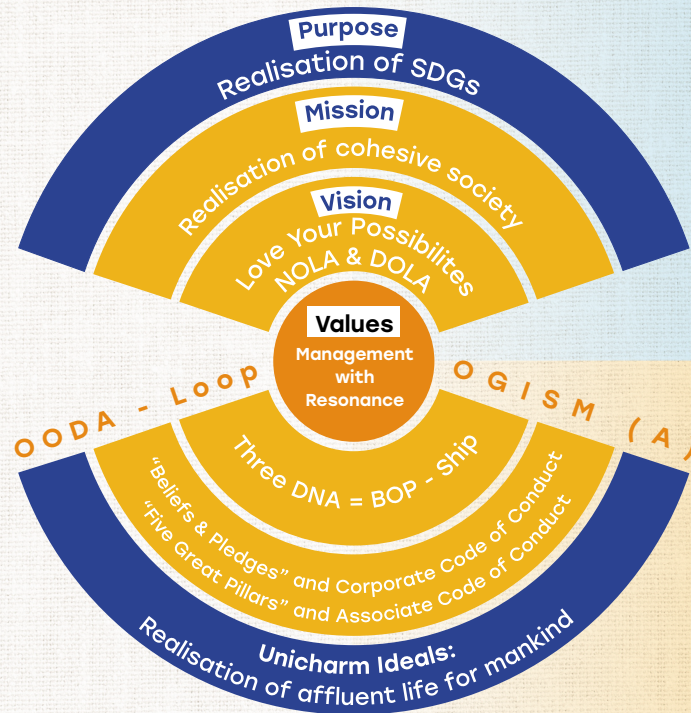


In the spirit of reconciliation Unicharm Australasia acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea, and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

01 The Unicharm Way

Unicharm's Identity

Unicharm has defined its purpose (reason for existence) as contributing to the achievement of the Sustainable Development Goals (SDGs). To realise this purpose by means of each employee thinking and acting on their own, we have identified the three key components of mission (*what we want to achieve*), vision (*how we want to achieve*), and value (*what we must focus on in order to achieve*), and are working to bring these to fruition.



A Philosophy to Share with Society

Unicharm's goals for corporate branding, areas of action, and philosophy on how to achieve these goals

Philosophy for Practicing Management with Resonance

A philosophy to ensure that frontline employees think and act on their own initiative from management's perspective based on a solid understanding of management policies

Purpose

Our Reason for Existence

Contribute to the Achievement of SDGs

► Unicharm Ideals

- We contribute to creating a better quality of life for everyone by offering only the finest products and services to markets and customers, both in Japan and abroad.
- We strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfilment of our social responsibilities.
- We bring forth the fruits of cooperation based on integrity and harmony, by respecting the independence of the individual and striving to promote the Five Great Pillars.*

* The Five Great Pillars: (1) Founder's spirit, (2) Enterprising spirit, (3) Spirit of simplicity and fortitude, (4) Spirit of collaboration, and (5) Spirit of respecting people

(Established: 1974)

01 The Unicharm Way

Mission

What we want to achieve

To Realise a Cohesive Society (Social Inclusion)

At Unicharm, we believe in a cohesive society (social inclusion) that ensures each person is independent while supporting others in a way that allows just the right sense of distance, enabling everyone to spend their lives in the way they so wish regardless of their situation, including vulnerable members of society and those who are at a disadvantage either temporarily or for an extended period due to aging, illness, childbirth, menstruation, or other factors.

► Beliefs & Pledges and Corporate Code of Conduct

Pledge to our customers We pledge to earn the full support of customers by always doing everything we can.

Pledge to our shareholders We pledge to distribute industry-leading returns to shareholders.

Pledge to business partners We pledge to achieve mutual growth by maintaining fair and equitable relationships.

Pledge to employees We pledge to enable the happiness of employees and their family members by filling each of them with confidence, and pride.

Pledge to society We pledge to contribute to the economic and emotional fulfilment of all people and all of society through our corporate activities.

(Established: 1999)

► Five Great Pillars and Associate Code of Conduct

Creativity and Innovation We will respect the creation of new social value and maintain a spirit that always seeks out innovation.

Ownership We will follow in the footsteps of our founder and strive to identify and solve issues from a company-wide perspective to achieve our management targets.

Challenge We will continue to transform our abilities without fear of failure and maintain a positive attitude based on our belief in the capacity of challenge to tap into unlimited potential.

Leadership We will become leaders who are capable of motivating people with our own determination by clearly showing the way for the organisation to move forward.

Fair business practice We will carry out fair corporate activities that combine the spirit of respecting humanity and dignity with high ethical standards.

(Established: 1999)

01 The Unicharm Way

Vision

How we want to achieve

Realising Love Your Possibilities and NOLA & DOLA

We will realise a cohesive society by offering products and services globally that enable us to offer value in terms of “Love Your Possibilities” and “NOLA & DOLA.”

Love Your Possibilities

Unicharm shared the idea behind “NOLA & DOLA,” which it had previously adopted in its Vision, internally and externally and declared its corporate brand essence “Love Your Possibilities” to accelerate the realisation of a cohesive society.

Nola

Necessity of Life with Activities

Helping free people from various burdens to enable them to enjoy good health, both in mind and body

“NOLA” embodies the dispelling of negativity, such as discomfort, inconvenience, and unsanitary conditions—in other words, the provision of value that aims to elevate people from negative to neutral living conditions.

&

Dola

Dreams of Life with Activities

Contributing to fulfilling the dreams of each and every person

“DOLA” expresses the creation of value that aims to raise people from neutral to positive living conditions, allowing them to experience pleasure and the joy of living and to fulfil their dreams.

► Five Great Pillars and Associate Code of Conduct

The Three Aspects of Our DNA, a corporate culture and spirit that has been seamlessly passed down since our founding, represents the mindset and behavioural traits of Unicharm Group employees. It was revised as Best Practiceship, Ownership, and Partnership (BOP-Ship) to encourage better understanding of our diverse employees around the world.

Three Aspects of Our DNA

Create value through personal transformation

Changing yourself and achieving personal growth to create new value

Find reason within ourselves

Growing through learning from failures

Maintain our No. 1 position through continued and dedicated services

Always providing our customers with the highest satisfaction



BOP-Ship

Best Practiceship

Accumulating best practices, abandoning past resolutions, constantly making updates, and incorporating best practices with an emphasis on speed

Ownership

Recognising everything as “our own matter” and thinking and acting on our own initiative to overcome difficulties

Partnership

Always respecting collaboration with peers with a spirit of altruism

Value

What we must focus on in order to achieve

Promoting Management with Resonance

Management with resonance is a unified management model promoted by all of Unicharm’s employees. It serves as a framework for senior management and frontline employees to work toward a shared goal as one.

All Unicharm employees aim to realise the shared goal of creating a cohesive society by aligning their direction while constantly thinking and acting on their own initiative.

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Risk Management

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- 2024 UCA updated its Supply Network Risk Tracking Including Revised Portals

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About the Cover

In February 2024, to coincide with the announcement of its latest medium-term management plan, the 12th Medium-Term Management Plan, Unicharm unveiled its new corporate brand essence, "Love Your Possibilities." This brand essence expresses Unicharm's commitment to realising a cohesive society in which all people are united and support one another, believing in their unlimited untapped potential and demonstrating this potential with a spirit of compassion and altruism.

Inspired by this commitment, "Love Your Possibilities" symbolises the absolute value that only Unicharm can create. Specifically, this involves value that helps people to experience pleasure and the joy of living and to fulfil their dreams by dispelling negativity, such as discomfort, inconvenience, and unsanitary conditions.

The growth of our Unicharm Tree represents our 10-year commitment (2020-2030) towards safeguarding the well-being of individuals, society, and our planet.

01 Editorial Policy / Contents

Editorial Policy

This document has been prepared as Unicharm Australasia's 2024 Modern Slavery Statement (MSS)

Editorial Policy

Modern Slavery Statement 2024 was prepared to provide readers with information on Unicharm's Ethical Sourcing & Governance activities. At Unicharm, ESG is about embodying "Love your Possibilities" our corporate philosophy that is embraced by all of us in the course of our daily business activities. This year, in addition to reporting in line with the four areas established in our medium- to long-term ESG goals, Kyo-sei Life Vision 2030, we worked to further improve the contents of the report from the viewpoint of strengthening disclosure of ESG-related information.

Period and Scope of Coverage

Period of coverage: Fiscal year 2024 (1 January 2024 to 31 December 2024); however, the report also covers information on activities held prior to and after this period, in addition to future targets.

Scope of coverage: Primarily Unicharm Group companies (Unicharm Corporation and consolidated subsidiaries in Japan and overseas); however, the report also covers information on certain non-consolidated subsidiaries and affiliated companies. Moreover, in this report, "Unicharm" and "the Company" refer to the Unicharm Group.

Caution Regarding Forward-Looking Statements

In addition to factual information on our past and present performance and business activities, Unicharm Australasia's Modern Slavery Statement 2024 also includes forward-looking statements on Unicharm's strategies, plans, results, etc. These statements have been prepared based on information available as of the time of writing. Therefore, due to a variety of factors, our actual business performance and activity results may differ from the information contained in this report.

Contents

Areas Covered

In the report, "Unicharm" and "the Company" refers to "Unicharm Group" and "UCA" refers to "Unicharm Australasia." 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 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

1 January to 31 December 2024 (The report focuses on results from 2024 and includes some of the latest information from 2025.)

Date of Issue

July 2025 (The next edition is scheduled for publication in July 2026.)

Unicharm Information Disclosure System

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

Investor Relations		ESG/Sustainability	
Investor Relations	https://www.unicharm.co.jp/en/ir.html	Sustainability	https://www.unicharm.co.jp/en/csr-eco.html
		Kyo-sei Life Vision 2030	https://www.unicharm.co.jp/en/csr-eco/kyoseilifevision.html
		GRI Standards Comparison Table	https://www.unicharm.co.jp/en/csr-eco/gri.html
		SASB Standards	https://www.unicharm.co.jp/en/csr-eco/sasb.html
Annual Securities Report	https://www.unicharm.co.jp/en/ir/library/securities.html	Sustainability Report	https://www.unicharm.co.jp/en/csr-eco/report.html
Presentation Materials for Investors	https://www.unicharm.co.jp/en/ir/library/investors.html	Corporate Governance Report	https://www.unicharm.co.jp/en/company/corporate-governance.html
Integrated Report		https://www.unicharm.co.jp/en/ir/report.html	

01 Overview of the Unicharm Group

Company Profile

As of 31 December, 2024

Corporate Name	Unicharm Corporation
Date of Establishment	10 February, 1961
Capital	¥15,993 million
No. of Shares Issued	620,834,319
Head Office	Sumitomo Fudosan Tokyo Mita Garden Tower, 3-5-19, Mita, Minato-ku, Tokyo, Japan
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo City, Ehime, Japan
No. of Employees	16,223
No. of Production Bases	39 factories (Japan: 16, Asia (excluding Japan): 19, Others: 4)
Listed Exchange	Prime Market of the Tokyo Stock Exchange
Major Business Operations	Baby and child care products Feminine care products Wellness care products Pet care products Commercial-use food packaging materials
URL	https://www.unicharm.co.jp/en/

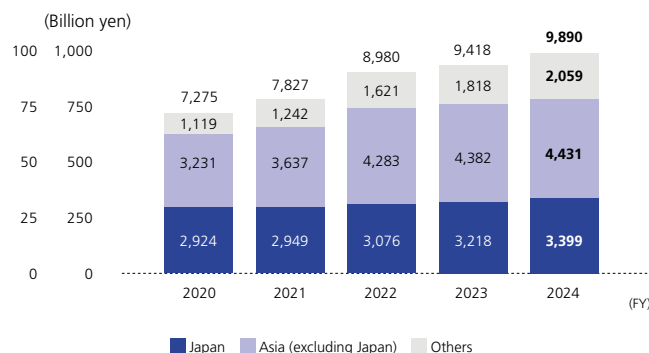
Primary Consolidated Subsidiaries and Affiliates

As of 31 December, 2024

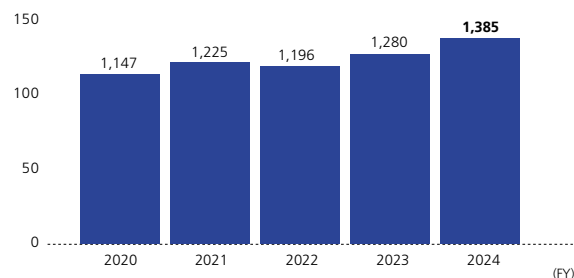
Japan	Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicare Corporation Unicharm Mölnlycke K.K. Peparlet Co., Ltd.
Asia (Excluding Japan)	United Charm Co., Ltd. Uni.Charm (Thailand) Co., Ltd. LG-Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT. UNI-CHARM INDONESIA Tbk Unicharm India Private Limited Diana Unicharm Joint Stock Company DSG International (Thailand) Public Co., Ltd.
Others	Uni.Charm Mölnlycke B.V. Unicharm Gulf Hygienic Industries Co., Ltd. Unicharm Australasia Holding Pty Ltd. The Hartz Mountain Corporation
Total	50 subsidiaries and affiliates

Primary Management Indicators

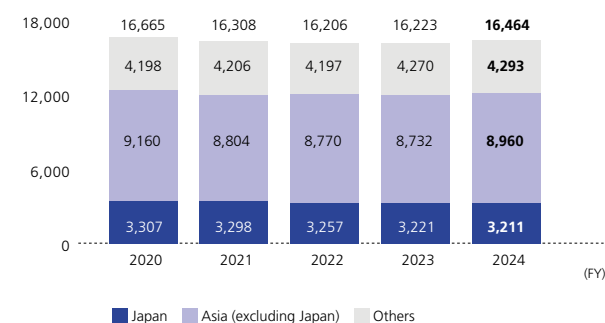
Consolidated Net Sales



Consolidated Core Operating Income



Number of Group Employees



01 Letter from CEO - Unicharm Australasia



Bridget Spark
CEO Unicharm Australasia

Reflecting on global efforts to reduce and eliminate modern slavery, I believe that the current global crises and conflicts are exacerbating the risks of modern slavery not only in the areas of crisis but also by diverting the attention away from mitigating modern slavery worldwide. This increases my resolve to ensure that Unicharm Australasia continues to do our utmost to contribute positively to the lives of everyone that our supply network touches.

In 2024, we have sustained our global strategy and action plan to educate our total supply network towards understanding potential risk areas and reaffirm UCA's clear expectations regarding human rights. We have revised and enhanced our training using the improved Sedex KPI dashboards and maintained our commitment to Self-Assessments to foster ownership throughout our supply network. For our Tier 1 suppliers, we have achieved 100% membership of Sedex and 100% completion of the Sedex SAQs. We continue to support third-party audits for further education and risk understanding by site. Recent estimates compiled by the International Labour Organization confirm that women continue to be disproportionately vulnerable to modern slavery and to reflect this we have now included specific reporting on women to help identify any risks within the supply network.

We have maintained our supplier training schedule throughout 2024 and the questions and feedback we receive from our suppliers demonstrate their understanding and commitment to upholding the ethical standards established by the SMETA SAQs. This provides real confidence and evidence that we are on the right track to mitigate modern slavery and in 2024 no incidents of human rights issues were identified in our supply network. In alignment with our Unicharm DNA we continue to seek reason within ourselves and seek out the best practices from across the globe to identify and mitigate modern slavery risks within our supply network.

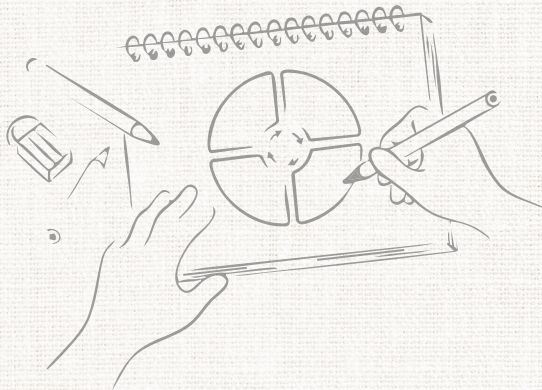
With the recent re-election of the federal government, I urge them to implement their stated commitment to the 25 of the 30 recommendations from the review of the Modern Slavery Act. The implementation of the recommendations presents a crucial opportunity to strengthen the Act and expand the reach of risk assessment and initiatives to combat modern slavery.

Bridget Spark

This statement was approved by the Board of Directors of Unicharm Australasia on 27 June 2025

02 Value Creation

Since its founding, Unicharm has anticipated various changes in the business environment, capitalising on them as opportunities to expand its businesses through innovation. From building materials to feminine care, and baby and child care and wellness care to pet care, Unicharm has offered highly unique value centred on nonwoven fabric and absorbent material processing and moulding technologies. The following section traces the way the Company's value creation has taken shape.



Unicharm's Value Creation Model

Unicharm's value creation connects absolute value, in terms of improving people's quality of life through its businesses, to relative value, namely a high level of profitability and continuous business growth.

Our value creation model sets out the kind of value we create by conducting business activities that fully leverage our financial and non-financial capitals, including human capital—one of our strengths—to address social issues and changes in society. We aim to realise a cohesive society by repeating this cycle continuously, thereby creating greater value.

02 Unicharm's Value Creation Model

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

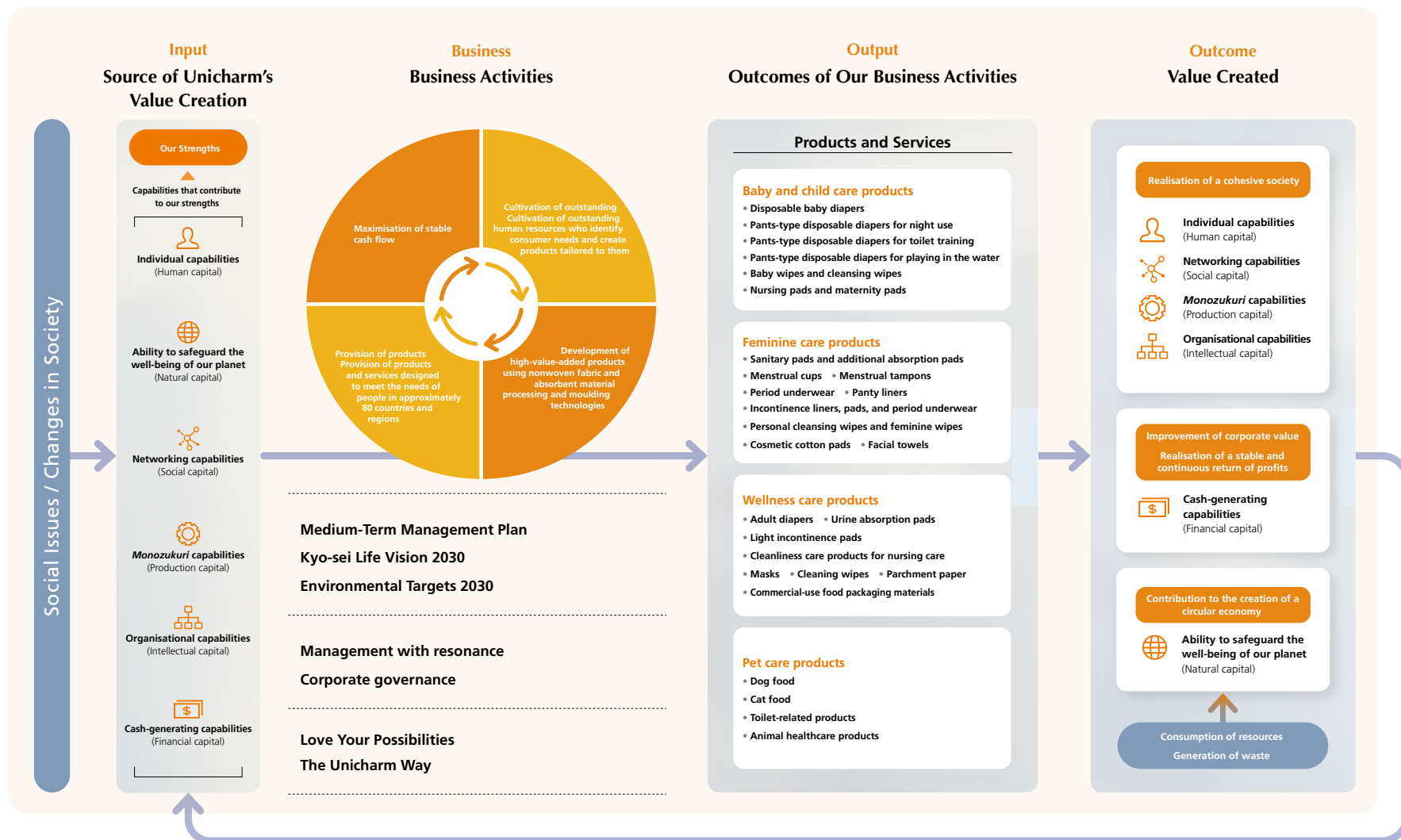
Our mission is to realise a cohesive society. With the year 2050 set as the target date for bringing such a society into being, we will strive to realise our vision of the company we aspire to be and have conceived carefully focused approaches to draw closer to that vision from where we are today.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries — developed and developing — in a global partnership.

They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth — all while tackling climate change and working to preserve our oceans and forests.

Purpose: Contribute to the achievement of the SDGs



02 Value Creation Process

Systems to Ensure That Unicharm Leverages the Unique Strengths That Are the Source of Its Value Creation in Its Business Activities

Unicharm's products and services must be the first choice of consumers throughout the world to enable it to contribute to its stated mission of realising a cohesive society through its business activities. The Company cannot expect to gain a competitive advantage unless it continuously offers products and services that reflect consumer needs and that incorporate highly differentiated added value that only it can create. Achieved by leveraging our unique strengths in our business activities, a competitive advantage facilitates the creation of truly unique value. Accordingly, it is of the utmost importance that we ensure that we link these strengths to developing our businesses and improving our corporate value while identifying changes in the business environment and efficiently bolstering unique new strengths necessary for the coming era. This section outlines where our strengths lie in our business activities and analyses and organises these unique strengths in relation to our value creation framework.

Strength 1 The ability to establish systems for aligning the direction of and continuously developing all employees while respecting their different cultures and values



Rate of introduction of KYOSHIN, our human resource development platform

100% (all applicable local subsidiaries)

Ratio of locally hired employees in management positions (general manager and above) at overseas subsidiaries

52.3%

Ratio of female managers

24.7%

Training time per employee

28hours (Unicharm Corporation)

With operations in over 80 countries and regions worldwide, a diverse array of employees work at Unicharm. The Company implements management with resonance, its unique management model, to enable employees with a variety of backgrounds to achieve shared goals. To implement this model, we have introduced the Observe–Orient–Decide–Act Loop (OODA Loop) methodology, a system for accurately identifying changes in the operating environment and quickly revising action plans to achieve goals. Applying the OODA Loop methodology allows us to reach performance goals and develop human resources.

Strength 2 Advanced technological capabilities focused on the nonwoven fabric and absorbent material fields



Number of production sites

39 factories

R&D expenses

¥9,818million

Capital expenditures

¥52,112million

Number of overseas R&D bases (suboffices)

6

Thailand, Indonesia, China, India, Saudi Arabia, and Vietnam

Unicharm conducts research and development (R&D) focused on nonwoven fabric and absorbent materials and exhaustively develops and improves the processing and moulding technologies that are indispensable to mass production, using the results of these efforts to develop high-value-added products. We believe that a company's technological capabilities increase or decrease in accordance with the degree to which it combines the individual capabilities of its employees with organisational capabilities that make the best use of these individual capabilities. With this in mind, we maintain a system that connects and combines each of our research, development, and production functions, promoting productivity enhancement initiatives and strategically utilising our patents while endeavouring to cultivate developers and engineers and build their individual capabilities.

02 Value Creation Process

Strength 3 Creating new markets and revitalising mature ones through meticulous marketing based on keen powers of observation



Overseas sales ratio

65.8%

Asia sales ratio

46.5%

Growth rate of overseas sales

5.0%

Growth rate of Japan domestic sales

4.6%

Note: Net sales to external customers

The people who use and the people who buy many of Unicharm's products are different, for example, babies and their parents, care recipients and caregivers, and pets and their owners. The Company strives to cultivate human resources with keen powers of observation who are free from preconceived ideas and confront reality at every stage of its marketing activities, from product development to sales, to understand unspoken, unidentified needs. At the same time, we are strengthening efforts to use digital technology to collect and analyse consumer data to pursue the essence of needs inherent in people's lifestyles and consumption patterns. To spur innovation based on new perspectives gained through these activities, we are cultivating inventive and passionate human resources and establishing a work environment that helps draw out the abilities of employees who can develop innovative ideas.

Strength 4 Implementation capabilities



Note: Estimates of market shares are based on surveys by INTAGE Inc., SRI+ for Japan, and Nielsen IQ, Euromonitor International, and Unicharm for overseas. Cumulative market share in sales for the period January 2023 to December 2023

A plan will achieve nothing unless it is implemented, regardless of how well it is devised. Putting management with resonance into practice enables all Unicharm's employees to devise the highly effective plans the Company needs to achieve its goals and develops and strengthens their ability to implement them to a successful conclusion. Unicharm emphasises first-rate implementation capabilities in its employee development, positioning such capabilities as a priority ability requirement in every functional division, including R&D, production, marketing, and sales. Strengthening the implementation capabilities of employees by putting management with resonance into practice is an exceptionally important element for building competitive advantage.

Number of management with resonance practical meetings

970

Total number of meetings held between 31 August, 2023 and 18 December, 2023

Percentage of products and services supported by consumers (No. 1 market share)

23.2%

Products with leading market share (based on a 2023 in-house survey)

Japan

- Disposable baby diapers
- Baby wipes
- Sanitary pads
- Cosmetic cotton pads
- Personal cleansing wipes
- Adult incontinence care products
- Masks
- Toilet-related products for dogs
- Dried food for dogs
- Toilet-related products for cats
- Dried food for cats

Asia

- Disposable baby diapers (Thailand, Indonesia, and Vietnam)
- Sanitary pads (Taiwan-Greater China, Thailand, Indonesia, Vietnam, and Myanmar)
- Adult incontinence care products (Taiwan-Greater China, Thailand, Indonesia, and Vietnam)

Other regions

- Disposable baby diapers (Saudi Arabia)
- Adult incontinence care products (Saudi Arabia)
- Animal healthcare products (United States)

Maximising Corporate Value by Combining Individual and Organisational Capabilities

Unicharm leverages the aforementioned four strengths in a well-balanced manner to conduct initiatives aligned with its purpose (Unicharm's mission, vision, and value) in "scrums", the smallest management organisational unit, such as sections and groups. The results achieved through the accumulation of each of these initiatives have become organisational knowledge that belongs to the whole Unicharm Group, enabling us to continuously strengthen the growth potential and profitability of various brands, such as BabyLove, Sofy, Moony, Lifree, and Unicharm Pet, by discovering new needs ahead of our competitors and developing and efficiently rolling out unprecedented and world-leading products and services before any other company. The source of all Unicharm's strengths are the individual capabilities of each of its employees and the organisational capabilities that make the best use of them. The Company believes that maximising each of these capabilities facilitates efficient business growth and corporate value improvement.

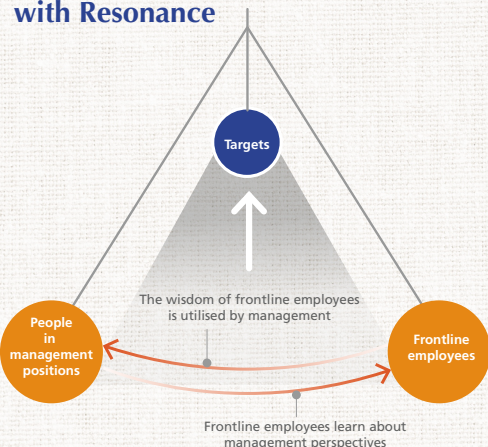
02 Strengthening the Source of Unicharm's Value Creation

Management with Resonance

Unicharm has developed a unique management method in which the industriousness of each and every employee becomes the epicentre of change, increasing the resonance of individuals who work together to effect change across the entire Company and allow each employee to realise their vision. We call this business practice and creation of such corporate culture “management with resonance.” Through the practice of management with resonance, management can get firsthand information from the front lines in an honest, timely, and frequent manner while, through dialogue with management, employees can learn management perspectives, viewpoints, and time frames to develop mutual understanding. In this way, employees and management firmly work toward a shared goal, fostering a sense of unity that offers both challenges and comfort. The resonance we envision is like a pendulum, one in which daily ingenuity and know-how swing back and forth between employees and management.

As key measures, we develop resonant personnel and have established unique tools and methods used by Group employees globally, such as The Unicharm Way and the Observe–Orient–Decide–Act Loop (OODA Loop) methodology, to create an organisational climate that facilitates active communication. At the same time, we undertake a range of other efforts to encourage deeper communication and enhance employee engagement.

Management with Resonance



These include The Unicharm Awards to recognise resonant personnel, the Global OODA Caravan, which sees President & CEO Takahara visit the front lines to engage in dialogue with employees, sessions for employees to read our integrated report, and the Strategy Secretary to CEO program, whereby younger employees leave their posts to shadow President & CEO Takahara as his secretary.

Developing Resonant Personnel and Invigorating Internal Communication

Unicharm-Style Human Capital Management Implemented Around the World

The Unicharm Way

The Unicharm Way, a compilation of the values, action guidelines, and important statements from management to be shared throughout the Group, is embraced by all of our employees worldwide. We promote management with resonance by ensuring that The Unicharm Way is practiced by employees in their day-to-day business activities. Previously available only in booklet form, since fiscal 2021, this statement of corporate ideals has been accessible through a Company smartphone app offered in nine languages, including English and Japanese, enabling all employees to immerse themselves in The Unicharm Way at any place and time.



Incorporating Individual and Organisational Growth into the Process for Achieving Goals

OODA Loop Methodology

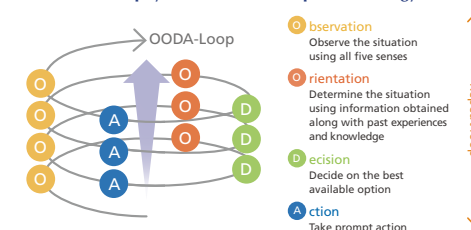
Since fiscal 2003, Unicharm has operated the Schedule–Action–Performance–Schedule (SAPS) management model through which each employee thinks and acts on their own initiative to achieve

goals by actively operating a PDCA cycle, enhancing the strengths of both employees and the organisation. However, it became necessary to establish a model that adapts to today's ever-changing business environment more flexibly than ever. Recognising this need, we replaced the SAPS management model with the Observe–Orient–Decide–Act (OODA) Loop methodology in fiscal 2019.

With the OODA Loop methodology, we quickly grasp unexpected changes by observing current business conditions and appropriately orient ourselves to the situation and reach a decision, and then quickly take action. This cycle is repeated while constantly reviewing approaches and continuously making fundamental changes.

By rotating the OODA Loop methodology, we nurture employees who can autonomously take action based on quick situational judgment and decision-making in response to changes in the business environment.

Philosophy of the OODA Loop Methodology



Establish a mechanism where we constantly review approaches and make fundamental changes

02 Strengthening the Source of Unicharm's Value Creation

The OGISM (A) Table

While the OODA-Loop methodology emphasises responding flexibly to changes in the operating environment without being constrained by initial plans, it by no means disregards such plans. In 1994, Unicharm introduced the OGISM (A) table, which standardises the process for formulating plans, to make it easier for employees to refine their ability to develop plans and communicate them more efficiently.

The OGISM (A) table streamlines and consolidates the essential elements of a plan into objectives (targets to be achieved within a certain period), goals (numerical targets), issues, strategies, measures (determination criteria), and action plans.

Accelerating Human Resource Development by Implementing the OODA-Loop Methodology in "Scrum" Units

Unicharm works to utilise the OODA-Loop methodology on a Groupwide basis. The most important aspect of its efforts is the implementation of the OODA-Loop methodology through "scrum" meetings in small organisational units, such as sections or groups.

First, section heads or managers, who serve as scrum leaders, create an OODA-Loop form that incorporates the strategies outlined in the OGISM (A) table into weekly action plans.

The content of these forms is then discussed at weekly scrum strategy meetings. Informed by these discussions, the scrum members consolidate their expertise to apply the OODA-Loop effectively.

Repeating this process every week enables scrums to achieve their goals more quickly and accelerates the growth of their members.

Weekly Scrum Meeting Flow

Advance Preparations

Using the OGISM (A) table, each scrum puts together strategies and an action plan to achieve its goals while members engage in active dialogue with each other to ensure that they share the same overall vision. The contents of the OGISM (A) table are reviewed on a half-yearly or quarterly basis.



Guided by the action plan in the OGISM (A) table, scrum leaders use the OODA-Loop Form to identify priority issues for the following week and create specific action plans.



Fridays

Leaders share the completed OODA-Loop Form with scrum members, who refer to it to put together an action plan in 30-minute increments for the following week using the weekly action plan form.



Leaders




Members

Share the OODA-Loop Form



Daily Routine (Mondays to Fridays)

Members work based on their scrum's weekly action plan form, recording in it their accomplishments, unfinished matters, and other pertinent information at the end of the working day. Leaders keep track of the status of the work of members and offer appropriate advice while using the OODA-Loop Form to identify priority issues for the following week.

Mondays

At weekly scrum strategy meetings, members share the weekly action plan forms that each has formulated in response to their leader's explanation of the content



Weekly Action Plan Form

of the scrum's OODA-Loop Forms. Thereafter, all participants discuss priority issues and revise the action plan as necessary.

02 Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)

For a Diverse, Inclusive, and Sustainable World

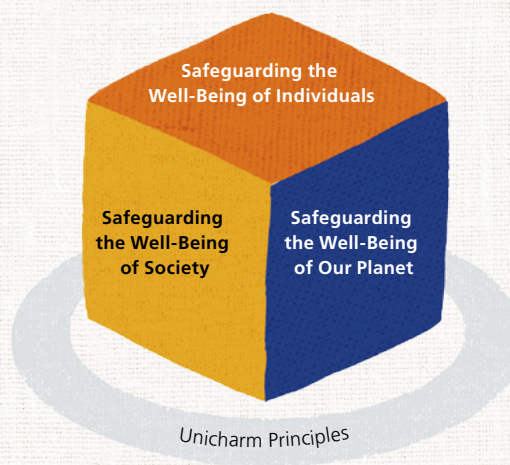


Positioning of Kyo-sei Life Vision 2030 Medium- to Long-Term ESG Goals in Unicharm's Value Creation

Unicharm has continued to achieve sustainable growth by creating unique value through its commitment to resolve social issues through its business activities and help realise a cohesive society. In October 2020, we announced our medium- to long-term ESG goals, Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World—(hereinafter, Kyo-sei Life Vision 2030), for strengthening our value creation model to resolve the concerns of society and create a better future while further encouraging our diverse employees across the globe to think and act on their own.

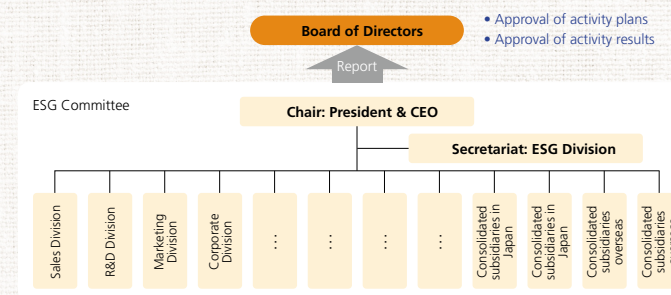
Kyo-sei Life Vision 2030 is a set of indicators and targets that was established in pursuit of absolute value, an essential part of our value creation. It was designed so that we would play a key role in the lives of consumers and the growth of local communities by resolving environmental and social issues through our business activities.

Realising a Cohesive Society (For a Diverse, Inclusive, and Sustainable World)



Sustainability Promotion System

The ESG Committee, on which the President & CEO serves as chair and the ESG Division serves as secretariat, manages and oversees all of the Company's sustainability-related activities. The committee convenes four times a year and is attended by members of management, including directors and executive officers, and persons in charge of each division and consolidated subsidiary. It deliberates and decides on policies and activities related to sustainability as a whole and monitors progress. Matters deliberated and decided on by the committee are reported to the Board of Directors at least once a year and the formulation and promotion of Kyo-sei Life Vision 2030 are also carried out under this system.



Realising a Cohesive Society in 2050

Possible Trends in 2050	Acceleration of aging society	Normalisation of women's social advancement		Expansion of diversity
	Evolution of the IoT and AI	Destabilisation of society due to abnormal weather and novel diseases		Diffusion of circular economy
	Socioeconomic growth in Africa	Collapse/reconstruction of supply chains due to changes in resource supply and demand		Global changes in demographic dynamics
Desirable Future in 2030 Based on Our Vision	[Society] A cohesive society where the well-being of individuals, society, and our planet is maintained in a balanced state		[Unicharm] A worldwide company that provides social infrastructure to support healthy bodies and minds for all people as well as pets, while at the same time promoting the well-being of society and our planet	
	Expansion throughout the world	Evolution of products and services	Personalisation	Circular economy

Key Themes Based on Our Approach to Realising a Cohesive Society

In formulating Kyo-sei Life Vision 2030, we assumed the realisation of a cohesive society in 2050 and backcasted to identify the approach we should take to draw us closer to that goal. In order to evolve into a company that provides social infrastructure through which all people from newborns to the elderly and their pets can enjoy a healthy lifestyle, society, and planet by 2030, major changes must be made, such as developing marketing tactics that cater to specific needs as well as revamping and bolstering our line of products and services to expand our business globally. Moreover, to continue to protect the global environment while sustaining economic growth, we must accelerate the creation of a sustainable economy. Through this approach, we identified 20 key themes that need to be proactively addressed, organised into four relevant areas. For each of the four areas and 20 key themes, we established indicators and targets from the perspective of pursuing absolute value.

02 Kyo-sei Life Vision 2030 (Medium- to Long-Term ESG Goals)



Material Issues Matrix and Formulation Process

Phase 1

Identify Material Issues

- 1 **Extraction of issues**
We extracted 513 social issues related to our value creation from a number of published sources and categorised them into 44 groups (ISO 26000, GRI Standards, SDGs, FTSE, MSCI, DJSI, etc.) based on four viewpoints.
- 2 **Internal assessment**
We surveyed approximately 900 people associated with Unicharm, including members of the Board of Directors, executive officers, general managers, subsidiary presidents, and managers.
- 3 **External assessment**
We petitioned 56 organisations to participate in surveys and assess the degree of importance assigned to various issues from the external viewpoint of stakeholders, and received responses from 32 organisations.

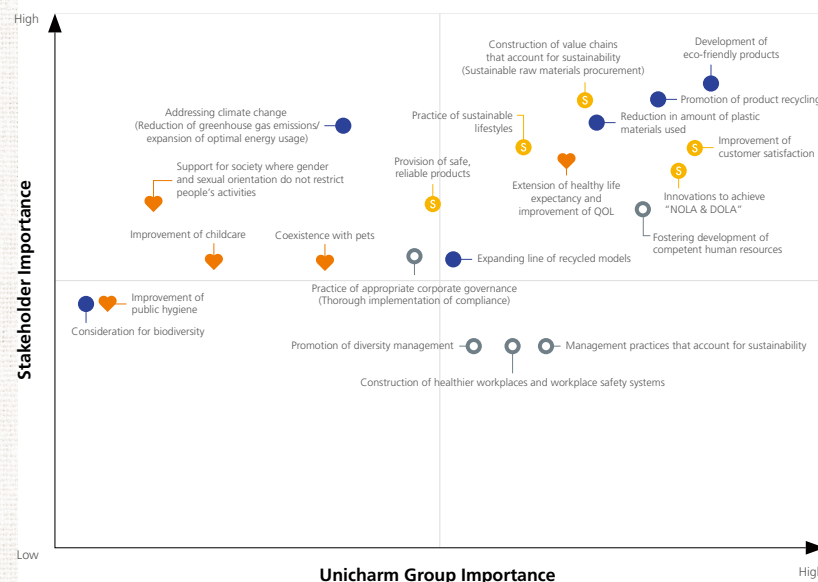
- 4 **Workshops with executive officers**
We held workshops on the Sustainable Development Goals (SDGs) and other themes, at which executives offered their opinions about what society might look like in 2030 as well as possible directions the Company should take.
- 5 **Identify material issues**
We listed the main themes underlying where we want the company to be in 2030 and various necessary approaches to achieve those goals, then we identified our material issues. The results of deliberations were subsequently approved by the ESG Committee.

Phase 2

Establish Targets for Material Issues

- 1 **Implementation of research into ESG assessment institutions and competitor benchmarks**
- 2 **Comparison between branding strategies of our products**
- 3 **Exchange of opinions with general managers and senior managers**
- 4 **Creation of indicators and initial proposals for targets**
- 5 **Discussions with Marketing Division and R&D Division**
- 6 **Finalisation of indicators and target values**
- 7 **Approval by ESG Committee**

Material Issue Matrix Diagram



- ♥ Safeguarding the Well-Being of Individuals
- 💰 Safeguarding the Well-Being of Society
- 🌍 Safeguarding the Well-Being of Our Planet
- 🔄 Unicharm Principles

02 Indicators, Results, and Target Values of Key Themes and Relevant SDGs

Key Themes	Indicators	Results			Medium to Long-Term Goals		Relevant SDGs
		Fiscal 2022	Fiscal 2023	Fiscal 2024	Target Value	Target Year	
Safeguarding the Well-Being of Individuals 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.							
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realisation of a society where everyone can have a sense of individuality	100%	100%	100%	100%	2030	      
Support for society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions)	100%	100%	100%	100%	2030	         
Coexistence with pets	Percentage of products and services that contribute to the realisation of a society where pets are welcomed by family members and community residents	100%	100%	100%	100%	2030	        
Improvement of childcare	Percentage of products and services that contribute to the realisation of a society where infants and their families can live healthily and happily	100%	100%	100%	100%	2030	       
Improvement of public hygiene	Percentage of products and services that contribute to activities that can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission)	100%	100%	100%	100%	2030	       
Safeguarding the Well-Being of Society Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to solving social issues and promoting sustainability.							
Innovations to achieve “NOLA & DOLA”	Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life	100%	100%	100%	100%	2030	     
Practice of sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	10.5%	5.9%	15.4%	50%	2030	       
Construction of value chains that account for sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights	Development ongoing	Development ongoing	Development ongoing	Double (compared with 2020)	2030	           
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share)	24.0%	23.6%	23.1%	50%	2030	  
Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted	100%	100%	100%	100%	2030	  

* The 2021 result for "Practice of sustainable lifestyles" was changed from number of cases (products and services) to percentage of products and services in accordance with the SDGs Theme Guideline.

02 Indicators, Results, and Target Values of Key Themes and Relevant SDGs

Key Themes	Indicators	Results			Medium to Long-Term Goals		Relevant SDGs
		Fiscal 2022	Fiscal 2023	Fiscal 2024	Target Value	Target Year	
Safeguarding the Well-Being of Our Planet Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.							
Development of eco-friendly products	No. of products and services that implement the “3Rs + 2Rs” based on Unicharm’s unique approach	2	2	5	10 or more	2030	      
Expanding line of recycled models	No. of disposable paper diaper recycling facilities introduced	1	1	1	10 or more	2030	       
Addressing climate change	Percentage of renewable energy used for business operations in total	11.0%	22.8%	25.8%	100%	2030	      
Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	Development ongoing	Development ongoing	Start of commercial usage	2030	      
Reduction in amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Development ongoing	Development ongoing	Reduced by half (compared with 2020)	2030	     
Unicharm Principles Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.							
Management practices that account for sustainability	Maintain and improve ratings by external evaluation agencies	—	—	—	Highest level	Every year from 2026	         
	No. of serious human rights violations in the value chain	1 (revised)	1 (revised)	Zero	Zero	Every year	     
Practice of appropriate corporate governance	No. of serious compliance violations	Zero	Zero	Zero	Zero	Every year	  
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	23.2%	24.7%	25.5%	30% or more	2030	    
Fostering development of competent human resources	Percentage of positive answers received for the “Growth Through Work” section of the employee awareness survey	89.2%	88.7%	90.1%	80% or more	2030	     
Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health	7 employees (Japan)	9 employees (Japan)	13 employees (Japan)	Reduced by half (compared with 2020)	2030	    

03 Structure Operations & Supply Network



Unicharm's Business Expansion

Unicharm's various products and services are seeing increasing demand in regions throughout the world thanks to their being indispensable for leading hygienic and healthy lives. We currently operate businesses in approximately 80 countries and regions globally, garnering high praise for our activities.



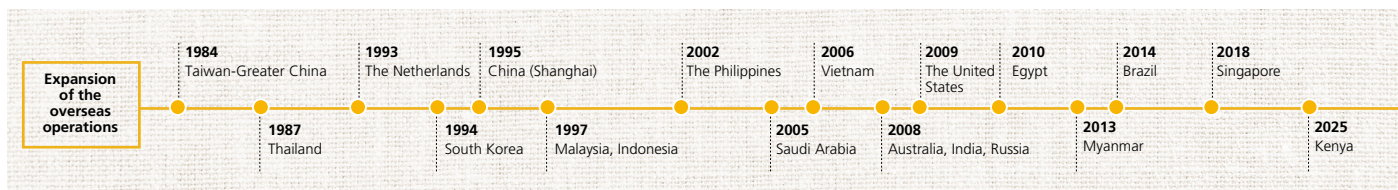
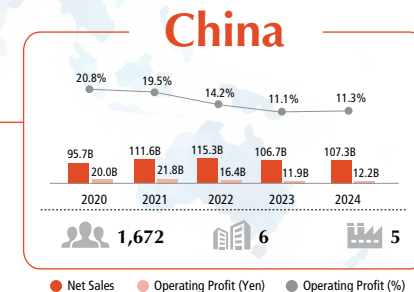
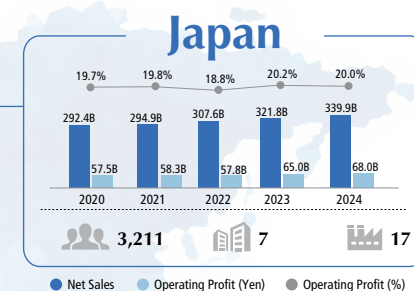
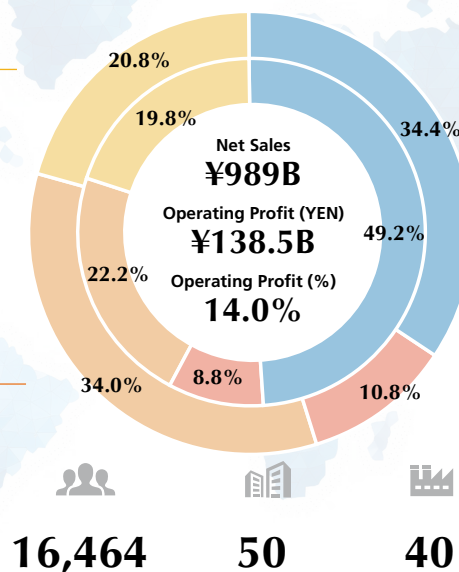
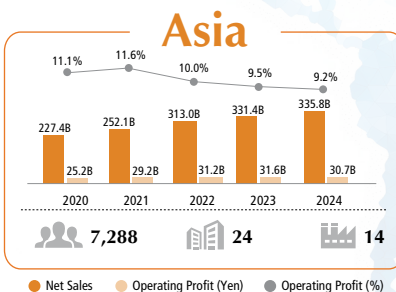
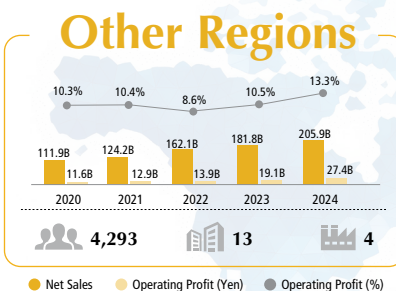
Number of employees



Number of Group companies



Number of factories



03 Our Structure, Offices & Supply Networks

Sustainability Promotion System

Unicharm has established a system to seamlessly promote sustainability management that meets the expectations of its stakeholders. Specifically, the ESG Committee, a cross-organisational structure chaired by the president & CEO, meets four times a year to deliberate and decide on all sustainability matters and governance-related policies and activities, and monitors their progress. The ESG Committee is attended not only by directors, executive officers, and other members of management, but also by those in charge of the Sales Division, R&D Division, Marketing Division, Corporate Division, and consolidated subsidiaries in Japan and overseas, and has a system in place to quickly carry out the various sustainability-related activities that are decided by its members. Matters deliberated and decided on by the ESG Committee are reported to the Board of Directors at least once a year.

Roles of the ESG Committee

- Deliberate and decide on the progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals and the medium-term management plan.
- Identify and address risks, opportunities, and key issues related to sustainability across the Group and deliberate and decide on information disclosure.
- Report matters deliberated and decided on by the ESG Committee to the Board of Directors at least once a year.

Core Themes and Categories of ESG Committee Initiatives

ISO 26000 Core Subjects

Organisational governance, human rights, labour practices, the environment, fair business practices, consumer issues, and community involvement and development

E

CORE THEMES

- Climate change: Greenhouse gases, energy use management, and climate-change-related risks
- Water resources: Water use and its reduction
- Pollution and resources: Waste disposal, resource usage, and recycling
- Supply Network: Supplier policy, environmental issues, and sustainable palm oil procurement
- Biodiversity
- Development of environmentally friendly products

S

CORE THEMES

- Responsibilities to customers: Responsible advertising and marketing and customer satisfaction
- Supply Network: Forbiddance of child and forced labour, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, health and safety, due diligence, and capacity building
- Product quality and safety

G

CORE THEMES

- Corruption prevention: Bribery prevention, insider trading, whistleblower hotline, education, and risk assessment
- Corporate governance
- Company-wide risk management: Environment, society, corporate governance
- Compliance
- Tax transparency

Fiscal 2024 Results

No. of Meetings Held:

Four (February, May, August and November)

Main Themes of Discussion

Progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals, Environmental Targets 2030, and the medium-term management plan.

- GHG Emissions Visualisation Project
- Operation of SDGs Theme Guideline—internal guideline for contributing to sustainability
- Policy and progress on production of integrated and sustainability reports
- Sharing of information on external ESG assessments
- Control Self-Assessment (CSA) of internal audit plan

03 Our Structure, Offices & Supply Networks

UcA's Reporting Structure



Head of UcA ESG Management:



Matthew Chester

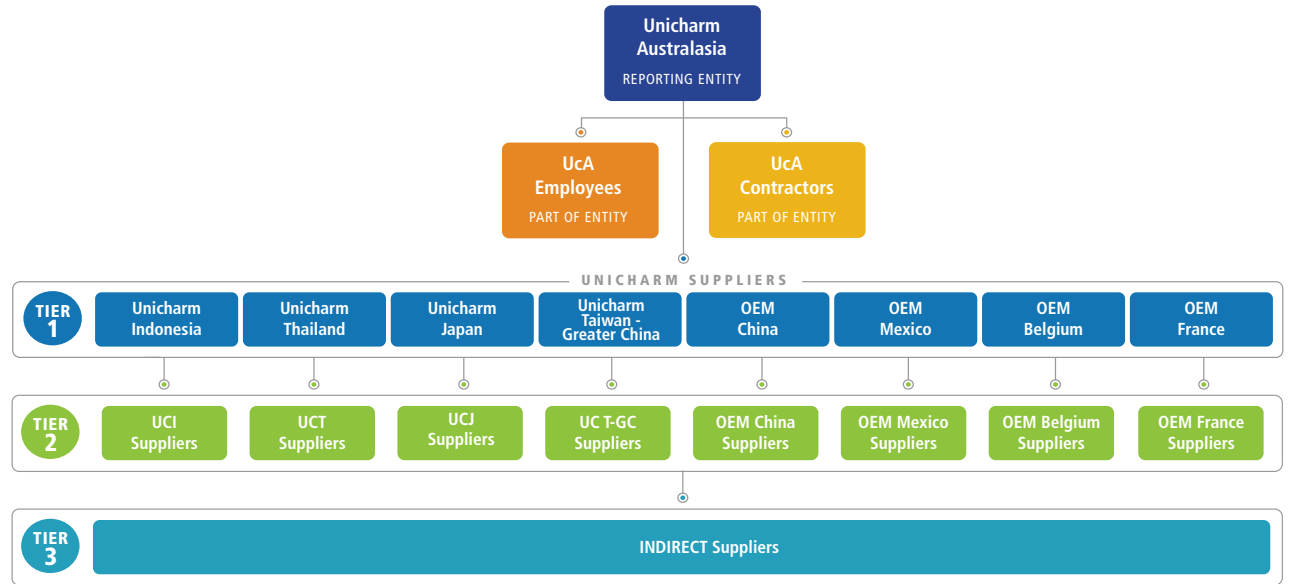
General Manager Operations
Quality | Compliance | Logistics | Sustainability



Meiko Chuei

Senior Executive Assistant | Corporate Planning

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.



03 Our Governance Structure, Policies, and 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 network 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 Well-being	- Healthy Days - Employee Assistance Program - Wellness Room - COVID-19
Leave	- Annual Leave - Personal Leave - Compassionate Leave - Parental Leave - Long Service Leave - Family & Domestic Violence Leave	Use of IT	Information Communication Technology
General Employment	- Remuneration - Drugs and Alcohol - Dress Code - Motor Vehicle - Flexible Working - Working from Home - Service Awards - Smoke Free - Site Access - Time in Lieu - HR Privacy - Leaving the Company - Whistleblower	Performance Standards	- Dealing with Suppliers and Customers - Grievance - Counselling and Discipline - Harassment, Discrimination, and Bullying - Performance Management
		Training and Development	Professional Development
		WHS System	Work Health and Safety Management
		Responsible Sourcing	Responsible Sourcing Guidelines

UcA Potential Policies

- Consumer communication principles
- Company group security: objectives, operational and organisational requirements (internal document)
- Data protection policy (completed - newly included into "Information Communication Technology")
- Supplier code
- Commitment on water stewardship
- Global sourcing principles
- Chain of responsibility (commenced)
- Use of Artificial Intelligence (AI)

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

Compliance with laws and regulations and social norms

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

Giving due consideration to human rights and labour

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

Environmental responsibility

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

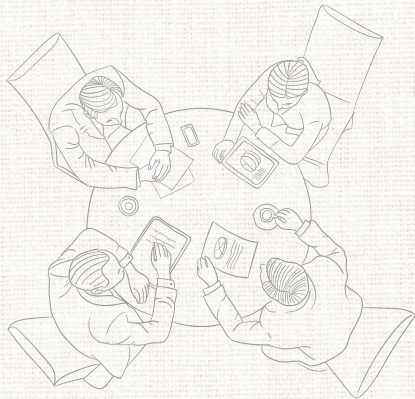
Procurement of safe and secure products and materials that provide peace of mind

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

Development of relationships of mutual trust

- Cultivate relationships and trust with business partners within the scope of social norms.
- Strive to enhance business performance mutually through exchange of essential information with business partners.

04 Risk Management



Basic Policy

- Clarify roles and responsibilities related to risk management
- Give due consideration to possible risks during the decision-making process
- Establish a system for implementing Groupwide countermeasures against important risks facing management
- Develop organisations, systems, and plans related to crisis response
- Conduct audits of the risk management process

Our Basic Approach and Strategy

The Unicharm Ideals state that “we contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers, both at home in Japan and abroad.” The foundation of our business activities is to fulfil our responsibility to society by constantly striving to create new value for our stakeholders. For this reason, we recognise the importance of identifying and preventing the various risks that could affect our business activities, minimising the impact of such risks when they occur, and taking measures to prevent their recurrence in our business operations.

In view of this, the Company has established a Groupwide risk management system, which is operated while continuously reviewing and improving risk management. While overseeing the code of conduct and code of ethics, the Board of Directors analyses and evaluates major risks that are reported by each department, and if necessary, leads the formulation of improvement measures, which are then deliberated and decided upon.

Audit & Supervisory Committee members fulfil their roles by implementing various audits as required by laws and regulations. In addition, the ESG Committee has identified 12 risks as business risks and discusses the details of such risks and takes appropriate response as necessary. Urgent risks that do not fall under these 12 business risks are discussed and addressed promptly by the ESG Committee. Moreover, in the event of a major crisis, the Crisis Management Response Committee will convene and strive to respond quickly and appropriately toward prompt recovery based on the Groupwide Crisis Communication Manual, which outlines the Company’s internal rules for crisis management. The 12 business risks are significant risks that could impair the Company’s financial standing and management results. However, due in part to the effectiveness of various countermeasures, these risks are not likely to have serious impacts on our business operations at the present time. In addition, the timing and extent to which these risks could emerge in the future are unknown. Risks that could impact business operations in the future are not restricted to those listed below.

Business Risks

Risks

Intense competition in the sales environment



Details of Risks and Impacts on the Company

Competition for the Company’s main products could become more severe in Japanese and overseas markets in terms of price and product line depending on the economic and market environments.

Given their consumer-oriented purpose, the Company’s main products are always exposed to severe price competition, and competitors also regularly release new products. The sales environment is also influenced by changes in consumer behaviour and competitor response regardless of the Company’s efforts to lower manufacturing costs, cut overheads, or enhance marketing.



The Company’s Main Response

The Company strives to thoroughly research the living conditions and consumption situations of individual countries and regions, develop products tailored to local cultures and living environments, and provide products that are not susceptible to economic impact. The Company seeks to increase earnings in a stable manner by using this research and market analysis methodology to expand its area, country, and region of coverage. In addition, in terms of production, the Company is reducing costs by lowering procurement costs and improving production efficiency. In terms of sales and marketing, it strives to increase buyers of its products including through the use of online channels.

The Company endeavours to maintain and improve competitiveness and reinforce its marketing capabilities by proposing to retailers how to purchase and sell products with a customer-oriented perspective using digital technology.

Furthermore, the Company is working to decentralise its authority and delegate responsibilities to its overseas subsidiaries, creating a system where it can respond swiftly to changes in the consumption behaviour of customers.

Risks	Details of Risks and Impacts on the Company	The Company's Main Response
Changes in population structure	In Japan, the birthrate will continue to decline over time along with demographics such as infants and people who menstruate. A similar trend is seen in some countries and regions overseas where the Company engages in business. Through these changes in population dynamics, there is a possibility that demand for baby and child care products and feminine care products, core businesses of the Company, could decline in these countries and regions. Furthermore, the Company believes it must continue to strive to secure and develop the talented human resources required for the execution of business. Meanwhile, the difficulty of securing human resources is increasing as a result of the declining birthrate and aging population. If it cannot secure or develop human resources as planned, the Company's business activities could be impacted.	Under its mission of contributing to the realisation of a cohesive society—an affluent society where all people live equally and freely, respect one another's humanity, and are kind to one another and emotionally connected—the Company aims to engage in business activities that are less susceptible to the impacts of population dynamics. It achieves this by using well-balanced business development of its products and services in every country and region, contributing to the satisfaction found in the enjoyment of life, where all people from newborns to the elderly and their pets are liberated from various burdens, thereby supporting people to live independently and as they see fit through mutual aid. Additionally, the Company uses product strategies based on the market growth stage in an effort to maintain and increase demand even with a declining target population, by diversifying its lineup and communicating the value of products. As one way to counter the declining working population, the Company is promoting the creation of workplace environments where diverse human resources, regardless of nationality, gender, age, or disability, can use their strengths to achieve a sense of purpose by playing an active role. Specifically, the Company provides opportunities for growth by creating a development plan based on individual career visions and career plans, allocating the right people to the right position, conducting quarterly evaluations, and offering rank-based training, with the aim of producing human resources who can identify and resolve issues on their own. To encourage employees to determine their own work-styles and sense of purpose, the Company has introduced working from home, eliminated core hours, and increased the options to select where and when to work, endorsing flexible work-styles that elevate creativity and productivity. Furthermore, the Company is actively working to engage senior citizens and to promote the empowerment of women.
Overseas business	The Company manufactures products in China, Indonesia, Thailand, India, the Middle East, and Brazil, among other countries. Business development overseas could involve considerable impacts on raw materials prices and equipment costs caused by fluctuations in exchange rates. There is also a possibility that major changes in markets could impact the Company's business activities or the value of its assets depending on the regulations, economic environment, and social and political conditions of each country and region. In addition, the balance sheets of overseas consolidated subsidiaries denominated in the currency of their respective country or region are converted to Japanese yen when preparing the consolidated financial statements. As a result, yen appreciation will have a negative impact on the Company's financial situation and management results.	In terms of international trading, the Company is working to secure stable export and import transactions and earnings by choosing shipment locations according to the situation, from the perspective of manufacturing base utilisation and exchange-rate-related profitability. In response to fluctuations in exchange rates, the Company strives to minimise risks by using hedging based on a comprehensive review of foreign currency transactions including raw materials procurement along with outstanding credits and liabilities. Also, to contribute to stable shareholder returns and the flow of internal funds, the Company actively uses dividends from overseas consolidated subsidiaries that have cash in excess of planned investments and is building a mechanism to curtail negative impacts on overseas assets when the yen is strong.
Raw materials price volatility	As a manufacturer, the Company directly faces the risk of fluctuations in the prices of raw materials. The Company purchases raw materials across borders from many different suppliers. In particular, raw materials such as pulp are procured from overseas suppliers typically using U.S. dollar transactions. Depending on exchange rate volatility, the cost of raw materials could increase significantly. Also, fluctuations in market prices for commodities such as oil, naphtha, and pulp, among others, could impact the prices of raw materials.	The Company analyses trends in the prices of major raw materials, forecasts future prices, uses adjustment of purchasing, and regularly revises its cost projections to manage earnings. It also strives to purchase raw materials in a stable manner using a comprehensive perspective by continuously engaging suppliers locally and in countries with preferential tariffs to prepare for unforeseen situations that block imports and for curtailing the risk of fluctuations in import prices attributed to exchange rates. In addition, the Company prepares for large increases in raw materials expenses due to exchange rates using the foreign exchange hedging mentioned above in "Overseas business." It also conducts research to reduce the quantities of raw materials used and increase their functionality.
Environmental issues	Environmental issues are growing at a global level, including concerns about the depletion of resources, marine pollution caused by plastics, and the destruction of ecosystems. As a result, initiatives to conserve the environment and reduce environmental impact are underway around the world. As a manufacturer of disposable products, such as disposable diapers and sanitary pads, the Company understands the significance of developing environmentally friendly products by complying with all environmental laws and regulations. If efforts are perceived as inadequate by stakeholders, the Company's social trust could be impacted.	In fiscal 2015, the Company launched a project to recycle used disposable diapers and began selling nursing care disposable diapers made from recycled pulp. In addition, it established numerical targets for the environmental issues set forth in Kyo-sei Life Vision 2030 and Environmental Targets 2030, and has formulated and implemented specific measures to achieve these objectives. Moreover, the Company has established the Basic Environmental Policy and Guidelines in the Unicharm Group Basic Environmental Policy, which is read by all employees in an aim to raise internal awareness, and strives to develop products and services that minimise environmental impact in all stages of the product and service design process.
Climate change	In Asia, a region of priority for the Company, the market could be significantly impacted by the introduction and increase of carbon pricing, higher operating costs due to major fluctuations in energy prices, and the expected increase in procurement costs due to soaring prices of forest-derived raw materials, one of the main raw materials used in the Company's products. Moreover, if efforts to reduce greenhouse gas (GHG) emissions aimed at curbing temperature increases and disclose such information prove to be inadequate, the Company's social trust could be compromised.	As declared in Kyo-sei Life Vision 2030, the Company aims to achieve 100% use of renewable energy for all electricity used in its business activities. It has launched the GHG Emissions Visualization Project to provide a comprehensive visualisation of its GHG emissions, including Scope 3 emissions; collected primary data for GHG emissions based on the materials used, which will serve as a benchmark for improving renewable energy efficiency and energy conservation; begun making specific calculations; and is working to disclose GHG emissions by product.
Product reliability	As a manufacturer and seller of consumer products, since its founding, the Company has not experienced large-sum payment or other compensation issues impacting management related to product quality or safety. Nevertheless, if a serious unforeseen issue involving quality or safety were to occur during the manufacture or sale of a product, the reliability of the Company's products could be greatly compromised.	The Company strives to enhance the quality and safety of its products throughout their life cycle, from the procurement of raw materials to development, distribution, sales, and disposal after use, in compliance with not only relevant laws and regulations, but also voluntary industry standards set by industry associations of the countries and regions in which it operates, as well as its own strict standards. Moreover, to ensure effective communication of information, the Company endeavours to produce evidence-based advertisements and records in compliance with relevant laws and regulations. In the event of a complaint regarding a product, the Company has a system in place to swiftly identify the cause and take corrective action, regardless of the significance of the complaint, thereby ensuring that the reliability of its products is not compromised.

Risks	Details of Risks and Impacts on the Company	The Company's Main Response
Legal compliance violations	If the Company or its employees violate laws or regulations in Japan or overseas—such as the Antimonopoly Act, the Unfair Competition Prevention Act, or tax laws—and, for example, they are subject to formal sanctions for making unreasonable demands during a transaction or engaging in bribery to facilitate or expedite official procedures, the Company's performance or social trust could be impacted.	The Unicharm Group Charter of Actions sets forth the laws and regulations pertaining to the actions that should be taken into consideration by employees to fulfil the Company's pledge to all stakeholders as a way to improve awareness of compliance, including the prevention of unlawful acts. The Company also conducts monitoring each year via employee survey. An array of initiatives are also being carried out with the purpose of raising awareness about legal compliance and preventing the occurrence of compliance violations. These include training programs for new employees and employees assigned to work overseas based on a curriculum that covers compliance themes, compliance workshops tailored to directors, and executive officers, and e-learning programs aimed at all employees featuring seminars on compliance-related topics. In this manner, the Company thoroughly promotes compliance with laws and regulations.
Intellectual property including patents and trademarks	If the Company's intellectual property rights are infringed upon in some way or another by a third party, the Company could incur large damage such as a loss of expected earnings. In contrast, if the Company unknowingly infringes upon the intellectual property rights of a third party, it may be forced to pay a large sum of damages or have its business activities restricted.	The Company takes a resolute stance against the infringement of its intellectual property rights by third parties, which includes legal action, and endeavours to eliminate unauthorised and counterfeit products by working closely in-house and cooperating with local government agencies in the countries and regions in which it operates. In addition, the Company protects and ensures respect for the intellectual property rights of Unicharm and other companies by conducting infringement prevention surveys at the product development stage and providing on-the-job training and e-learning seminars on patents, trademarks, and the Premiums and Representations Act as a part of its in-house compliance training.
Disasters and accidents	In order to minimise losses due to interruptions to manufacturing or sales caused by a major earthquake, large-scale natural disaster, fire, or accident, the Company has established a system that enables collaboration between manufacturing and distribution points and the swift restoration of IT systems and management functions pursuant to its business continuity plan (BCP). Following a fire at a factory of a local subsidiary in India in June 2020, the BCP functioned to swiftly establish a supply system not only from other factories in India but also factories in other countries, making it possible to minimise downtime in sales due to the fire. The Company could, however, experience problems in sustaining manufacturing, securing raw materials, and providing a stable supply of products due to the occurrence of a disaster or accident that exceeds its predictions.	The BCP comprises (1) basic requirements, (2) insurance and confirmation of the safety of employees and their families, (3) specific measures for sustaining operations, (4) important matters to address together with business continuity, and (5) measures required to implement the BCP. Training exercises for (5) include evacuation drills using the example of an emergency situation based on various scenarios and are conducted regularly. In addition, in Japan, the Kyushu Factory was constructed and put into operation in fiscal 2019 in order to disperse risk and to be used as a substitute base.
Acquisitions, partnerships, business consolidation, etc.	The Company strives to pursue the maximisation of corporate value, believing that it must always administer management resource efficiently. In the future, within this process, it could consider acquisitions of other businesses, investments in our partnerships with other companies, mergers and the elimination of businesses, and streamlining and spin-offs. After execution, however, market changes could occur or the results of these measures could fall below expectations, potentially causing losses due to falling prices of risk assets such as goodwill.	When considering acquisitions, partnerships, and business consolidation, the Company decides through the Board of Directors after fully confirming with relevant departments that the possibility of impairment of goodwill and other fixed assets is marginal, based on the gathering of sufficient information and the careful planning of future investment recovery plans. After execution, for target companies that fall short of the plan following confirmation of risks of impairment after judging the impairment outlook in a timely manner, the Company analyses these factors and reviews the business plan as needed, in an effort to ensure the recoverability of planned profits. Subsequently, if the Company anticipates that the planned profits are not recoverable, it recognises impairment losses on assets in accordance with accounting standards.
Information leaks	The Company retains a large amount of information, including personal information obtained pursuant to agreements with business partners such as customers and to confidentiality agreements, not just information generated internally. If some form of information leak were to occur, the Company could be held legally responsible for information management or lose the trust of its customers.	The Company has established the Information Security Policy and Information Management Security Rules. Personal information that it obtains is managed rigorously according to the Personal Information Protection Regulations and Specified Personal Information Handling Regulations, and efforts are made to prevent leakage. To ensure the rigorous implementation of regulations, the Company has established the Information Management Security Committee, which continuously implements employee training and monitoring along with information security measures covering the entire Group. In addition, to ensure that it can swiftly identify the situation and minimise the impact of incidents, such as information leaks and cyberattacks, the Company has disseminated a correspondence policy globally based on the Information Management Security Rules and begun developing an IT business continuity plan in preparation for incidents and disasters. As physical countermeasures to prevent information leaks associated with the loss or theft of devices, the Company uses computers that cannot store data and a complete cloud environment where data and systems can only be used via a server. As countermeasures against external cyberattacks on our websites, we work closely with external experts to implement various security measures, including building the most appropriate servers, preventing phishing and viruses, ensuring proper password and ID management, and installing and monitoring by means of security devices.

The Company includes product quality and the natural environment in its consideration of important business risks that occur during the course of business activities as a manufacturer, and utilises COSO and ISO reference frameworks to appropriately respond to such issues. Also, business continuity risks that arise in the event of a disaster are managed individually through separately established business continuity plans.

Primary Reference Frameworks

- COSO, ISO 9001, ISO 14001, ISO 10002, ISO 13485, ISO 14971

04 Management Structure

The ESG Committee is a cross-functional organisation that considers sharing risk management issues and measures to be one of the important themes to be addressed. The themes deliberated by the ESG Committee and their results are reported to the Board of Directors by the head of the ESG Division, while supervision of risk management is implemented by directors and members of the Audit & Supervisory Committee.

In addition, the Unicharm Group Charter of Actions has been established as guidelines for employees in recognition of major issues, including the prohibition of insider trading, compliance with antitrust laws, the elimination of child labour and forced labour, and the protection of personal information.

In order to respond comprehensively to risks of corruption that have a high probability of occurrence, including insider trading and bribery, efforts are being made to better educate the employees in our countries and regions of operation on compliance through training programs held prior to posting overseas and through e-learning programs.

Moreover, Unicharm provides employees with cautionary information on insider trading via the Company intranet and conducts internal audits as measures to prevent corruption. Audit results are reported to the President & CEO and the full-time Audit & Supervisory Committee members, and regular reports are made to the Audit & Supervisory Committee to verify the effectiveness of the audits.

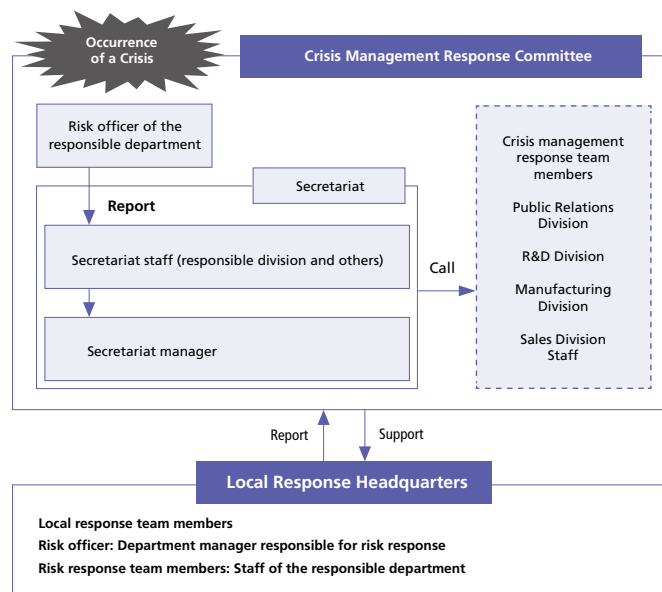
Serious Crises

- | | |
|-------------------------------|---|
| ① Quality | ⑦ Senior management- or executive-related |
| ② Environment | ⑧ Disasters |
| ③ Representation | ⑨ Information accidents |
| ④ Occupational safety | ⑩ Reputational damage |
| ⑤ Human rights | ⑪ Pandemics |
| ⑥ Supplier- or vendor-related | ⑫ Disputes or political changes |

Response to Business Risks

In the event of a major crisis, we have a system in place whereby the Crisis Management Response Committee will convene and endeavour to respond quickly and appropriately and realise a swift recovery based on the Groupwide Crisis Communication Manual, which was established as internal rules for crisis management. The aforementioned business risks that have actual impact on our business are defined as crises, and Unicharm identifies the 12 items below as serious crises. When a crisis occurs, Unicharm fulfils its social responsibility by assessing the situation in accordance with the Groupwide Crisis Communication Manual, working to prevent further damage and communicating appropriately with stakeholders. A handbook has been distributed to every Group employee for the purpose of ensuring awareness and swift response in the event of an ESG risk or crisis.

Framework in Response to the Occurrence of a Crises



04 Initiatives and Results

Rigorous Information Security

To ensure rigorous information security, Unicharm has set out information security principles and procedures such as the Information Security Policy and Information Management Security Rules. We also have the Personal Information Protection Regulations and Specified Personal Information Handling Regulations in place to safeguard our customers' personal information, and we strictly manage this information and take precautions to prevent information leaks.

To ensure these rules are strictly observed and to prevent information leaks, Unicharm has established the Information Management Security Committee.

One day of each month has been earmarked as an information management day on which we highlight a different security topic to remind employees about the risks of specific information leaks. We continue to develop such measures, provide employee training, and monitor progress to improve the security of information management across the Group.

Moreover, as a physical measure to prevent information leaks in Japan through the loss or theft of devices, we have developed a cloud environment in which data and systems can only be used on a specific server and created an environment in which systems can be used anywhere, at any time, without the need to remove office PCs from company premises.

In fiscal 2022, Unicharm revised its regulations in accordance with the revisions to the Personal Information Protection Act and made this known to all employees, renewing the content of new employee training.

We also continue to increase the frequency of our communication with overseas subsidiaries, carry out risk assessments in IT fields, and distribute quarterly information security newsletters.

Business Continuity Plan (BCP)

As a part of its efforts to strengthen risk management since fiscal 2005, Unicharm has formulated a BCP to prepare for emergencies, such as an earthquake directly under the Tokyo Metropolitan Area or the Nankai Trough mega earthquake—a large-scale interconnected earthquake involving the Tokai, Tonankai, and Nankai plates, which is raising concerns in Japan. Specifically, we assume the scenario of an earthquake with its epicentre in the Tokyo Metropolitan Area (6.0 on the JMA Seismic Intensity Scale), which includes the head office, adjacent factories, and sales offices, and have prepared impact assessments and damage assumptions. In order to maintain business operations under any circumstance, under the BCP, we ensure the safety of our employees and their families while, at the same time, establishing a backup system necessary for business continuity that takes a panoramic view of the value chain, and continuously carry out evacuation drills and response simulations based on emergency scenarios. We have established procedures to recover critical operations, particularly head office functions, in order to provide the daily living necessities Unicharm manufactures to disaster-affected areas and other areas in need as quickly as possible.

In addition, we conduct e-learning seminars to enhance employee awareness of risk management and facilitate proactive responses in the event of a disaster and distribute a disaster response pocket manual that can be quickly checked in an emergency. Moreover, to confirm the safety of employees and their families as quickly as possible in the event of a disaster, we have established a system based on a smartphone app, conduct specific disaster training drills at each business site, hold basic survival courses, and carry out training drills on a by-function basis.

In addition, safety confirmation drills are also conducted regularly for all Group employees in Japan, with an emphasis on the initial response after a disaster, ensuring employee safety, and confirming the status of functions of the disaster response headquarters. In preparation for the spread of COVID-19, in fiscal 2020 we introduced the COVID-19 Crisis Management Team and formulated and implemented the COVID-19 Response Guidelines to enable each employee to respond appropriately to the unprecedented impacts of the pandemic. We will continue to strengthen risk management on a global scale, including for riots and terrorist attacks overseas, and prepare for all possible situations.

Overview of the BCP

- (1) Basic requirements
 - Basic policy, assumed risks, impact assessment, assumed damage, main elements
- (2) Confirmation of safety and well-being of employees and their family members
 - Ensure the safety of lives
- (3) Specific measures for business continuity
 - Organisational and command structures, securing of important bases, external information dissemination and information sharing, backup, provision of products and services
- (4) Important response actions along with business continuity
 - Cooperation with and contribution to the community
- (5) Measures necessary for implementing the BCP
 - Education and training, inspections, corrective actions, and reviews

Ensuring Business Continuity Through Securing Important Bases (Japan)



Kyushu Factory

In Fiscal 2019, we began operation of the Kyushu Factory and have since conducted BCP measures to diversify our domestic supply network and ensure the continuity of this business. If production facilities were to shut down in the event of a Nankai Trough mega earthquake, which would likely cause significant damage to the western Honshu and Chubu regions, the Kyushu Factory would function as an emergency location, particularly given that our main production facilities in Japan are located in Fukushima, Shizuoka, and Shikoku prefectures, areas at risk of suffering serious damage from a disaster of this magnitude. In this way, we have put in place a highly dependable supply system.

Utilisation of CSA (Control Self-Assessment)

At Unicharm, CSA has traditionally been used as a pre-audit tool by the internal audit department for on-site audits. However, to build a system that prevents fraud and wrongdoing, and to address issues such as the previous focus being overly skewed toward general and financial management items, we undertook a major revision in fiscal 2023. We reorganised the risks based on the characteristics of our business and significantly revised the content.

The CSA was revamped to function as a self-check tool for consolidated subsidiaries within the Group and each department of Unicharm Corporation. The content was rewritten in plain language that is easy to understand even for employees conducting CSA for the first time. Improvements included clearly stating the items to be checked in the form of questions.

In fiscal 2024, CSA was implemented at overseas consolidated subsidiaries, domestic consolidated subsidiaries, and across all departments of Unicharm Corporation. The internal audit department reviews the content and sends feedback reports to the subsidiaries and departments that conducted CSA, including comments highlighting areas for improvement and points of caution.



Define the Process



Risk Identification



Risk Assessment



Control Identification



Hierarchical Online CSA Survey



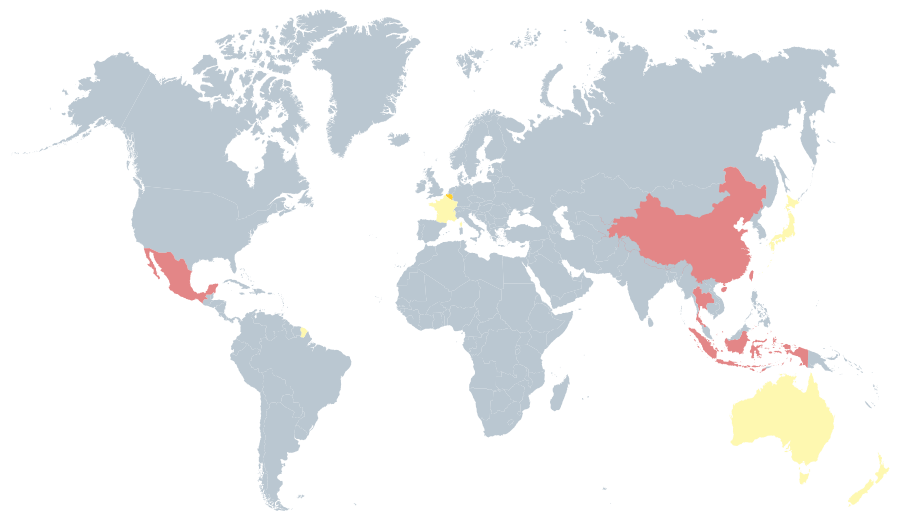
Action Plan

04 Risk Management

Throughout the reporting period UcA continued its global communication to educate our total supply network towards understanding potential risk areas and UcA's clear expectations in regards to human rights.

Inherent Human Rights Risks Assessment Across UcA's Supply Network

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



● High Risk ● Medium Risk ● Low Risk

Region (Sector - Textile Manufacturing)	Overall inherent risk score	Overall inherent risk category
Australia	5.1/10	Medium risk
Belgium	5.1/10	Medium risk
China, The People's Republic of	7.1/10	High risk
France	4.9/10	Medium risk
Indonesia	6.9/10	High risk
Japan	5.0/10	Medium risk
Mexico	6.5/10	Medium risk
Taiwan-Greater China	5.5/10	Medium risk
Thailand	6.6/10	High risk

Pillar	Australia	Belgium	China, The People's Republic of	France	Indonesia	Japan	Mexico	Thailand	Taiwan-Greater China
Labour Standards	5.0	4.9	7.9	5.0	7.0	5.0	6.4	6.9	5.8
Environment	6.0	5.8	6.1	5.2	6.8	5.0	6.6	6.2	5.4
Health & Safety	4.8	4.8	5.8	4.9	6.9	5.3	6.3	6.5	5.9
Business Ethics	3.4	3.9	5.7	3.9	6.6	3.9	7.0	6.6	3.9

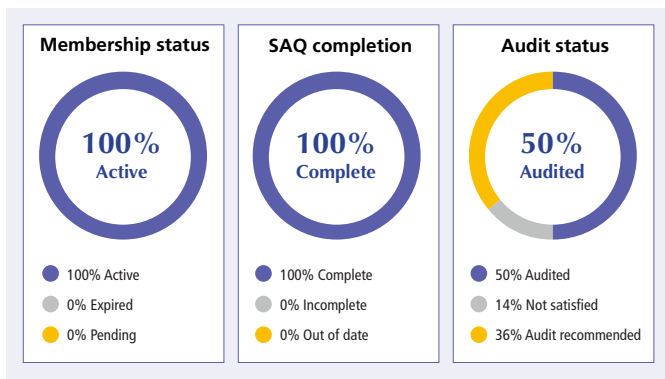
Source: ©Sedex 2025. Further information about how Sedex helps supply chains identify, manage and assess supply chain risks can be found here:
Optimise your supply chain with Sedex's risk management solutions

04 Risk Management

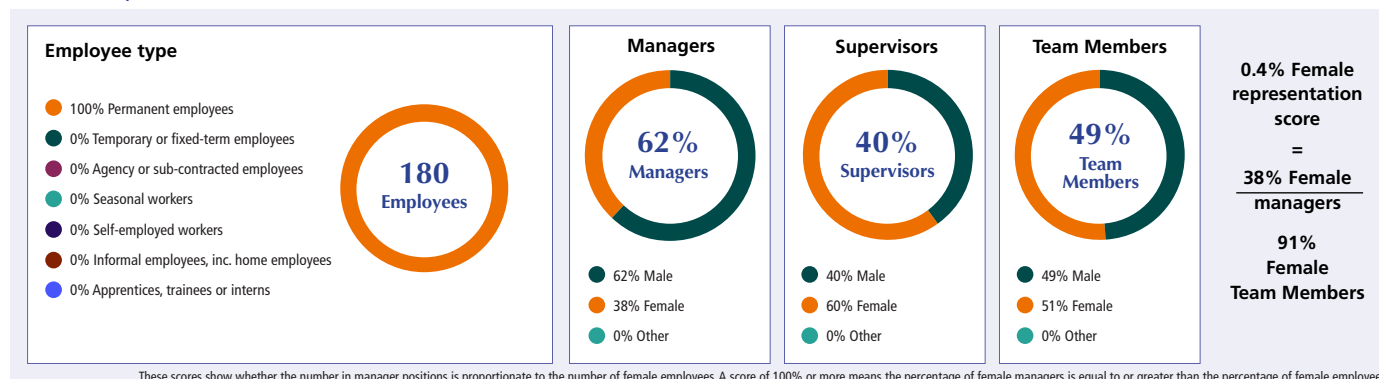
2024 UcA updated its Supply Network Risk Tracking Including Revised Portals

Within the 2024 reporting period, UcA updated its Supply Network risk tracking with KPIs covering membership status within ethical sourcing portals, Self Assessment Questionnaire completion (ensuring our suppliers maintain the skills and sense of ownership to continue benchmark practices in between audits), and also audit status in order to overlay all data towards continued training and education. Our achievements below show a 100% active membership status as well as 100% SAQ completion from our efforts over the medium-term management plan and we continue to support third-party audits as another element towards education and risk understanding. In the case study below, UcA monitors understanding by worker type, using ratios of permanent workers, temporary, agency, seasonal, self-employed, informal, and trainee workers. We also track the women's representation score across different levels of the business.

KPI Overview

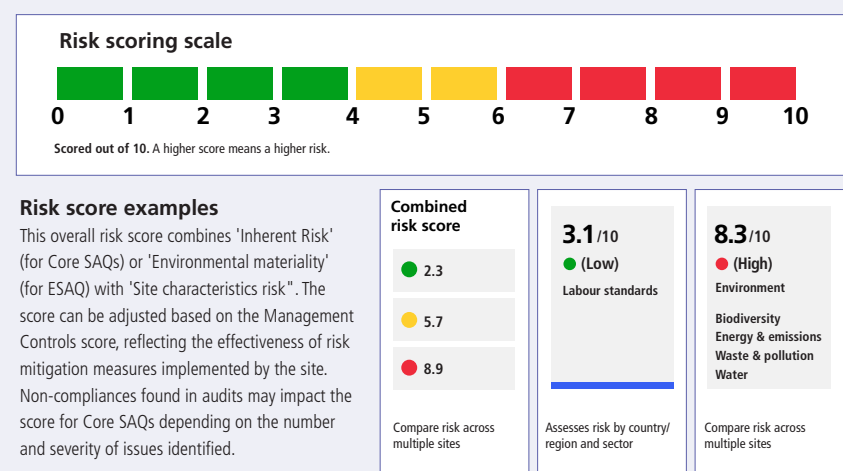
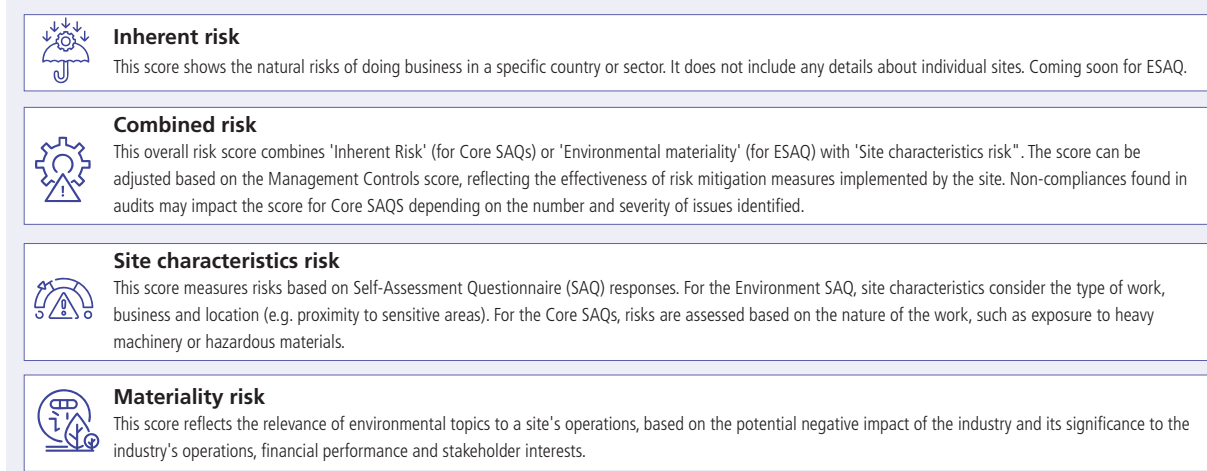


Case Study

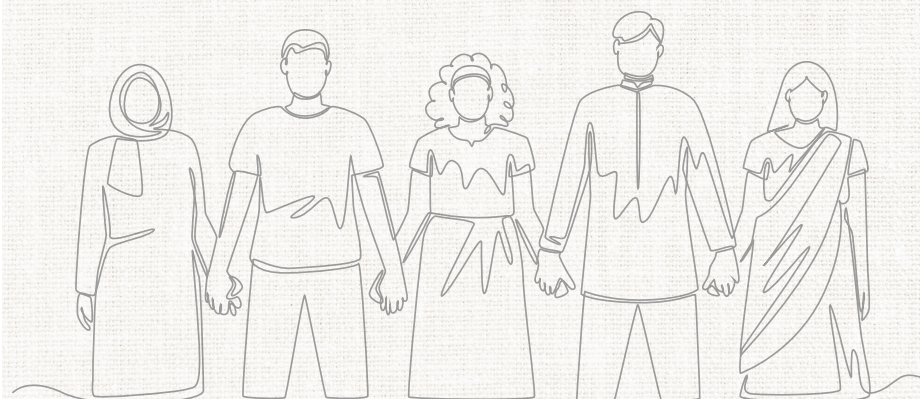


These scores show whether the number in manager positions is proportionate to the number of female employees. A score of 100% or more means the percentage of female managers is equal to or greater than the percentage of female employees.

Risks



05 Actions



05 Global Key Actions

Our Basic Approach & Strategy

Since its founding, Unicharm has taken appropriate measures to promote respect for human rights based on its “spirit of respecting humanity and dignity” as stated in its management policy. However, as a company that operates across the globe, where a variety of human rights issues exist, we must comply with and respect international human rights standards.

In fiscal 2017, we established the Unicharm Group Policy on Human Rights, which aligns with the aims of the Universal Declaration of Human Rights (adopted in 1948 by the United Nations General Assembly), declaring our commitment to respect human rights through all our business activities. This human rights policy has also been incorporated into the Unicharm Group Charter of Actions, a statement of corporate ideals that are instilled in all Group employees.

Furthermore, to contribute to the economic growth of the countries and regions in which we operate, our local subsidiaries are given full control of business operations, actively creating employment in product manufacturing and sales and procuring raw materials from local suppliers based on the principle of local production for local consumption. In view of this, the Unicharm Group CSR Procurement Guidelines, which were upgraded to the Basic Purchasing Policy in fiscal 2017, and the Unicharm Group Sustainable Procurement Guidelines were formulated and implemented in fiscal 2009 and fiscal 2017, respectively, for the purpose of maintaining fair and impartial relationships with all our suppliers.

The Basic Purchasing Policy applies to all executives and employees of the Unicharm Group. We also encourage our business partners and suppliers to uphold and comply with this policy and to work together to promote human rights initiatives. Through these and other measures, we not only eliminate forced and child labour and ensure respect for children’s rights, but also prohibit discrimination on the basis of nationality, race, religion, gender, sexual preference, age, family background, disability, or any other factors.

We also ensure that Unicharm employees have the right to freedom of association, collective bargaining, a minimum wage, and that they are not subjected to excessive working hours.

05 Unicharm Group Sustainable Procurement Guidelines

Globally, Unicharm has established the “The Basic Policy of Procurement” to prevent human rights and labour problems throughout the supply network. 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 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.

Company Key Actions

1. Compliance with Laws, Regulations, and Social Norms

(1) Legal compliance

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

(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 nonmonetary benefits) and from abusing a superior bargaining position.

(3) Management and protection of information

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



2. Due Consideration to Human Rights & Labour

(Refer to the Unicharm Group Policy on Human Rights)

(1) Respecting the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

- Respect the International Bill of Human Rights (the Universal Declaration of Human Rights, the 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) Respecting human rights

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 mandatory schooling in which case the higher age requirement applies.)

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.

Prohibition of discrimination

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

(3) 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.

(4) Fair employment

Working hours

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

05 Unicharm Group Sustainable Procurement Guidelines

2. Due Consideration to Human Rights & Labour (cont.)

(4) Fair employment (cont.)

Proper compensation

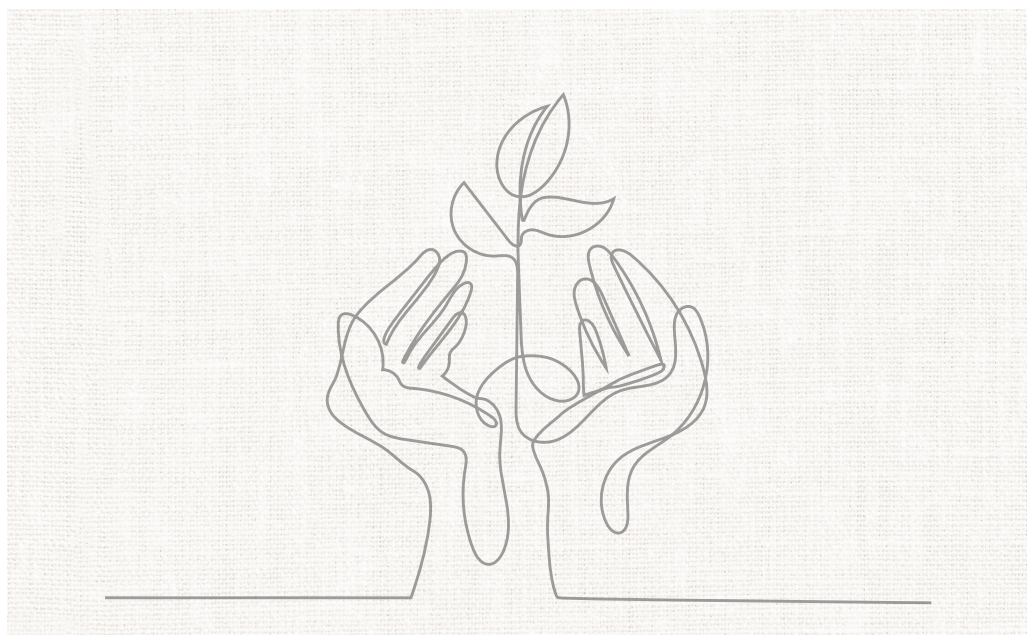
- Pay employees in compliance with local compensation-related laws and regulations on minimum wage, overtime work, and piecework pay, etc.
- For overtime work, pay a wage premium in accordance with the local laws and regulations of the individual country and region.

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.

Respecting freedom of unionisation and the right to collective bargaining

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



3. Environmental Responsibility

(1) Environmental conservation

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.

Control of substances that are harmful to the environment

- Control discharge of harmful substances that can cause air pollution and water quality 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.

Promotion of resource conservation and recycling

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

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) Promotion of 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.

4. Procurement of Safe and Secure Products and Materials

(Refer to the Unicharm Group Materials Safety Guidelines)

(1) Supply of safe materials

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

(2) Supply of materials that are high in quality and for which the supplier has a large supply capacity

- Submit safety data sheets (SDSs) for materials.

Kyo-sei Life Vision 2030

Key Theme

Safeguarding the Well-Being of Individuals



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.

Our Basic Approach and Strategy

Based on its corporate brand essence Love Your Possibilities, Unicharm strives to provide products and services that help realise a society in which people all over the world can continue to live in their own way. We set internal standards at each stage of development, including for safety and quality and from various perspectives such as increasing added value and reducing environmental impact. Our products do not advance to the next stage of development without meeting these standards. All Unicharm products currently on the market comply with these internal standards. It is essential as we remain committed to this approach that we continue to safeguard the well-being of individuals through all of the products and services we provide.

Key Themes	Indicators	Fiscal 2024 Results	Key Themes in Fiscal 2024
1 Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realisation of a society where everyone can have a sense of individuality	100%	Lifree Anti Bocor (Indonesia) Lifree Night Comfort Pants (Japan) Provide information and services that help customers
2 Support for society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions)	100%	#NoBagForMe Project (Health) Education on Menarche and Menstruation (Health) Supporting the Financial Independence of Women (Regional Contributions)
3 Coexistence with pets	Percentage of products and services that contribute to the realisation of a society where pets are welcomed by family members and community residents	100%	Deo Toilet Deodorising Fan Plus (Japan) Deo Toilet Deodorant Lab Toilet system (Japan) Detoilet Clean Pad (Japan)
4 Improvement of childcare	Percentage of products and services that contribute to the realisation of a society where infants and their families can live healthily and happily	100%	MamyPoko Sweat-Free Comfy Night Pants (Korea) MamyPoko Pants Skin Comfort All in 1 Skin Care (Indonesia)
5 Improvement of public hygiene	Percentage of products and services that contribute to activities that can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission)	100%	Bobby ANTIMOS Wipes (Vietnam)

05 Key Initiatives

Our aim to develop products and services that contribute to the realisation of a society where each individual can have a sense of individuality and enjoy their daily lives represents an internal standard to which everyone at Unicharm must strictly conform. At the product development phase, we establish a range of stage-gates at which rigorous tests are performed to confirm whether the products can be forwarded to the next stage of development.

Only those products that fulfil these stage-gate criteria are put on the market. It is important that, by continuing to take advantage of this system, we remain fully committed to providing products and services that contribute to safeguarding the well-being of individuals in the years ahead.

In terms of our key initiatives for safeguarding the well-being of individuals, in 2022 we introduced our new Lifree Easy-to-Walk-in Slim Diapers, which offers additional convenience and comfort for day-to-day walking, as a part of our efforts to extend healthy life expectancy and improve quality of life (QOL). As for our other key initiatives, as a means to provide support for a society where gender and sexual orientation do not restrict people's activities, we continued to offer corporate training programs and education on menarche and menstruation with a view to realising a society where women can live their lives in the way they so wish.

In terms of coexistence with partner animals (pets), we launched the GO WITH YOUR DOG Project, aiming to realise a society where partner animals (pets) and their owners can enjoy outings together as comfortably as possible. With respect to improvement of childcare, we introduced new mosquito-repellent products, helping to ensure healthy lifestyles for babies and the rest of their family.

To improve public hygiene, we released new masks and wet wipes that reflect their diverse uses and needs, as a way of contributing to clean and comfortable environments.

Background of Initiatives

Our Basic Approach and Strategy

As the percentage of the population aged 65 and over continues to increase year by year across the globe, Japan has become the world's largest super-aging society. Improvements in medicine have enabled people to live longer lives on average while spurring greater interest in "healthy life expectancy" — the length of time for which people are able to live on their own without limitations due to health issues. Regardless of age, everyone wants to be able to lead an enriched social life in the way they so wish.



Unicharm offers products and services that provide care and support for various aging-related issues. By ensuring that people can lead active lives, no matter their age, through the appropriate use of such products, we will remain committed to extending healthy life expectancy.

Utilisation of the Text-Generating AI 'UniChat'

In August 2023, we launched "UniChat," a text-generating AI service powered by Large Language Models (LLMs), for use by our employees. UniChat is provided within a secure, internal environment exclusive to our staff, ensuring safe and reliable usage. It is primarily used for tasks such as summarising and editing text, translation, and generating ideas for catchphrases.

In 2024, we expanded its capabilities by integrating Retrieval-Augmented Generation (RAG), enabling connections with internal company information. Additionally, we applied this framework to link with and summarise publicly available patent and utility model publications, and to automate the creation of related documents.



Going forward, we will continue to enhance the functionality of our AI assistant services through the use of generative AI, aiming to improve productivity and accelerate business activities.

Selected as a finalist in the 2nd Generative AI Innovation Awards

The "2nd Generative AI Innovation Awards" (hosted by Google Cloud Japan) aims to discover innovative use cases that solve real-world challenges through the use of Google Cloud's generative AI services.

Our initiative, "Enhancing Operational Efficiency and Value through Generative AI x Patent and Utility Model Publications," was recognised as a highly innovative example — not only for maximising the potential of generative AI, but also for its accessibility, enabling anyone to use it in their daily work. As a result, we were selected as one of the 12 finalist companies.

05 Key Initiatives

Innovation Management

Basic Philosophy and Policy

Since its early days, Unicharm has been committed to creating "new value" centered on the processing and moulding technologies of nonwoven fabrics and absorbent materials that it has continuously cultivated. This "new value" not only contributes to improving the quality of life (QOL) of consumers but also supports each individual in living true to themselves and realising their ideal self.

However, in today's world of increasingly diverse values, meeting the unique needs of each consumer is no easy task. To address this challenge, we utilise digital technologies to visualise the vast array of data accumulated through our research and development activities. This enables us to uncover "insights" — latent desires that consumers themselves may not yet be aware of.

Even for a single consumer, needs can change depending on the situation. By thoroughly understanding and responding to these complex and ever-changing conditions, we aim to deliver the most suitable products and services at the right time and in the right way. Through this, we strive to foster a deep emotional connection with our brand — so much so that consumers feel, "I can't imagine life without Unicharm's products and services."

Through these efforts, we continue to provide "products + added value" that support all life stages — from babies to the elderly and even include pets as beloved family members, ensuring lifelong use and companionship.

Management Structure

In January 2021, our company established the DX Promotion Headquarters to build and operate a comprehensive digital transformation (DX) strategy optimised across the entire group. Specifically, the DX Promotion Headquarters leads a virtual organisation called the "DX Alliance," which guides and coordinates DX personnel from each group company. Through the DX Alliance, we oversee the progress of various DX initiatives and monitor the development of DX talent, thereby driving DX efforts across the entire Unicharm Group.

Furthermore, in July 2023, we established the MDX (Marketing by DX) Headquarters. The MDX Headquarters aims to maximise customer lifetime value by leveraging digital technologies to build systems that continuously strengthen long-term relationships with customers.

Initiatives and Achievements

Providing apps and information tailored to women

We develop content that helps women cope with changes in their physical condition and menstrual problems.

"Sofy Be" app

In 2024, Unicharm launched the "Sofy Be" menstrual and wellness management app. In addition to the basic features of a traditional menstrual tracking app, Sofy Be is designed with the goal of supporting both the mind and body of women, focusing particularly on the significant influence of hormones.

Specifically, the app features a hormone graph that visualises the relationship between hormonal fluctuations and changes in physical condition or mood, making it easier for users to understand the causes of their good or bad days and better manage their health.

To address the concern that many women have no one to easily talk to about their mental or physical discomfort, the app includes an AI chat function that offers warm and supportive responses. In "Trying to Conceive*" mode, users can share various types of information with their partners. Additionally, the app allows users to apply for "Sofy Omamori Insurance: Medical Support for Women," which provides coverage for illnesses and injuries, including fertility treatments, tailored to different life stages

* A series of activities such as acquiring knowledge about pregnancy, discussing the matter with family members, understanding the current state of one's body in preparation for pregnancy, and undergoing medical treatment for infertility.



Kyo-sei Life Vision 2030

Key Theme

Safeguarding the Well-Being of Society



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.

Our Basic Approach and Strategy

At Unicharm, we believe the sustainable growth of our business entails the sustainability of the societies in which we do business. For this reason, we place the highest priority on our coexistence with all stakeholders, and value the importance of promoting mutual understanding and cooperation through detailed communication. We share with all stakeholders our philosophy and action plans for the high standards of quality, safety, and environmental protection that they expect, and we strive to achieve, and aim to develop a framework that enables us to work closely together to resolve social issues through our business activities as swiftly as possible.

Key Themes	Indicators	Fiscal 2024 Results	Key Themes in Fiscal 2024
1 Innovations to achieve “NOLA & DOLA”	Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life	100%	Providing Apps and Information that help women
2 Practice of sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	15.4%	SDGs Theme Guideline: Internal Guideline for Contributing to Sustainability
3 Construction of value chains that account for sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights	Development ongoing	Expanding the Use of Certified Pulp (PEFC- and CoC-Certified) Use of Hardwood Pulp
4 Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share)	23.1%	Responsibility to Our Customers (Consumers)
5 Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted	100%	Quality Assurance

05 Key Initiatives

The pursuit of “innovations to achieve ‘NOLA & DOLA’,” one of our key initiatives for safeguarding the well-being of society, means creating products and services that free people from various burdens and enable finding enjoyment in life. We believe that creating such added value is about providing value to society and helping resolve its various issues. As an example of our efforts in this area, in 2022 we improved our Unicharm Face Visible Mask to make it more comfortable to wear, helping enhance communication in today's world where it is common to wear a mask.

As for our other key initiatives, from the perspective of practicing sustainable lifestyles, we continued with the operation of the SDGs Theme Guideline to continue to enhance the quality of our products and services. The guideline consists of three indicators: reducing input, increasing output, and contributing to the achievement of the SDGs.

From the viewpoint of constructing value chains that take account of sustainability, we increased our line of factories with chain of custody (CoC) certification from the Programme for the Endorsement of Forest Certification Schemes (PEFC),* an international forest certification scheme, as a means to procure forest resources and produce products that reflect our commitment to sustainability. With respect to improving customer satisfaction, we took measures to increase the ratio of products and services that have won the support of consumers or, in other words, acquired a leading market share. As for the provision of safe, reliable products, we acquired OEKO-TEX® STANDARD 100 certification, thereby further ensuring the safety and reliability of our products.



* A forest certification scheme introduced in 1999. PEFC certification has been obtained by factories in over 50 countries and regions.

Intellectual Property of Used Disposable Diaper Recycling Technology

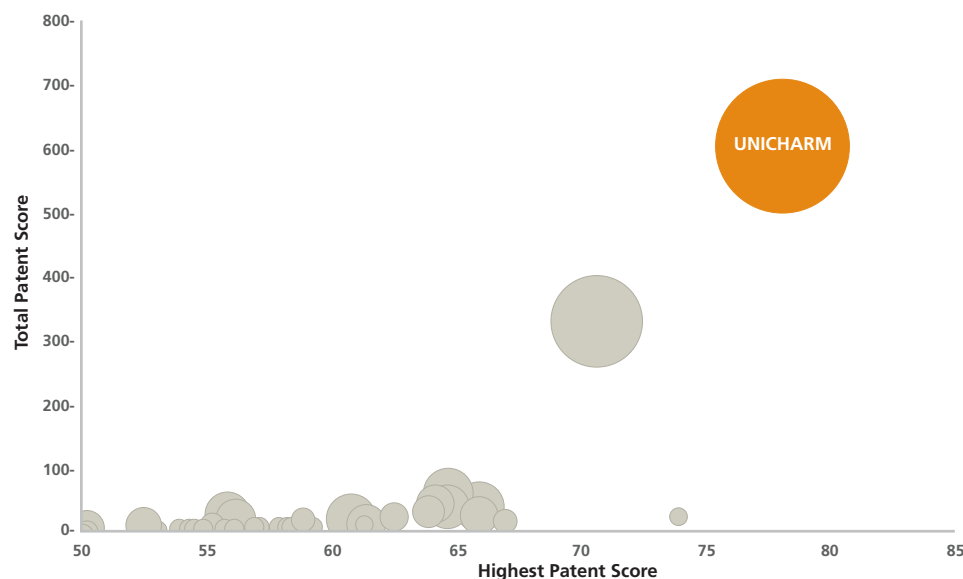
Intellectual Property of Used Disposable Diaper Recycling Technology
As part of efforts to promote more active development activities, we analyse and share intellectual property information related to relevant technologies, thereby supporting sustainable innovation through the strengthening of invention creation.

As a result of these efforts, we have secured highly regarded intellectual property — both in terms of quality and quantity — related to our recycling technology for used disposable diapers, as illustrated in the patent score bubble chart below.

For example, product packaging that uses recycled pulp features the registered trademark of the “Reff” brand, which represents our recycling initiatives. We also grant permission for companies participating in the Reff Project to use the Reff logo, promoting its widespread use and enhancing brand recognition.

Going forward, we will continue to actively leverage our intellectual property and collaborate with local governments and partner companies to help realise a circular economy.

Intellectual Property Landscape - Bubble Chart of Patent Scores* for Diaper Recycling Technology



* “Patent Score” is an index that evaluates the level of attention each patent receives in the market. In the bubble chart above: The vertical axis (Total Patent Score) represents the overall strength of the patent scores held by each company. The horizontal axis (Highest Patent Score) shows the highest individual patent score among the patents held. The size of each bubble indicates the number of patents held. This chart was created by our company using “Biz Cruncher” by Patent Result Co., Ltd.

05 Key Initiatives

Internal Standards Contributing to Sustainability: "SDGs Theme Guideline"

The "SDGs Theme Guideline" has been developed and implemented with the aim of continuously improving our products and services. We define "better" as both "creating more output with less input" and "contributing to the achievement of the SDGs," and have established indicators accordingly.

(1) Less Input: Contribute to reducing environmental impact by decreasing the amount of raw materials used.

(2) More Output: Increase customer satisfaction by enhancing the added value provided by products and services compared to conventional offerings.

(3) Contribution to the Achievement of the SDGs: While achieving (1) and (2), also contribute to solving environmental and social issues in a way that supports the realisation of the SDGs.

These three indicators are collectively referred to as "10% Less Input, 10% More Output & SDGs Theme" and are used to set themes that contribute to achieving the SDGs.

An example of a product that complied with this guideline in fiscal 2024 is the baby disposable diaper "MamyPoko Royal Soft Organic Cotton", launched in Indonesia. By incorporating an ultra-thin absorbent sheet, the product achieved both a reduction in raw material usage and an improvement in wearing comfort. In fiscal 2025, it will also be launched in Malaysia, Singapore, and the Philippines.



Metric and Targets

• Kyo-sei Life Vision 2030 - Safeguarding the Well-Being of Individuals	2022	2023	2024	2030
The proportion of products and services that contribute to the realisation of a society where everyone can live with a sense of being their true selves at all times.	Continue 100%	Continue 100%	Continue 100%	100%
The proportion of products and services that contribute to the realisation of a society where everyone around the world can thrive without being limited by gender, sexual orientation, or other such factors (including products and services that help eliminate discrimination against women, which still exists in some countries and regions).	Continue 100%	Continue 100%	Continue 100%	100%
The proportion of products and services that contribute to the realisation of a society where pets are welcomed not only by their families but also by people living in the community.	Continue 100%	Continue 100%	Continue 100%	100%
The proportion of products and services that contribute to the realisation of a society where babies and their families can live healthily and cheerfully.	Continue 100%	Continue 100%	Continue 100%	100%
The proportion of products and services that contribute to activities aimed at preventing controllable infectious diseases (such as contact and droplet infections) through individual efforts.	Continue 100%	Continue 100%	Continue 100%	100%
• Kyo-sei Life Vision 2030 - Safeguarding the Well-Being of Society	2022	2023	2024	2030
The proportion of products and services that contribute to helping people free themselves from various burdens and find satisfaction in the joy of living.	Continue 100%	Continue 100%	Continue 100%	100%
The proportion of products and services that comply with the internal standard 'SDGs Theme Guideline' and contribute to sustainability.	10.5%	5.9%	15.4%	50%
The proportion of products and services that use locally produced and consumed raw materials ('local production for local consumption') sourced with consideration for environmental, social, and human rights perspectives, and that contribute to the local economy.	Continue	Continue	Continue	To double vs. 2020
The proportion of products and services that have gained consumer support (i.e., hold the No.1 market share).	24.0%	23.6%	23.1%	50%
• Kyo-sei Life Vision 2030 - Safeguarding the Well-Being of our Planet	2022	2023	2024	2030
The number of products and services that implement the '3R + 2R' approach in a uniquely Unicharm way that has never been seen before	2	2	2	> 10

Kyo-sei Life Vision 2030

Key Theme

Safeguarding the Well-Being of Our Planet



Our aim is to provide products and services that are sanitary and convenient, as well as to contribute to activities that improve our planet's environment.

Our Basic Approach and Strategy

At Unicharm, we believe sustainable growth entails all our businesses taking responsibility for the sustainability of the global environment, which serves as the foundation for our continuous growth. Accordingly, we have established environmental targets for Kyo-sei Life Vision 2030 and Environmental Targets 2030, and are making steady progress toward these targets across the Group. Moreover, in the field of nonwoven fabric and absorbent material processing and moulding technologies, Unicharm boasts a world-class research and development system and actively promotes the development of products that align with research themes, such as reducing environmental impact. Through these and other measures, we are driving innovation in our existing business domains.

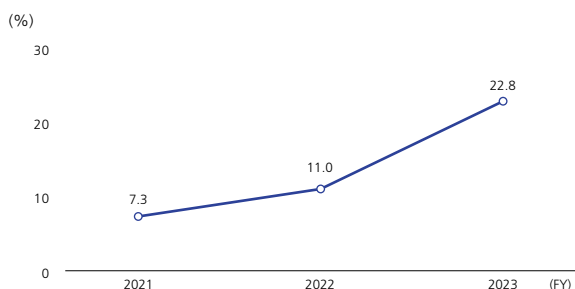
Key Themes	Indicators	Fiscal 2024 Results	Key Themes in Fiscal 2023
1 Development of eco-friendly products	No. of products and services that implement the "3Rs + 2Rs" based on Unicharm's unique approach	5	RefF Project: Targeting the Realisation of a Recycling-Based Society
2 Expanding line of recycled models	No. of disposable paper diaper recycling facilities introduced	1	RefF Project: Targeting the Realisation of a Recycling-Based Society
3 Addressing climate change	Percentage of renewable energy used for business operations in total	25.8%	Switching to Renewable Electricity
4 Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	Secondary uses of product waste (Japan) Recycling of product waste (Brazil) Recycling use of product trims (Japan)
5 Reduction in amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Reducing Usage of Plastic in Packaging Materials Product Initiatives

05 Recycling-Based Society

Switching to Renewable Electricity

In fiscal 2023, 14 factories introduced renewable electricity, which accounted for 22.8% of the Group overall, and an approximately 34,000-ton reduction in CO₂ annually was made from plant-derived materials, adopting thinner packaging made of paper, and switching to the use of paper materials for sales promotional items, through which we are reducing the use of petroleum-derived plastics.

Percentage of Renewable Electricity Used



India: Solar power generation systems were installed at the Sri City Factory in January 2023 and the Neemrana Factory in September 2023. This will generate approximately 10 million kWh per year and reduce CO₂ emissions by approximately 7,200 tons.



Sri City Factory



Neemrana Factory

China: China: In May 2023, solar power generation equipment was installed at the Shanghai Factory, Tianjin nonwoven fabric factory, and Tianjin packaging factory. This will generate approximately 8.5 million kWh per year and reduce CO₂ emissions by approximately 3,570 tons.



Tianjin packaging factory



Shanghai Factory

Indonesia: In August 2023, solar power generation equipment was installed at the East Java Factory and nonwoven factory. This will generate approximately 8.6 million kWh per year and reduce CO₂ emissions by approximately 7,000 tons.



East Java Factory



Nonwoven factory

Japan: In April 2023, the Saitama Factory converted a portion of its FIT Non-Fossil Certificate With Tracking*¹ to renewable electricity through an Off-Site Physical Corporate Power Purchase Agreement (PPA).*² We make efforts to proactively utilise renewable electricity that contributes to additionality*³ through the use of farm-based solar power generation utilising idle or abandoned land.

Additionally, in April 2023, the Itami Factory, three Unicharm Kokko Nonwoven manufacturing sites, Cosmotec, Kinsei Products, and a development technical center switched to using non-fossil certificates and a renewable energy power source menu.



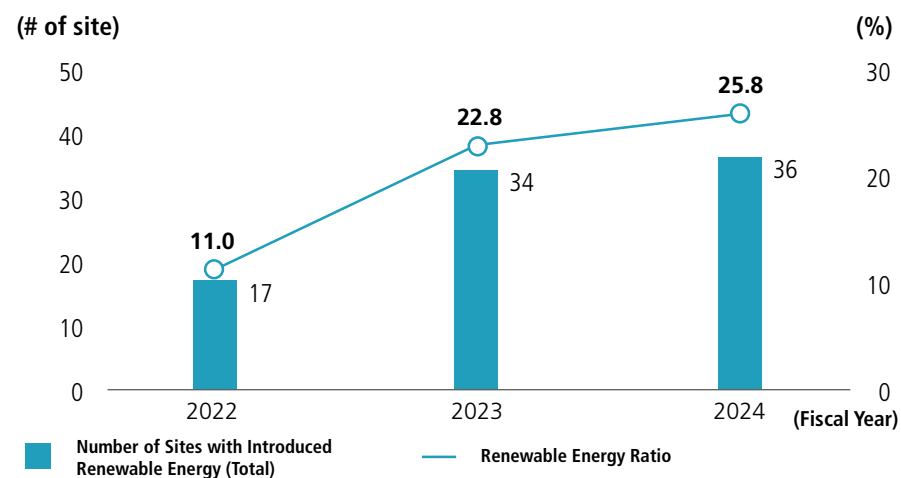
*1 Non-fossil certificates that separate the non-fossil value of electricity generated from non-fossil sources, derived from solar, wind, hydroelectric, geothermal, biomass, and other renewable energy sources

*2 Purchase of electricity and environmental value from off-site remotely located power generation facilities

*3 Contribution to the adoption and expansion of new renewable electricity sources through purchase of renewable electricity

05 Key Initiatives

Number of Sites that Introduced Renewable Energy (Total) and Renewable Energy Ratio



Production Sites with 100% Renewable Energy Ratio

Year	Production Site
Jan 2017	Jaguariúna Factory (Brazil)
Sep 2020	Kyushu Factory (Japan)
Feb 2021	Itami Factory (Japan)
Apr 2021	Toyohama Works, Shikoku Factory (Japan)
Dec 2021	Hartz Pleasant Plain Factory (United States)
Mar 2022	Saitama Factory (Japan)
Apr 2022	Mie Factory (Japan) Peparlet's three factories (Japan)
Apr 2023	Unicharm Kokko Nonwoven (3 sites) (Japan) Cosmotec (Japan) Kinsei Products (Japan)
Mar 2024	Peparlet's Shimada Factory (Japan)



Kyushu Factory (Japan)



Bắc Ninh Factory (Vietnam)



Karawang Factory No.1 (Indonesia)



DSG Malaysia Factory (Malaysia)



Neemrana Factory (India)

05 Key Initiatives

RefF Project Targeting the Realisation of a Recycling-Based Society

Issues Facing Society and Background of Recycling Technology Developments

In Japan, most used disposable diapers are incinerated, which impacts the environment due to the emission of CO₂ during this process. Further, as disposable diapers contain high moisture content, they are difficult to burn, which requires more energy for incineration and additional costs to maintain and build new incinerators. The production of new disposable diapers also requires many natural resources, including wood. To remain the preferred brand by customers and to continue to grow, it is important that Unicharm establishes a sustainable system in which the life cycle of our disposable diapers does not burden the natural environment, and that we instill the sustainable value of this system in our customers. Based on our belief that new technologies were needed to achieve this goal, in 2015 we launched a project to recycle used disposable diapers.

Recycling of used disposable diapers

Circular Recycling of Used Disposable Diapers

After launching this project in 2015, in fiscal 2016 we began demonstration trials in Shibushi City, Kagoshima Prefecture, to recycle used disposable diapers at So Recycle Center, which handles the recycling of waste in Shibushi City. Subsequently, in fiscal 2018, Osaki Town located in So County, Kagoshima Prefecture, joined the demonstration trials. In June 2022, nursing care facilities in Kagoshima Prefecture began using disposable diapers incorporating recycled materials as part of their absorbent materials, realising the horizontal recycling of used disposable diapers. Based on this world-first*¹ horizontal recycling technology for disposable diapers, the Recycle for the Future (RefF) Project was born, as we aim to create a future in which hygiene products are not discarded after use. Unicharm's recycling system cleans and separates collected disposable diapers and applies our proprietary ozone treatment to sterilise and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use.



We learned that 100 used adult disposable diapers recycled over a one-year period could reduce waste equivalent to 21 garbage trucks (two tons) and save the equivalent of 60 trees in forest resources*². After trials were completed in June 2022, we began selling Lifree RefF Side Leak Prevention Tape-on and Lifree RefF All Night Dry & Secured Pad Ultra to hospitals and nursing care facilities. In April 2024, we also launched Deo-Toilet Deodorant and Antibacterial Sheet RefF and MamyPoko Pants RefF.



Lifree RefF All Night Dry & Secured Pad Ultra



Lifree RefF Side Leak Prevention Tape-on

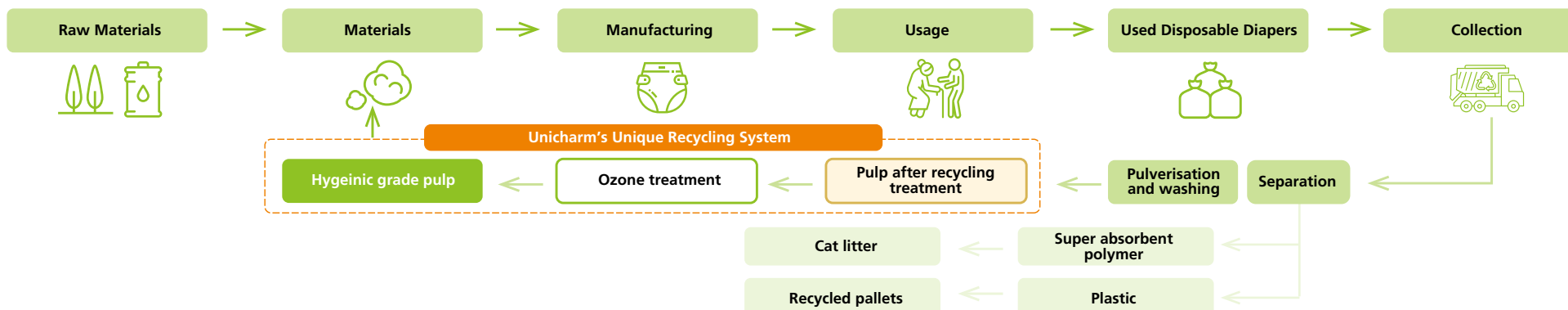


Deo-Toilet Deodorant and Antibacterial Sheet RefF



MamyPoko Pants RefF

Disposable diaper recycling model



05 Communities

Plastic Waste Reduction Measures

Our Basic Approach and Strategy



Plastics are easy to process, durable, and essential to our hygienic lives, and it is important to properly dispose of and recycle them. As a manufacturer that uses plastic in its products and packaging materials, Unicharm recognises that it has a responsibility in this regard. Aiming to address the global problem of plastic, Unicharm supports the Plastics Smart campaign organised by the Ministry of the Environment. In response to the problem of plastic waste, which was put forth as an issue to be addressed under Environmental Targets 2030 announced in May 2020, we declared “realising a new society with zero plastic waste” as part of our 2050 Vision and laid out our 2030 targets. In fiscal 2022, we participated in the World Wide Fund for Nature (WWF) Japan’s Plastic Circular Challenge 2025 to express our commitment to resolving plastic pollution issues and set targets for 2025. Since fiscal 2023, Unicharm has also participated in the Business Coalition for a Global Plastics Treaty, for which the Japan coalition serves as secretariat, to strengthen efforts to resolve plastic issues throughout the Group.

Risks and Opportunities

Risks

The sanitary pads and disposable diapers produced by Unicharm utilise plastic materials moulded into sheets and films to create product and packaging materials. Accordingly, there is a risk that production costs will rise due to tighter regulations and enforcement of taxes on petroleum-derived plastics, as well as an imbalance between the supply and demand of raw materials due to the mandatory use of recycled plastics. Further, there is a risk that consumers will refrain from purchasing if nothing is done to address the use of petroleum-derived plastic materials.

Opportunities

Ongoing efforts to reduce the total amount of plastic used throughout our business activities will enable Unicharm to comply with stricter regulations on the use of petroleum-derived plastic materials and contain production cost increases due to rising material prices. Further, there is an opportunity to increase sales with products that use less plastic, as they are more likely to be supported by consumers who wish to purchase and use environmentally friendly products.

In November 2024, UcA adopted LLDPE (linear low-density polyethylene) of approximately 15% PCR* plastic for the packaging of Sizes 1 and 2 baby diapers, complimenting the previous achievement of approximately 5% PIR plastic.



We’re making efforts to reduce the amount of virgin plastic produced.

*This soft plastic polybag contains 15% PCR (post-consumer recycled material) and 5% PIR (post-industrial recycled material).

Post-consumer recycled materials (PCR)

Reclaimed material from homes and businesses

PCR enables the collection of used materials creating jobs and helping the planet with reduced waste and virgin materials



Post-industrial recycled materials (PIR) pre-consumer

Imperfect products, scraps, and leftovers recovered from factories

A great way to make sure the extra bits don’t go to waste



Virgin (new) plastic

No recycled content

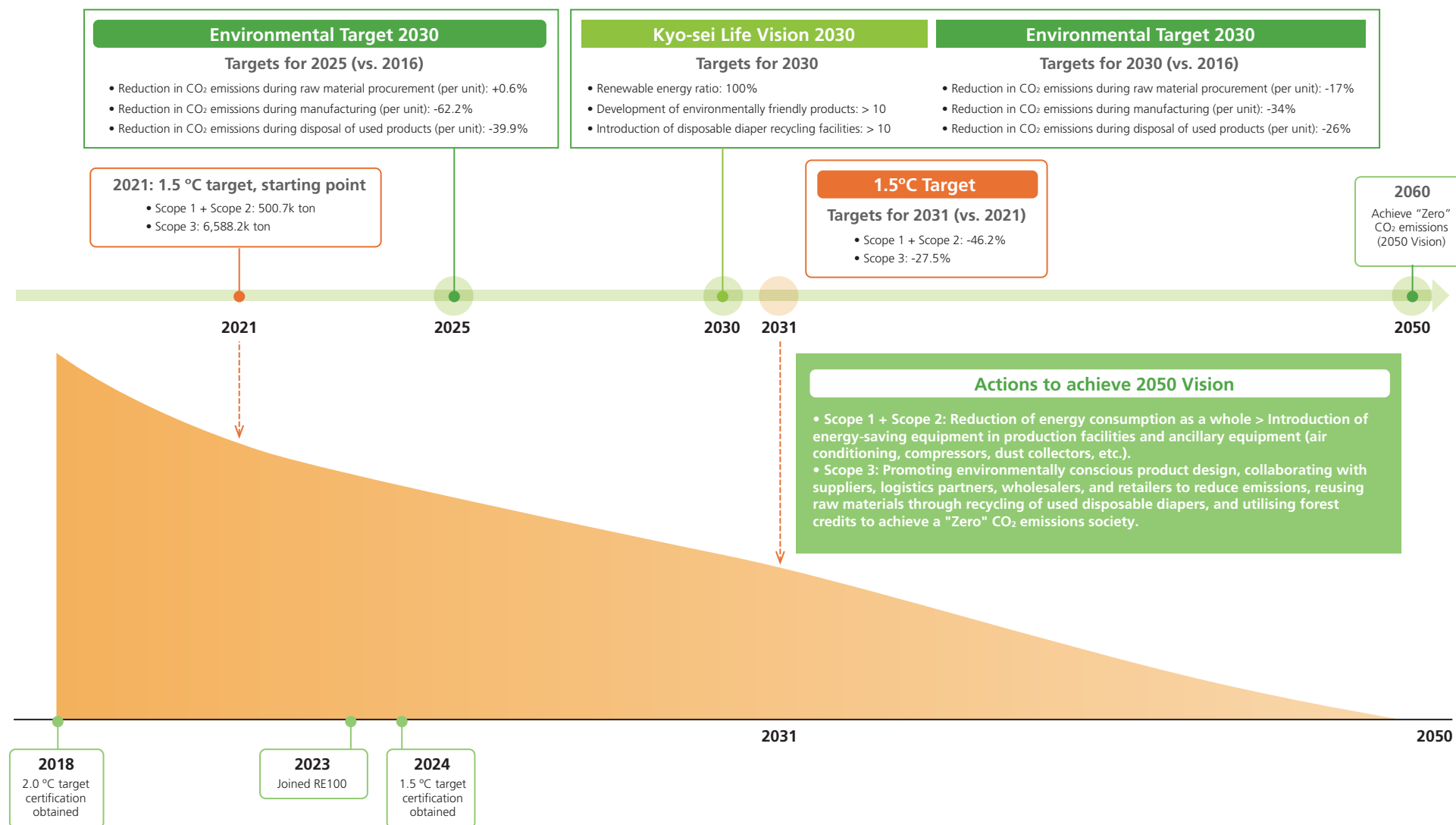
Making new plastic uses the most energy and extracts resources from the earth



*Plastic recycled from waste (packaging, etc.) after consumption

05 Decarbonised Society

Our Roadmap to Achieve “Zero” CO₂ Emissions



Kyo-sei Life Vision 2030

Key Theme

Unicharm Principles



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

Our Basic Approach and Strategy

At Unicharm, we believe that fair and transparent management is essential to ensuring and enhancing our relationship of trust with stakeholders. The Unicharm Ideals state that “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfilment of our social responsibilities.” Viewing this as our highest priority, we have established and operate various internal rules and systems. In order to adapt to the ever-changing business environment, we must develop and utilise human resources with an even greater emphasis on diversity. We will create working environments that facilitate the personal growth of each employee and bring them happiness and accelerate our business growth in the process.

Key Themes	Indicators	Fiscal 2024 Results	Key Themes in Fiscal 2024
1 Management practices that account for sustainability	Maintenance and improvement of ratings by external evaluations	—	External Evaluations
	No. of serious human rights violations in the value chain	Zero	Human Rights Risk Assessment at Unicharm Group Factories Human Rights Risk Assessments of Supplier Factories
2 Practice of appropriate corporate governance	No. of serious compliance violations	Zero	Response to Serious Compliance Violations
3 Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	25.5%	Promotion of Women's Empowerment
4 Fostering development of competent human resources	Percentage of positive answers received for the “Growth Through Work” section of the employee awareness survey	90.1%	Employee Survey
5 Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health	13 employees (Japan)	Mental Health Measures

04 Overview of the Unicharm Group

With respect to management practices that take sustainability into account (one of our key initiatives for the Unicharm Principles), we use the Sedex*1 platform to assess and monitor human rights risks along the value chain. In the case of one violation that was deemed a “serious human rights violation in the value chain,” we discussed the matter with the supplier and rectified the issue. As for the practice of appropriate corporate governance, we held compliance-related workshops, distributed email newsletters, posted information on the Company intranet, and took other measures to enhance compliance awareness throughout the Group. In regard to the promotion of diversity management, we expanded the scope of our Room L+ mentorship system, an initiative that helps female employees build networks, as well as introduced our Empower Mentor System as a way to provide individual support to female candidates of department head and director positions. These systems have strengthened our measures to promote more active roles for women. In terms of fostering the development of competent human resources, we monitored employee awareness by conducting surveys and implemented the online learning platform LinkedIn Learning as a way to reskill our employees. Regarding the construction of healthier workplaces and workplace safety systems, we took a range of actions to ensure and improve the health of employees, while providing training programs on ways to maintain mental health and well-being and monitoring them through stress checks. Through these and other measures, we continue to create a workplace environment where employees can work with peace of mind while maintaining their mental and physical well-being.

Management Practices That Take Sustainability into Account

Background of Initiatives

Unicharm established the Basic Policy of Procurement and the Unicharm Group Sustainable Procurement Guidelines to prevent human rights, labour, and environmental problems throughout the supply network. This policy and these guidelines were created for the purpose of 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.

Respect for Human Rights

Since its founding in 1961, Unicharm has upheld “Respect for Humanity” as a core management principle and has consistently worked to ensure appropriate human rights practices. As the company expanded its business beyond Japan into other countries and regions, it recognised the importance of aligning with international human rights standards. In response, Unicharm established the Unicharm Group Human Rights Policy in fiscal year 2017, aligning with the principles of the Universal Declaration of Human Rights (adopted by the United Nations General Assembly in 1948).

This Human Rights Policy clearly states the company’s commitment to respecting human rights across all business activities. To ensure thorough understanding and implementation among all employees, the policy is included in the Unicharm Group Code of Conduct. Additionally, Unicharm actively contributes to the economies of the countries and regions where it operates by creating local employment opportunities across various sectors. The company also promotes local production for local consumption in its raw material procurement practices.

As part of these efforts, Unicharm established the Unicharm Group CSR Procurement Guidelines in fiscal year 2009 (which were elevated to the Basic Procurement Policy in 2017), and in the same year, introduced the Unicharm Group Sustainable Procurement Guidelines, which continue to be implemented and maintained. The “Basic Procurement Policy” applies to all executives and employees working at our company.

We also encourage our business partners and suppliers to support and comply with this policy, promoting joint efforts to address human rights issues. Through these initiatives, we aim to eliminate forced labour and child labour, and strictly prohibit all forms of discrimination based on nationality, race, religion, gender, sexual orientation, age, family background, or disability. Additionally, we uphold the right to freely associate and engage in collective bargaining, and emphasise the importance of reducing excessive working hours and respecting rights related to minimum wage.

Key Initiatives / Case Studies



Utilisation of a Global Platform

To address social and environmental issues within our supply network, we utilise the Sedex platform* for management purposes. We request that our material suppliers and external manufacturing partners join Sedex and approve a relationship with us on the platform. The information obtained through Sedex is used to support decision-making and progress management.

In fiscal 2024, we encouraged material suppliers for pet care products to join Sedex. Additionally, we continued to participate in the Sedex Working Team for Buyers in the Cosmetics & Daily Goods Industry, which was launched in fiscal 2023 to promote efficient “responsible sourcing,” including human rights due diligence, by leveraging Sedex supplier evaluation data. Through this team, we shared information across the industry.

Human Rights Risk Assessment at Supplier Factories

We conduct risk assessments of supplier factories using Sedex tools. In fiscal 2024, we expanded this initiative to include material suppliers for pet care products.

As of the end of December 2024, we had established relationships on the Sedex platform with approximately 68.5% of material suppliers and external manufacturing partners for personal care and pet care products, enabling us to access their information. Among these, we obtained the “Inherent Risk Score” for 61.8% of the factories and the “Site Characteristic Risk Score” for 54.0%. These scores are being used as reference points in determining our approach to each supplier.

*Please refer to Sedex Member Information on page 47

05 Overview of the Unicharm Group

Forest-Derived Raw Materials Procurement Guidelines

Introduction

Recognising the seriousness of the environmental issues that have emerged in recent years, including the impact of global warming and loss of biodiversity, etc., Unicharm aims to realise procurement of sustainable raw materials. Being fully aware that our business operations are dependent on natural resources, Unicharm supports procurement models that do not involve destruction of forests. We will also take initiative toward the current environmental issues regarding plantations of palm oil.

Strategy

With climate change-related risks having risen significantly in recent years, besides striving to reduce the burden placed on the environment and to safeguard the environment, Unicharm is also making a serious effort to promote supply network management that takes biodiversity into account, in line with the goal of building a sustainable society. Therefore, we are committed to environmental conservation through the operation of the Forest-Derived Raw Materials Procurement Guidelines, which make the Basic Environmental Policy^{*1} and the Basic Policy of Procurement^{*2} more specific with regard to biodiversity.

^{*1} Basic Environmental Policy: As a company that engages in the manufacture and sale of disposable products, we recognise the extent of our responsibility to the environment. We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and are determined to realise the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

^{*2} Basic Policy of Procurement (excerpt from environmental themes):

(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.

Goals

By 2030, Unicharm aims to only procure raw materials that are sustainably sourced and recycled and achieve 100% supply network traceability for the pulp and paper used in the absorbent materials of its products and the small quantities of palm oil used in its partner animal (pet) foods.

When using virgin pulp other than wastepaper or recycled pulp, we work with suppliers to fully ensure that it does not contribute to deforestation. More specifically, we confirm whether the pulp and paper used in our products have obtained third-party certification, including the Programme for the Endorsement of Forest Certification (PEFC), and certificates of origin other than high conservation value forests (HCVFs) or high carbon stock forests (HCSFs). As for palm oil, we are switching to the use of Roundtable on Sustainable Palm Oil (RSPO)-certified oil. In addition, we will readily participate in the activities of industry organisations and strive to use sustainably sourced forest resources in our products.

Action Guidelines

- (1) Give priority to the use of waste paper, recycled pulp, and mill broke (paper trimmings and scrap generated during the paper manufacturing process).
- (2) Prioritise the use of forest resources certified by reputable third parties such as the PEFC.
- (3) In the case of forest resources for which third-party certification is not available, Unicharm will promote the establishment of supply networks that are verified for the following:

- certificates of origin and tags, etc., to ensure that the resources in question are not logged from HCVFs or HCSFs
- a guarantee that no damage is caused to forests
- respect for the human rights of workers and indigenous residents and prohibition of forced and child labour
- compliance with local laws and regulations



Management Structure

To address social issues such as employee health and safety and labour standards along the supply network, quarterly meetings are held by the managers of the ESG Division, the Global Development Division, which manages the material suppliers and contract manufacturers, the Pet Care Manufacturing Division, and the Strategic Sourcing Division of Unicharm Products Co., Ltd., to discuss and determine the areas of foremost priority and specific courses of action while monitoring the progress of ongoing measures and seeking solutions to various issues.

In addition, the ESG Committee, chaired by the President & CEO, reports on social issues related to the supply network and the policies and progress of environmental activities on a regular basis, reviewing our plans as necessary.

Effective Use of Global Platform

At Unicharm, we utilise the Sedex* platform to manage our response to social issues along the supply chain. Our material suppliers and contract manufacturers are requested to become a member of Sedex and acknowledge their relationship with Unicharm on the Sedex platform. The information acquired by means of the Sedex platform is used to enhance our decision-making and progress management capabilities.

Sedex Member

*Sedex is a global technology company that specialises in data, insights and professional services to empower supply chain sustainability. Their platform, tools and services enable businesses to easily manage and improve their environmental, social and governance (ESG) performance to meet their supply chain sustainability goals. Sedex has over 20 years of expertise and provides end-to-end supply chain solutions for all businesses, including SMETA, the world-leading site-level social audit. Sedex is proud to work with a community of 90,000 businesses and 115,000 supply chain sites across 35 sectors globally. This includes some of the world's most recognisable brands such as Reckitt, Nestlé, Molson Coors, Yum! Brands, Marks & Spencer, Mengniu, Walmart, Tesco, Asahi, Li & Fung, John Lewis Partnership (JLP) and Barclays to name a few. Visit their website for more information.

05 Overview of the Unicharm Group

Overview of the 12th Medium-Term Management Plan

Today, rising income levels, primarily in Asia, are prompting an expansion of the middle class and an increase in disposable incomes among women. As the advancement of women in society progresses, Unicharm expects similar circumstances to proliferate in the Middle East and Africa, as well as Asia, realising a global future of consumer trends driven by women. In light of these changes, the Company's latest medium-term management plan, the 12th Medium-Term Management Plan, Project-L, which got underway in fiscal 2024, will build a foundation for Unicharm to grow to become the world's best company, symbolising the advancement of women, by capturing megatrends in relation to women, who have a natural affinity with its business activities. The L in Project-L incorporates the three concepts of Lady, Life, and Love.



Lady	Focus on the entirety of women's lives to offer products and services maximising lifetime value
Life	Enable all people and pets to achieve fulfilment through the accomplishment of various tasks, thereby achieving "NOLA & DOLA"
Love	Aim to realise a cohesive society through a spirit of altruism that values people, pets, and the planet, always helping people to love their possibilities

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.

	2021	2022	2023	2024
Number of incidents of Human Rights Identified	0	1	1	0

Setting KPIs and Collecting Information

In fiscal 2021, we established a system to collect and monitor KPI-related data—such as absenteeism and turnover rates at each factory—by having them submit this information to the ESG Division when responding to the SAQ (Self-Assessment Questionnaire).

In fiscal 2024, we provided feedback to all factories on the analysis results of their responses and proceeded with effectiveness verification.

Additionally, we requested that they begin planning for SMETA audits from fiscal 2025 onward.

Risk Assessment of Associate Companies (Contractors, etc.) on Our Factory 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. We therefore hold briefing sessions for persons in charge at our factories to educate them about the necessity of sustainable procurement initiatives and the importance of building a sustainable supply network.

05 Company Key Actions



Encouragement to Join Sedex – Suppliers of Unicharm Group

So far, we have established relationships with 68.5% of materials and OEM suppliers in personal care and OEM partners in pet care.

We will continue working on expanding these initiatives to include material suppliers in pet care.

		Relationship	Inherent Risk Score Obtained	Site Characteristic Risk Score Obtained
Personal Care	Raw material suppliers	91.9%	82.6%	73.9%
	OEM Partners	78.5%	72.3%	50.8%
Pet Care	Raw material suppliers	29.7%	25.9%	24.5%
	OEM Partners	68.8%	68.9%	56.3%
	TOTAL	68.5%	61.8%	54%

UcA Global MSA Implementation Plan

This year, UcA maintained its training approach to strengthen collaboration across our global supply network. Since the risks we identified have not changed significantly, we continued building on the work started in 2023, supporting all levels of our supply chain—Tier 1, Tier 2, and Tier 3—throughout 2024.

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 network tiers
- What the Modern Slavery Act 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 UcA and suppliers are working together
- How to respond to a case of modern slavery
- UcA's MSA direction for 2025 and beyond
- Modern Slavery conference attendance



UcA's 2024 Statement details were shared.



Online training continued alongside face-to-face training within Australia.

Visual References for the Types of Modern Slavery

Trafficking in persons



Slavery



Servitude



Forced labour



Debt bondage



Forced marriage



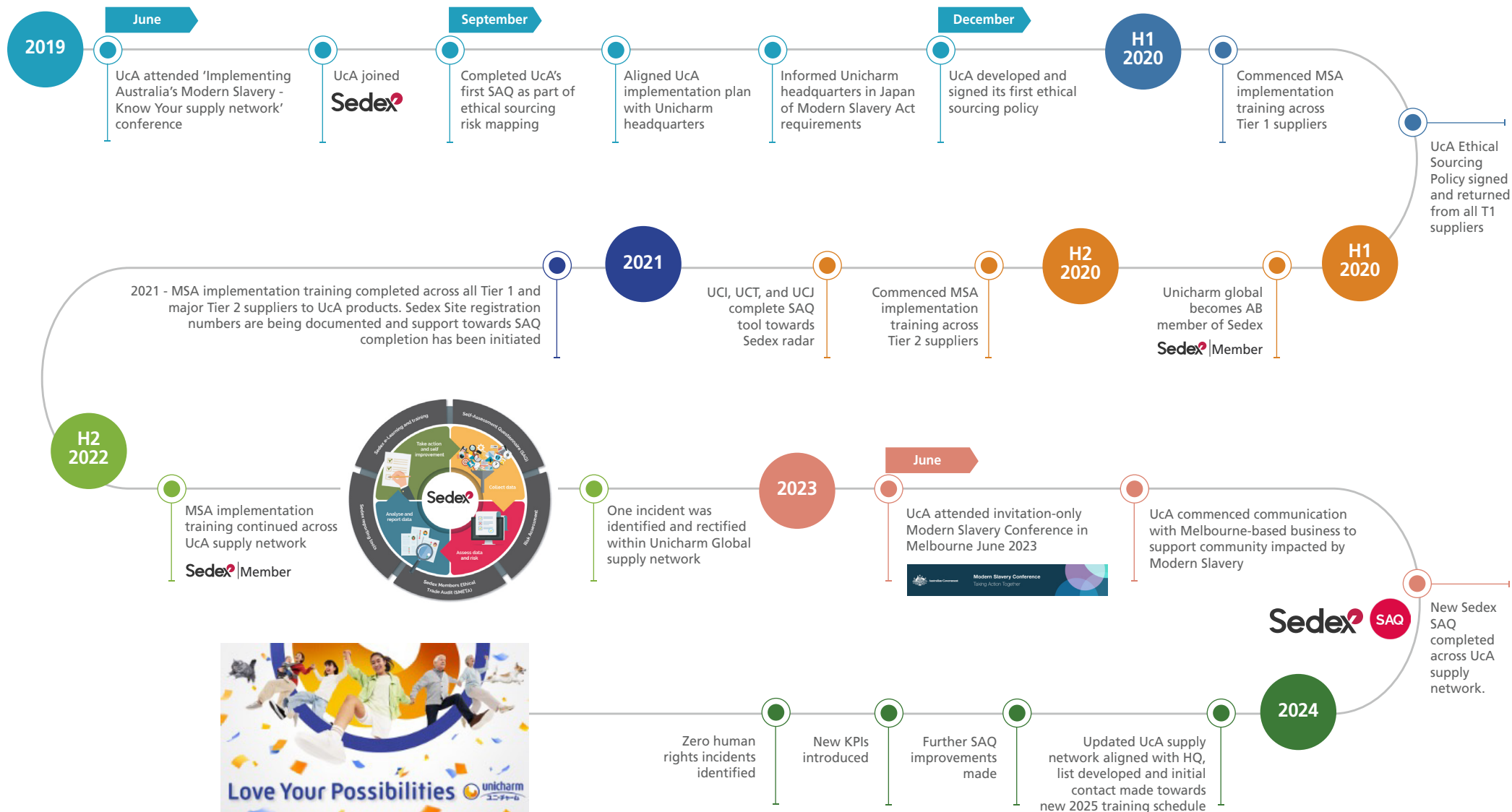
The worst forms of child labour



Deceptive recruitment for labour or service



05 UcA Key Actions



06

Effectiveness

06 Human Rights

Our Basic Approach & Strategy

Since the founding of Unicharm, we have included “respecting humanity and dignity” in our management policy and always believed in a mindset that is respectful of human rights. In fact, the spirit of respecting human rights and a mutually respectful human perspective are elements of the Unicharm Group Charter of Actions and our Global Human Resources Philosophy.

Due to the existence of various human rights issues throughout the world and the importance of respecting human rights in global business according to international human rights standards, in 2017 we established the Unicharm Group Policy on Human Rights, which aligns with the tenets and aims of the Universal Declaration of Human Rights (adopted in 1948 by the United Nations General Assembly), demonstrating our commitment to fulfilling 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 Actions, a statement of corporate ideals to which all of the Group’s employees adhere. Furthermore, Unicharm promotes management by local subsidiaries in the countries and regions in which it operates, with priority given to contributing to the local economy, by actively creating local employment in the production, sale, and manufacture of products using locally procured raw materials to meet the goal of local production for local consumption. In this context, the Unicharm Group CSR Procurement Guidelines, which were upgraded to the Basic Purchasing Policy in 2017, and the Unicharm Group Sustainable Procurement Guidelines were formulated and implemented in 2009 and 2017, respectively, for the purpose of maintaining fair and impartial relationships with all our suppliers.

The Basic Purchasing Policy applies to all executives and employees of the Unicharm Group. To ensure that its business partners and suppliers also uphold and comply with this policy, the Group will work together with them to promote respect for human rights.

Through these and other measures, we make every effort to respect children’s rights by eliminating forced and child labour and never discriminate against people on the basis of nationality, race, religion, gender, sexual preference, age, family background, disability, or any other factors.

We also guarantee freedom of association and collective bargaining and pay attention to the reduction of excessive work hours and rights to a minimum wage.

06 Unicharm's Group Policy on Human Rights

The corporate philosophy “NOLA & DOLA” of the Unicharm Group (the Group) contains our hope that “Unicharm aims to provide all people, from newborns to the elderly, with products and service that provide mental and physical support through gentle care so that they may be free of their burden and can fulfil their dreams.” In accordance with this philosophy, the Group supports the realisation of a society where human rights are respected as a fundamental right granted to all people. Based on this assumption, the Group will make efforts to fulfil its responsibility to respect human rights.

1. Background

The Group has established the Unicharm Human Rights Policy (the policy by which it will promote efforts for the respect of human rights of all stakeholders including employees based on the following international human rights principles: International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, and International Covenant on Civil and Political Rights), ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, Ten Principles of the UN Global Compact, and UN Guiding Principles on Business and Human Rights. The Policy compliments the corporate philosophy and Unicharm Group Charter of Actions (The Unicharm Way) clarifying how the Group will address matters concerning human rights in the Charter of Actions.

2. Scope of Application

The Policy will apply to all executives and employees who work at the Group. The Group will also require its business partners and suppliers to uphold and comply with the Policy and work together with them to promote efforts for the respect of human rights.

3. Responsibility to Respect Human Rights

The Group will fulfil its responsibility of respecting human rights by ensuring that its business activities do not result in human rights violations and by responding appropriately to correct any adverse human rights impact we may have caused. Furthermore, the Group will require its business partners and suppliers to respond appropriately to correct any adverse human rights impact they may have caused even if the Group does not directly contribute to those impacts.

4. Compliance with Applicable Laws and Regulations

The Group will comply with the laws and regulations of each country or region where it conducts its business activities. Where there is a conflict between national or regional laws/regulations and international human rights standards, we will seek the ways to honour international human rights standards.

5. Human Rights Due Diligence

The Group will establish a system of human rights due diligence in accordance with procedures based on the UN Guiding Principles on Business and Human Rights under which it will make efforts to prevent or mitigate adverse human rights impacts.

6. Remedy

In the event the Group's business activities directly or indirectly result in adverse human rights impacts, it will provide a remedy through appropriate dialogue and procedures.

7. Education

The Group will provide appropriate education to ensure effective implementation of the Policy by which it will be instilled inside and outside the Company.

8. Dialogue and Consultation

The Group will engage sincerely in meaningful consultation with people whom its business activities may have caused impacts as a part of its efforts under the Policy.

9. Reports

The Group reports on its efforts related to human rights through its website, etc.

Date of Establishment: 25 October 2017

Revised: 10 February 2021

Takahisa Takahara

President & CEO

Unicharm Corporation

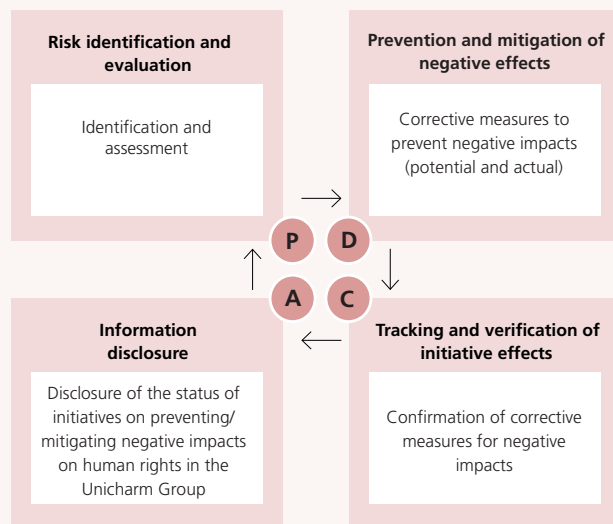
06 Unicharm Group Human Rights Approach, Strategy & Initiatives

Overview of Human Rights Initiatives

Human Rights Due Diligence Process

Unicharm Group Policy on Human Rights

Human Rights Due Diligence Process



Core evaluation items for managing labour issues

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

Policies
Policy on Human Rights Basic Purchasing Policy Sustainable Procurement Guidelines Forest-Derived Raw Materials Procurement Guidelines

Management	
Overseer: General Manager of the Global Human Resources & Administration Division	
Unicharm Group	Suppliers
Global Human Resources & Administration Division ESG Division Audit Department	Procurement Department ESG Division Subsidiaries

Prevention and Mitigation Systems	
Unicharm Group	Suppliers
Training and education Whistleblowing system	Human rights and labour monitoring Medium- to long-term policy briefing Use of Sedex (SMETA* audits)

Reports and Information Disclosure	
ESG Committee Report ↓ Board of Directors	Integrated Report Sustainability Report

Background of Initiatives

Participation in the Children and Families Agency's "Kodomo Mannaka (Child-Centred) Supporter" Initiative

In July 2023, the Company expressed its support for the "Kodomo Mannaka (Child-Centred) Declaration," which emphasises always considering what is best for children and aims to create a society where all children can grow up healthy and happy.

The "Kodomo Mannaka (Child-Centred) Supporter" initiative encourages individuals and organisations to take small, everyday actions that put children at the centre. Participants share these actions on social media using the hashtag #TriedKodomoMannaka".



06 Unicharm Group Human Rights Initiatives

Human Rights Risk Assessment of Unicharm Group Factories

In 2024, we calculated risk scores using tools provided by Sedex*¹. These scores include:

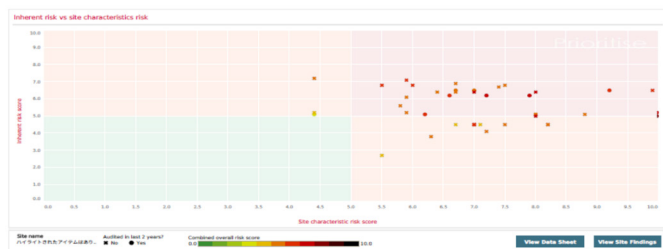
Inherent Risk Score: Based on the country/region where the factory is located and the nature of its operations

Site Characteristic Risk Score: Based on responses to the SAQ (Self-Assessment Questionnaire)

Using these scores as a reference, we conducted more detailed analysis for factories identified as high-risk and developed risk mitigation measures accordingly. This risk assessment approach is being applied across 43 sites in multiple countries.

• Risk scores at Unicharm factories

(The chart plots the simple average of the risk scores for labour standards and health & safety.)



*¹ Sedex is a global technology company that specialises in data, insights and professional services to empower supply chain sustainability. Their platform, tools and services enable businesses to easily manage and improve their environmental, social and governance (ESG) performance to meet their supply chain sustainability goals. Sedex has over 20 years of expertise and provides end-to-end supply chain solutions for all businesses, including SMETA, the world-leading site-level social audit. Sedex is proud to work with a community of 90,000 businesses and 115,000 supply chain sites across 35 sectors globally. This includes some of the world's most recognisable brands such as Reckitt, Nestlé, Molson Coors, Yum! Brands, Marks & Spencer, Mengniu, Walmart, Tesco, Asahi, Li & Fung, John Lewis Partnership (JLP) and Barclays to name a few. Visit their website for more information.

Audit Activities for Unicharm Group Manufacturing Sites

To verify the effectiveness of our risk elimination and mitigation measures, we regularly conduct social compliance audits of our factories by external auditing firms. When issues are identified, we take corrective actions accordingly.

Specifically, we utilise SMETA (Sedex Members Ethical Trade Audit) audits, a scheme provided by Sedex. The ESG Headquarters compiles the findings and shares them internally. By reviewing the issues identified at other factories, each site undertakes its own inspections and improvements, helping to prevent and avoid human rights issues across the organisation.

• Number of Audits and Evaluations conducted in Unicharm Group

		2022	2023	2024
Number of Audits		6	4	9
Number of Audits Points	Business Critical	0	0	0
	Critical	13	10	23
	Major	86	19	30
	Minor	36	14	19
	TOTAL	135	43	72

Setting KPIs and Collecting Information

In 2021, we established a process to collect and monitor KPI-related data—such as absenteeism and turnover rates—from each factory when responding to the SAQ (Self-Assessment Questionnaire).

In 2024, we provided feedback to all factories based on the analysis of their responses and advanced efforts to verify the effectiveness of our initiatives. Additionally, we requested that SMETA audit planning be initiated for 2025 and beyond.

Establishing KPIs and Collecting Relevant Data

In 2021, Unicharm established a system that enables the ESG Division to use self-evaluation surveys to collect data for key performance indicators (KPIs) such as minimum wage, number of employee promotions by gender, employee absentee rates, and average term of employment at each factory, as well as to monitor progress made.

In 2022, we began verifying the effects of using such data.

Human Rights Education for Unicharm Group Employees

Employees are provided with education and training so that each person will acquire proper knowledge on respect for human rights and the prevention of human-rights-related risks.

Upon the establishment of the Unicharm Group Policy on Human Rights, we held e-learning sessions for all employees on three separate occasions in 2018, in order to promote awareness of the importance of respecting human rights around the world.

The Unicharm Group Charter of Actions was amended in 2021 and, since then, we have had all employees recite it as a group each year. In addition, we continue to educate employees and enhance awareness of our human rights policy through our new employee, role-based, and new leader training sessions.

Role-based training consists of a curriculum on specific examples of bullying and harassment, human rights issues that can occur in the workplace, and measures to resolve them if they occur.

Source: ©Sedex 2025. Further information about how Sedex helps supply chains identify, manage and assess supply chain risks can be found here:
Optimise your supply chain with Sedex's risk management solutions

06 Unicharm Group Human Rights Initiatives

Consultation and Whistleblower Hotline for Human Rights Issues

At Unicharm, the Compliance Hotline is in place that serves as a point of contact for consultations on, and the reporting of violations of laws, regulations, and internal rules, acts of bribery and other forms of corruption, and serious violations of corporate ethics.

Meanwhile, the Ring-Ring Employee Hotline was established to act as a contact point for consultations on, and the reporting of, human rights issues in the workplace, including harassment and employee relations.

These hotlines, in principle, are accessible to all directors and employees* of Unicharm Corporation and its subsidiaries and affiliate companies, and users are able to maintain anonymity when receiving consultation and reporting on matters.

In 2024, there were no cases of serious human rights violations reported to these hotlines.

* Includes contract, part-time, temporary, and dispatched employees, and former employees who resigned within a year



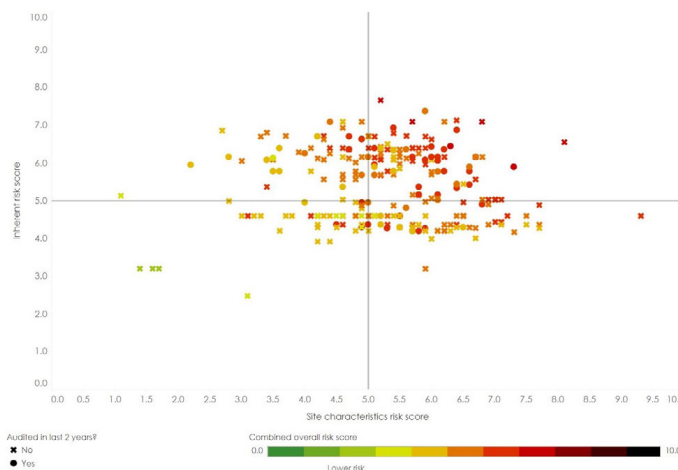
Source: ©Sedex 2025. Further information about how Sedex helps supply chains identify, manage and assess supply chain risks can be found [here](#):
Optimise your supply chain with Sedex's risk management solutions

Initiatives & Results

Human Rights Risk Assessment at Supplier Factories

We use the Sedex risk assessment tool to conduct risk assessments of our suppliers' factories, and in 2023, we started assessing the risks of our OEM partners for pet care products.

By the end of December 2024, we had established relationships on the Sedex platform with approximately 77% of the suppliers of goods and materials for personal care as well as the OEM partners in pet care, and we now have access to their information. "Inherent risk scores" for 70% of these sites and "Site characteristic risk scores" for 53% of these sites are now available. These scores are used as a basis for considering approaches to suppliers, and in 2024 we started working with suppliers of materials for pet care products.



Note: The simple averages of risk scores on labour standards and on health and safety have been plotted above.

Supplier Monitoring

We monitor our suppliers using the results of SMETA audits* available through the Sedex platform.



From the 79 audits conducted in fiscal 2024, we obtained information on 221 violations. The violations identified in the audits are categorised into four levels—Business Critical, Critical, Major, and Minor—in accordance with Sedex's SMETA Non-Compliance Guidance.

For violations classified as Business Critical or Critical, if corrective actions are not confirmed on the Sedex platform within three months from the audit date, we communicate with the relevant supplier to confirm the status of corrective actions or plans.

In fiscal 2024, out of 44 violations classified as Critical, we confirmed corrective action plans through discussions with the suppliers for two violations (from two companies) that had not been resolved within three months.

* 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.

• Supplier Audits: No. of Audits and Evaluations

		Fiscal 2022	Fiscal 2023	Fiscal 2024
Number of Audits		31	26	79
Number of Violations	Business Critical	1	1	0
	Critical	41	32	44
	Major	182	111	128
	Minor	109	44	50
	TOTAL	333	188	221

06 Unicharm Group Human Rights Initiatives

Eliminating & Mitigating Risks

New Suppliers

When engaging in business with new suppliers, Unicharm requests that they act in accordance with the Unicharm Group Policy on Human Rights and the Unicharm Group Sustainable Procurement Guidelines. New suppliers are also asked to become a member of Sedex and acknowledge their relationship with Unicharm on the Sedex platform.

Whenever a major issue related to labour standards, health and safety, or other matters arises in regard to suppliers, it will be taken into consideration when assessing the pros and cons of engaging in business with them. Moreover, suppliers are assessed on the basis of their environmental commitments by the Procurement Department, which held one such assessment in 2022.

Existing Suppliers

If a serious issue is found when monitoring the activities of existing suppliers, discussions are held with them to seek solutions toward improvement.

Also, our medium- to long-term policy briefing session was held in October 2022 to remind existing suppliers of Unicharm's various policies and guidelines, improve material quality, and request their cooperation in Sedex initiatives.

Note: In 2021, the evaluation method was changed from one that classifies the overall results of audits according to five ranks ranging from A to E, which was used until 2020, to one that classifies each identified issue according to four ratings: Business Critical, Critical, Major, and Minor.

Medium- to Long-Term Policy Briefing Session for Suppliers

Unicharm had been holding regular quality policy briefing sessions with suppliers since 2002 with the aim of ensuring consistent quality of materials and raising awareness of its procurement policies and guidelines.

These briefing sessions were put on hold from 2020 due to the COVID-19 pandemic but reconvened with the medium- to long-term policy briefing session in October 2022, which shared with suppliers the direction Unicharm aims to take going forward.

Attended by 234 people from 69 companies, including online participants, the briefing session raised awareness of the Basic Policy of Procurement, the Unicharm Group Sustainable Procurement Guidelines, and the Unicharm Group Policy on Human Rights, which declare our stance on human rights, labour, and environmental issues relating to procurement and on ensuring consistent quality.

Through this briefing, we also asked for greater cooperation from suppliers on the GHG Emissions Visualisation Project and Sedex as we proceed along the path to achieving Kyo-sei Life Vision 2030 and Environmental Targets 2030.



Medium- to long-term policy briefing session

Engaging with stakeholders regarding human rights

Because human rights issues have the potential to impact a wide range of stakeholders, we are working to enhance various forms of engagement.

	Initiatives	Outcomes
2021	- Participated in the "International Conference on Business and Human Rights in Tokyo" (Hosted by: Keizai Doyukai [Japan Association of Corporate Executives] and the Business and Human Rights Research Institute) - Participated in the Sedex "Japan-Australia Collaboration Conference 2021" - Regularly participated in Sedex community events, which cover a wide range of topics such as: SAQ (Self-Assessment Questionnaire), audits, use of gender data, and engagement with indirect material and service suppliers.	Gathered diverse opinions and information from a wide range of sources, including companies from various industries, government authorities, NGOs, international organisations, lawyers, and service providers related to human rights due diligence (DD). This input is utilised to inform decision-making on priority themes and specific promotion methods that the company should focus on.
2022	- Participated in the "Business and Human Rights / Human Rights Due Diligence" event hosted by UNDP (United Nations Development Programme) - Participated in various subcommittees of the Global Compact Network Japan - Discussed human rights risk analysis in the ESG Committee	Collected the latest information from around the world and Japan, as well as case studies of initiatives by other companies. Conducted internal risk analysis and discussed topics such as the approach to executive decision-making in the ESG Committee.
2023	- Participated in the "Business and Human Rights Academy Participant Seminar / Human Rights Due Diligence Dialogue" hosted by UNDP - Participated in various subcommittees of the Global Compact Network Japan - Participated in the Sedex "Cosmetics & Daily Goods Industry Buyer Member Working Team" - Explained the company's Human Rights Policy to 143 suppliers at the 14th Unicharm Mid- to Long-Term Policy Briefing	Collected case studies from other industries and insights from experts to help evaluate and shape the direction of the company's human rights initiatives.
2024	- Participated in the "Business and Human Rights Academy Seminar" hosted by UNDP - Participated in the Sedex Working Group for Buyers in the Cosmetics & Personal Care Industry - Attended the Sustainability Summit of the Australian Food & Grocery Council - Explained our Human Rights Policy to 283 participants from 133 supplier companies at the 15th Unicharm Mid- to Long-Term Policy Briefing - Collaborated with ASEAN-Australia Counter Trafficking to support human rights education in ASEAN - Held a study session on "Business and Human Rights" led by a law firm	We are collecting the latest information on human rights and examples of initiatives by other companies, and are exploring measures to enhance awareness and literacy on human rights within our organisation. In Australia, we are also expanding activities that support external human rights education.

06 Unicharm Group Initiatives

Global Communication with Suppliers

Unicharm works with suppliers to engage in improvement activities on a wide range of material-related themes through meetings between local subsidiaries and the suppliers of each country and region, including quality policy briefing sessions in China.

Since 2016, briefing sessions on procurement themes have been held at distribution warehouses and supplier factories in 53 locations across seven countries to distribute copies of the Unicharm Group Sustainable Procurement Guidelines (available in Japanese and English) and explain the purpose of the guidelines so as to ensure the communication necessary for realising a sustainable society through the efforts of the entire supply chain.

Education for Internal Personnel

In order to promote sustainable procurement, we believe it is essential that everyone involved understands the Basic Policy of Procurement and guidelines for building a sustainable supply network.

We therefore educate the managers of our factories about the necessity of sustainable procurement initiatives and the importance of building a sustainable supply network.

In 2022, we held training sessions in various countries and regions for factory managers in charge of material procurement to request cooperation from material suppliers overseas on the use of the Sedex platform.

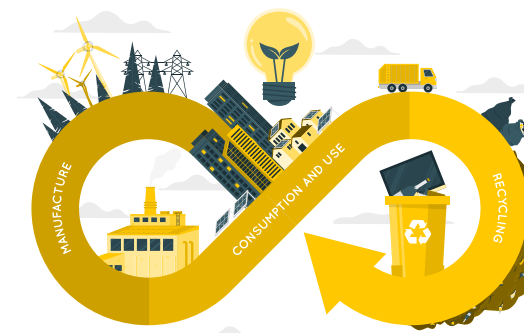
Initiatives to Improve Material Quality

Unicharm is proceeding at full speed in enhancing the quality of materials by focusing on the key areas for improvement from a quality consistency point of view and working closely with suppliers.

In addition, we conduct quality audits on suppliers through which 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 will continue to check its progress until the issue is resolved and reconfirm its status in the next audit.

We will make ongoing improvements to material quality by repeating this cycle from auditing to the instilling of improvements.



Responsible Procurement Initiatives Geared to Reducing Environmental Impact

We view the diminishing supply of forest-derived resources (including pulp, paper, and palm oil) stemming from forest destruction and water resource depletion along the upstream process as a risk to the Company. In light of this, Unicharm is working to reduce environmental impact and protect the environment with the aim of realising a sustainable society while paying due consideration to biodiversity in our supply network management. Specifically, we established the Forest-Derived Raw Materials Procurement Guidelines in 2015 and the Unicharm Group Sustainable Procurement Guidelines in 2017 in an effort to reduce risks by requesting the understanding and cooperation of suppliers.

On the other hand, we are able to lower environmental impact and costs by procuring energy-efficient resources that generate minimal amounts of CO₂ emissions, reducing waste, and utilising recycled materials and selling products made from these friendly products presents opportunities for the Company.

Moving ahead, we will continue to step up our recycling efforts in-house while working to help ensure that resources are recycled and utilised more efficiently throughout society.

06 Fair Business Practices

Our Basic Approach and Strategy

In line with the Unicharm Ideals, “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfilment of our social responsibilities,” which serve as the foundation of our business activities, we have established the Unicharm Group Charter of Actions, which sets forth more specific standards of conduct to ensure that directors and employees maintain the highest ethical standards, and comply with laws and regulations and the Articles of Incorporation.

The Unicharm Group Charter of Actions prohibits bribery and the provision and acceptance of excessive entertainment and gifts, which we strive to prevent along with improper political contributions, insider trading, money laundering, and corruption that would lead to other forms of misconduct, by ensuring that each employee complies with the Unicharm Group Charter of Actions. Furthermore, to ensure that workplace culture is not conducive to fraud or corruption, we thoroughly manage our working conditions and hours in compliance with various laws and regulations.

The Unicharm Group Charter of Actions is recited at morning assemblies and other gatherings at our various business sites to instill awareness in all employees. We believe it is essential for directors, executive officers, and other members of management to lead by example so that the Unicharm Group Charter of Actions is not a mere formality. By continuously conveying such words and actions to employees, we instill a sense of ethics and enhance their awareness of the charter.

Unicharm Group Charter of Actions / Action Guidelines for Practicing Our Beliefs & Pledges and Corporate Code of Conduct (Excerpt)

Practicing Our Pledge to Society

Compliance with Laws and Regulations, Voluntary Industry Standards, and Internal Regulations

1. We comply with not only the laws and regulations of the countries and regions in which we operate but also voluntary industry standards as well as the voluntary standards and rules and regulations of the Company. Therefore, we consistently ensure awareness of all the laws and regulations pertaining to our business activities.
2. We refrain from the use of terms or expressions that may be construed as forms of slander or social discrimination against other companies or individuals.

Respect for Rules and Cultures of International Society

1. We conduct business activities at a global level by complying with international rules and respecting the cultures and customs of each country and region.
2. We work to foster sound relationships with local communities and gain their trust.

Political Contributions, Donations, and Exchange of Entertainment and Gifts with Government Officials

1. We ensure that political contributions and donations to organisations are made in a transparent manner upon in-house approval.
2. We prohibit the exchange of entertainment and gifts with government officials or those equivalent thereto. We also forbid the use of facilitating payments for the purpose of expediting administrative processes.

Preparation for Disasters, Infectious Diseases, Antisocial Forces, Cyberattacks, and Other Risks

1. We respond appropriately in accordance with the designated Risk Management Manual in the event of disasters, infectious diseases, terrorism, or other risks.
2. We do not engage in relationships with antisocial forces or respond to unreasonable demands thereof in any way whatsoever. Moreover, we will cooperate with the police and various organisations and take a resolute stance toward antisocial forces.
3. We will positively engage in the development of an advanced cybersecurity management system.

06 Fair Business Practices

Management Structure

The ESG Committee monitors and supervises all activities related to social responsibility centred around a framework of quality, safety, and the environment. Specifically, the ESG Committee ensures the legality, fairness, and soundness of business activities and reports regularly to the Board of Directors.

Moreover, the Compliance Hotline has been established as a consultation and whistleblowing contact point for violations of laws and regulations, internal regulations, and major corporate ethics while the Ring-Ring Employee Hotline has been established for problems in the workplace, such as internal harassment acts and interpersonal issues, as part of efforts to develop and enhance the compliance structure.

The Corporate Ethics Office has been established within the ESG Division as the contact point for the management of these bodies. In the event of a serious problem, the executive officer in charge of the Corporate Ethics Office takes the helm to resolve the issue by convening the Corporate Ethics Committee, which consists of all members of the Audit & Supervisory Committee. The Corporate Ethics Committee reports on the actions it has taken to the Board of Directors so that the effectiveness of the committee can be verified on a regular basis.

In addition, in order to conduct audits on whether business execution in each division is being conducted appropriately in accordance with laws and regulations, and to provide advice as necessary, the Internal Audit Department has been established to serve as an internal auditing section that is independent from each business execution division and is directly supervised by the President & CEO and to conduct internal audits on all Group companies.

• Compliance Promotion Structure



Indicators and Targets

• Kyo-sei Life Vision 2030: Unicharm Principles

Indicator	Fiscal 2022 Result	Fiscal 2023 Result	Fiscal 2024 Result	Annual Target
No. of serious compliance violations	Zero	Zero	Zero	Zero

Initiatives and Results

Prohibition of Insider Trading

To prevent executives and employees from engaging in insider trading, Unicharm established the Insider Trading Prevention Regulations. The executive officer in charge of ESG, who is appointed by the President & CEO, is designated as the person responsible for managing insider information in order to prevent illegal acts. In addition to ensuring internal awareness of our zero-tolerance stance on insider trading, we require the submission of a trade notice for Unicharm's shares whenever they are traded and set specific limits on the trading of such shares based on the circumstances of the positions and departments of executives and employees.

Anti-Corruption Measures

The Board of Directors has established policies to prevent all forms of corruption including bribery and such efforts are also being conducted in conjunction with the related departments. In addition, the Unicharm Group Sustainable Procurement Guidelines, which aim to maintain fair relationships with suppliers and prevent acts of corruption in transactions, clearly indicate the necessity of compliance with laws, regulations, and social norms and fair trade, as well as the prohibition of bribery and kickbacks, and promote the comprehensive prevention of corruption in transactions.

Regular Reviews of the Effectiveness of the Standard of Conduct

The Company confirms the effectiveness of its standard of conduct through monitoring using the employee survey and internal audits conducted annually and revises this standard as necessary. The Company renamed the Unicharm Group Action Guidelines to the Unicharm Group Charter of Actions on 10 February, 2021.

Fines, Surcharges, Settlements, and Dismissals Resulting from Acts of Corruption

In fiscal 2024, there were no fines, penalties, or settlement payments related to corrupt practices such as bribery, including facilitating payments. Additionally, no employees were subject to disciplinary action due to bribery or other corrupt practices.

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Coverage
No. of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery	0	0	0	Unicharm Corporation
Amount of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery (yen)	0	0	0	
No. of employees subject to disciplinary action due to acts of corruption or bribery	0	0	0	

06 Fair Business Practices

Whistleblowing System

The Compliance Hotline has been established for Group employees, both within and outside Japan, as a consultation and whistleblowing contact point for the violation of laws and regulations, violation of internal regulations and acts of corruption such as the taking and receiving of bribes, or major corporate ethics violations. The Ring-Ring Employee Hotline has been established for employees to report or receive consultation on their concerns over human rights issues, acts of harassment, and workplace interpersonal issues. In principle, the system is available to all executives and employees* of the Company and its subsidiaries and affiliates, who can then remain anonymous when reporting or receiving consultation.

These matters are handled in accordance with the Consultation and Whistleblowing Management Regulations of the Corporate Ethics Office and the results are shared with both whistleblowers and employees receiving consultation, with the exception of those who requested anonymity. The privacy of employees who use this system is respected and every effort possible is made to ensure that both whistleblowers and employees receiving consultation are protected from harm.

In addition, if it becomes necessary to involve a third-party, the whistleblower's consent to this will be sought. Along with the Compliance Hotline and the Ring-Ring Employee Hotline, Unicharm has also put in place a system that makes it easy for employees and their families to consult with external organisations. Overseas, similar hotlines have been established and are being operated at our subsidiaries in China, Taiwan–Greater China, Thailand, Indonesia, India, Brazil, South Korea, the United States, Vietnam, Saudi Arabia, Egypt, and Australia.

* Includes contract, part-time, temporary, and dispatched employees, and former employees who resigned within a year

• Number of Consultations and Reports via the Whistleblowing System

	Fiscal 2022	Fiscal 2023	Fiscal 2024
No. of consultation/whistleblowing cases (Japan)	100	165	210
No. of consultation/whistleblowing cases (overseas)	42	48	56
Consultation/whistleblowing cases involving violation of compliance	0	0	0

Response to Serious Compliance Violations

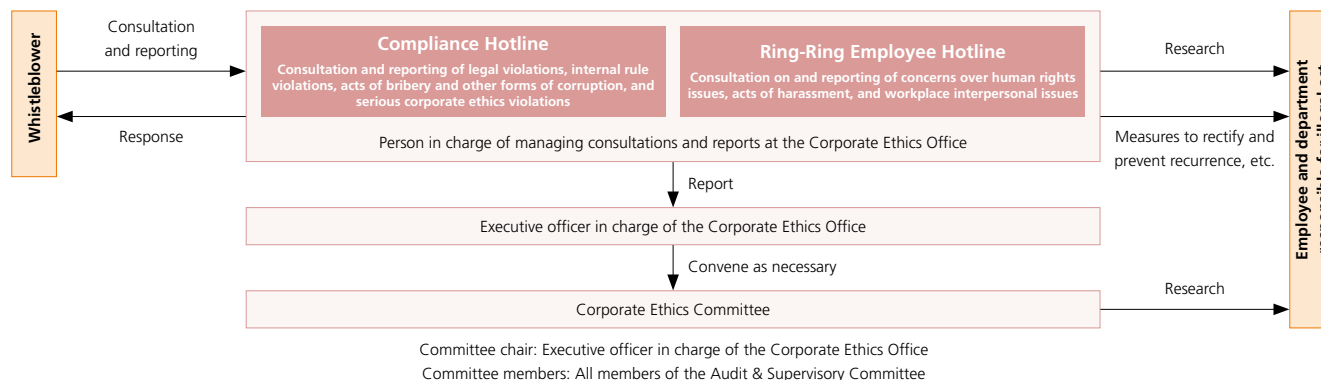
At Unicharm, we define a “serious compliance violation” as one that impairs our corporate value, has an adverse impact on our business operations, and requires external information disclosure. Aiming to achieve our target of zero compliance violations as declared in Kyo-sei Life Vision 2030, we are taking appropriate measures to enhance compliance awareness. In fiscal 2024, there were no cases of serious compliance violations.

Initiatives to Raise Compliance Awareness

The Unicharm Group Charter of Actions, which is utilised by all Group employees, states the behaviours that should be kept in mind in order to achieve our pledge to each stakeholder and, through the recital of this charter, we are working to improve awareness of compliance in relation to issues such as corruption prevention.

In addition, compliance-related questions have been added to the employee survey, which is conducted across the Group each year, to prevent acts of fraud, enhance awareness of legal compliance, and monitor compliance awareness.

• Whistleblowing System Response Process



07 Consultation



07 Consultation

Fiscal 2024 has seen UcA continue our consultative approach towards further education across our supply network. Upon consultation with our Japan HQ we formulated our second round of global training (scheduled to commence in 2025) and initiated the risk based training schedule via contact with each supplier. UcA also continued to see reductions in risk mapping via continued support to further embed Human Rights awareness.

Responsibly Sourced

Places of origin are assessed against our responsible sourcing requirements to understand compliance and action plans developed towards the implementation of equivalent standards.



Traceable

Products we buy are identified back to their places of origin such as raw material suppliers and plantations.

07 Consultation & Continuous Improvement

Unicharm's approach to Modern Slavery continued throughout 2024 with direct support and education across our supply network to establish the relationships and understanding of supporting team members. This is in conjunction with the Sedex SAQ such that we have continued to work with the network to help companies assess and understand their potential risks and opportunities. In 2024 UcA continued to maintain a 100% completion rate of the new SAQ in our supply network, continuing to empower our supplying companies to evaluate any risks. Our third continued measure has been the SMETA auditing, providing third-party detailed assessment and guidance to all teams.

What is the Self-Assessment Questionnaire (SAQ)?*

The Self-Assessment Questionnaire (SAQ) is a set of questions for businesses to complete about their business practices, management systems and policies, and information about workers. Suppliers can share this information with multiple buyers, and buyers can use this information to understand whether their suppliers are meeting international labour standards.

What Improvements can Suppliers Expect from the New SAQ?

- **Easier to complete SAQ** - We are significantly cutting the number of questions and reducing the number of questions that require data that's difficult to collect. Suppliers will also receive better guidance and instructions on how to complete the SAQ.
- **Improved design and faster performance** - Suppliers will be able to complete the SAQ on the new platform, which has a better user interface and improved page loading times.
- **A clearer understanding of why each question is being asked** - There will be an explanation next to each question that clarifies why the question is being asked and how this information is useful for customers.
- **See the progress your company is making over time** - Suppliers will be able to track their progress each time they complete an SAQ, helping them to demonstrate the business value of taking positive action.

- **Better reporting output and SMETA audit preparation** - Once completed, suppliers will be able to see their assessment results with practical action that can be taken to prevent labour exploitation, helping to better prepare for a SMETA audit.

- **Easier for multi-site suppliers to complete** - Companies that have several production sites can complete 75% of questions at the central level and apply these across multiple sites.

What changes can buyers expect from the new SAQ?

- **Faster SAQ completion** - We are cutting the maximum number of questions and limiting the number of questions that require data that is difficult to collect so buyers will notice SAQS are completed in a shorter timeframe. Suppliers will also receive better guidance and instructions on how to complete the SAQ, which will improve the completion rate.

- **Better visibility around recruitment and housing of migrant workers** - To enhance the risk assessment results that come from the SAQ, we will be asking more questions about how migrant workers are recruited, and the standard of their housing.

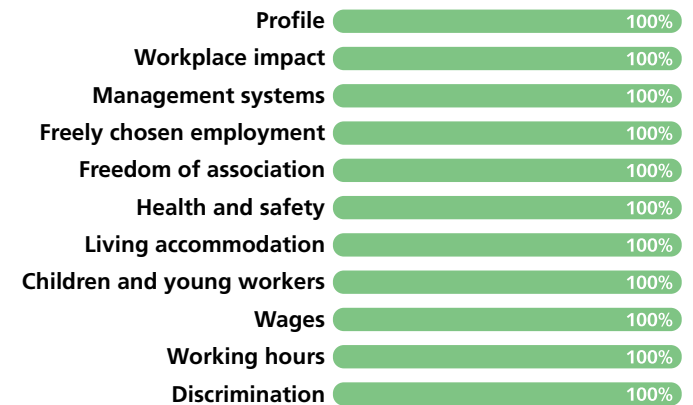
- **Improved alignment with SMETA** - The SAQ will be structured to have the same sections of the SMETA audit report, helping suppliers and auditors to better prepare for a SMETA audit. We will be able to highlight when any audit non-compliance is inconsistent with answers provided in the SAQ.

Once we have launched the new SAQ, we will be working on bringing in other benefits such as:

- **Improved reporting to track supplier progress** - We're developing a new KPI dashboard that helps set supply chain targets and supports improvement. Members will be able to see previous versions of the SAQ to monitor improvements made over time.

- **Increased trust in the data** - By aligning the SAQ with SMETA, we will also be able to automatically prepopulate a SMETA report and highlight any inconsistencies found during an audit, increasing trust in the SAQ data.

SAQ Areas of Focus



*source: <https://www.sedex.com/knowledge-hub/news/changes-coming-to-the-self-assessment-questionnaire-saq-for-goods-providers/>

07 Responsible Sourcing Benchmarks

Ethical Auditing across our Supply Network

Business Ethics

UcA supports its supply network by helping them understand its policies that prohibit bribery, corruption, and fraud. It also ensures that partners are familiar with the company's standards for business integrity and ethics. These policies are clearly communicated and taught to employees and team members so that everyone understands their responsibilities and the importance of accountability when it comes to ethical business practices.

Work, Health & Safety

UcA collaborates with our supply network 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 its supply network, including relevant certificates from each of our manufacturing sites.

Audit outcomes are also reviewed with continuous improvement established in current practices.

Environment

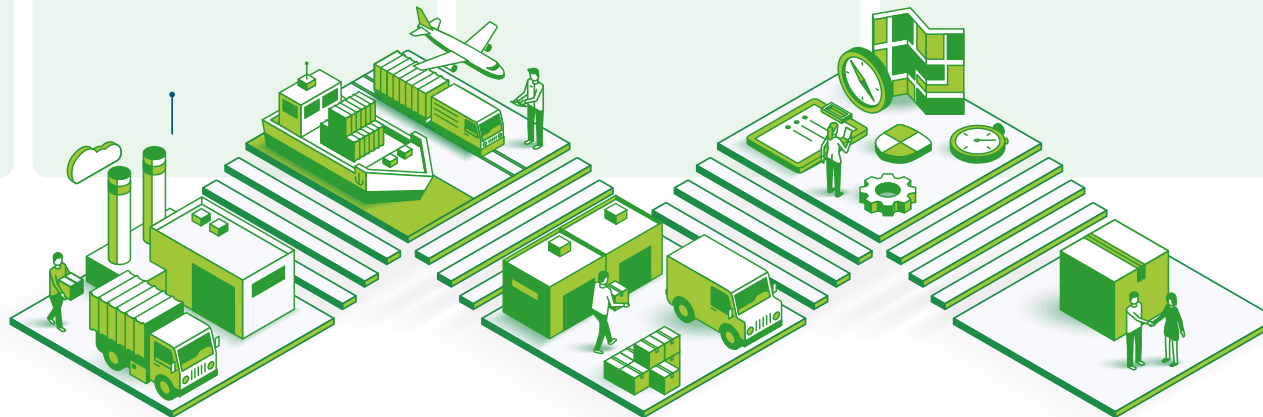
UcA maintains a strong direction towards environmental standards with all factories achieving third-party certification such as ISO 14001.

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.

Through the implementation of human resource policies and procedures, we ensure safe, fair, and humane working conditions across our supply network.



07 Looking Forward

Course of Action – FY 2024 and beyond

Results 2024

- ✓ Incorporate Human Rights into all UC Contracts/Agreements – **Continuing**
- ✓ Submitted 4th Modern Slavery Statement including our commitment to local Industry within this segment – **Completed**
- ✓ MSA Tier 1 & 2 updated training – **Continuing**

Target 2025

- ✓ Incorporate Human Rights into all UC Contracts/Agreements
- ✓ Submit 5th Modern Slavery Statement including our commitment to local Industry within this segment
- ✓ Continue MSA Tier 1, 2 and beyond second round of global training

Target 2030

- ✓ Maintain Human Rights into all UC contracts/agreements
- ✓ 10th Modern Statement submitted with complete transparency of our commitment & disclosure
- ✓ World's best practice for human rights

Compliance Assessment

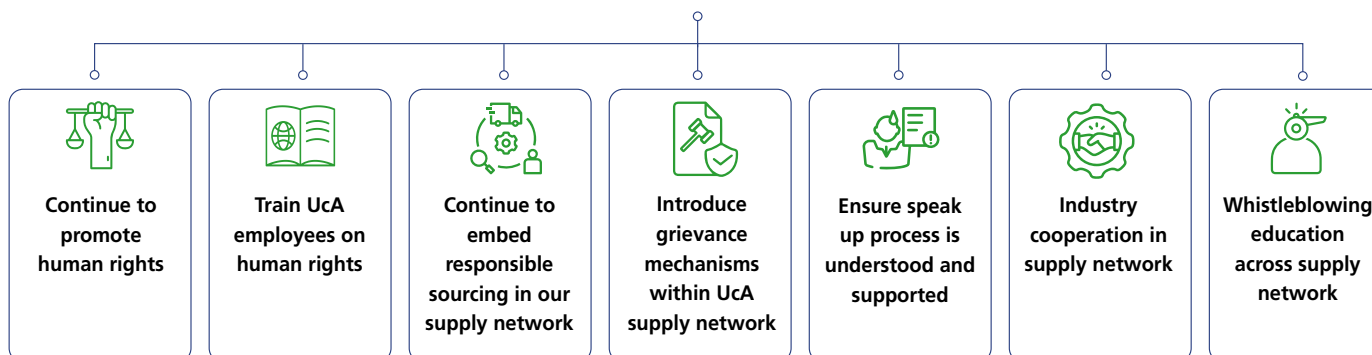
- KPI Overview (New)
 - Sedex membership status
 - SAQ completion
 - Audit status
- Inherent (country) risk
- Legal and organisational frameworks

Impact/Risk

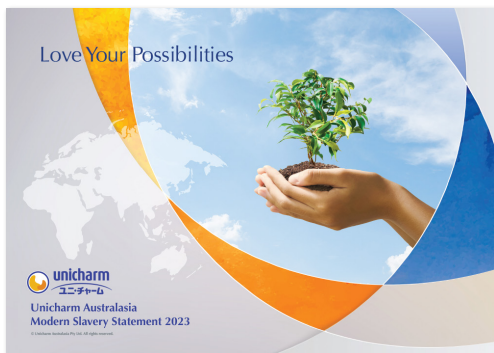
- Management controls scores (New)
- SAQ scores & risk score summary (New)
- Stakeholder engagement
- Community relations projects impact assessment

Outcomes

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



08 Other Information



2023 performance and progress
on UcA's Modern Slavery goals
and commitments

Click here to find the report on Modern
Slavery Statement Register: 



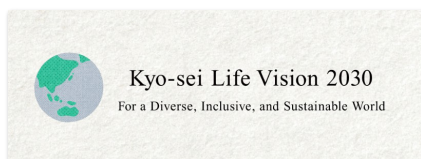
2023 performance and progress
on Unicharm Group's global sustainability goals and
commitments

Click here to find the report on our website: 



2023 results of Unicharm Group's uncompromising
efforts towards transparency of financial and
non-financial information

Click here to find the report on our website: 



Click here for more information: 



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