

# Love Your Possibilities



## Unicharm Australasia Modern Slavery Statement 2023

# THE FUTURE WE ENVISION

*A society in which everyone can maximise individual potential and live life to its fullest.*

*A society in which we comfortably coexist, helping each other while respecting mutual independence.*

*Unicharm continually considers every moment of life.*

*From birth to adulthood, and all the years in between.*

*From this generation to the next, and many years into the future.*

*We endeavour to realise a diverse, inclusive, and sustainable world, protecting and supporting life for people and society through "kindness" in various forms.*

*Baby care that supports and comforts both infants and families.*

*Nursing care that helps people live a full life at any age.*

*Environments that ensure our partner animals (pets) a warm welcome by the family and neighbourhood.*

*Feminine care that helps lift spirits during the monthly cycle.*

*Good hygiene that helps enhance and expand pleasant interactions for everyone.*

*This is the kindness we at Unicharm have always valued.*

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

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

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

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

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

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

\*\*"NOLA & DOLA": Necessity of Life with Activities & Dreams of Life with Activities.

Our corporate philosophy: Unicharm aims to provide all people, from newborns to the elderly, with products and services that provide mental and physical support through gentle care so that they may be free of their burdens and can fulfill their dreams.



## 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.*

## Explanation of our Cover

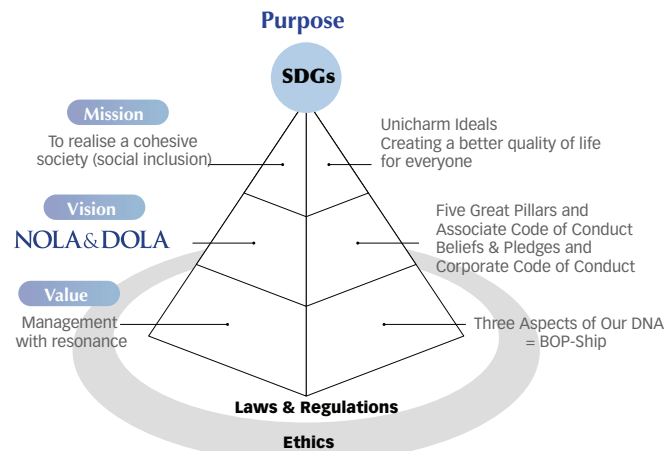
*Our vision is based on the "NOLA & DOLA" concept, which stands for Necessity of Life with Activities & Dreams of Life with Activities. Unicharm aims to provide each and every consumer with products and services that offer mental and physical support to bring about a cohesive society in which people of all ages can spend their lives in the way they so wish. The growth of our Unicharm Tree represents our 10-year commitment (2020-2030) towards safeguarding the well-being of individuals, society and our planet.*



# The Unicharm Way

The Unicharm Ideals, established in 1974, declare Unicharm's commitment to developing together with society, which has served as the guiding principle of the Company's management. In 2020, Unicharm clarified its purpose (reason for existence) as contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). At the same time, we separated our purpose into our mission, vision, and value while specifying what each and every employee should aim to achieve and the actions they should take to that end.

## Formulation of The Unicharm Way



## Purpose

The reason for our  
existence



Contributing to the  
achievement of  
the SDGs

## Mission

What we seek to accomplish



### To Realise a Cohesive Society (Social Inclusion)

The cohesive society (social inclusion) envisioned by Unicharm entails a society in which each person is independent while supporting others in a way that allows everyone to have just the right sense of distance so that, in addition to vulnerable members of society, those who are at a disadvantage either temporarily or for an extended period due to aging, illness, childbirth, menstruation, or other factors can spend their lives in the way they so wish regardless of the situation. Unicharm aims to realise the creation of such a society.

### Unicharm Ideals

- 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 and abroad.
- We strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment 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.\*

(Established in 1974)

\* 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

# The Unicharm Way

## Vision

How we aim to accomplish our mission



### Implementing "NOLA & DOLA"

"NOLA & DOLA," Unicharm's corporate philosophy, articulates the Company's aim to supply all people, from newborns to the elderly, with products and services that provide mental and physical support through gentle care so that they may be free of their burdens and can fulfill their dreams. Offering value in terms of "NOLA & DOLA" will allow us to realise 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 the joy of living and of pleasure and to fulfill their dreams.

### Five Great Pillars and Associate Code of Conduct

#### Creativity & 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 companywide 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 taking on challenges to unlock the unlimited potential of employees.

#### 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.

### Beliefs and 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 our business partners

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

#### Pledge to our employees

We pledge to enable all employees and their families to achieve happiness and attain pride and confidence.

#### Pledge to society

We pledge to contribute to the economic and emotional fulfillment of the entire global population through our corporate activities.

## The Unicharm Way

### Value

Our underlying aspiration



#### Promoting Management with Resonance

Management with resonance is a unified management model promoted by all of Unicharm's employees. This model serves as a framework for the senior management team and frontline employees to work as one toward a shared goal. All Unicharm employees aim to realise their shared goal of creating a cohesive society by aligning their direction while constantly thinking and acting for themselves.

#### BOP-Ship and the Three Aspects of Our DNA

Forming the backbone of Unicharm's activities, BOP-Ship — comprising Best Practice-ship, Ownership, and Partnership — represents a rewording of the Three Aspects of Our DNA, which itself embodies the corporate culture and spirit that has been passed on ceaselessly since our founding, to enable employees in various countries and regions throughout the world to better understand the Three Aspects of Our DNA.

##### BOP-Ship

###### Best Practice-Ship

Best Practice-ship refers to accumulating the best practices, abandoning past resolutions, constantly making updates, and incorporating best practices with an emphasis on speed.

###### Ownership

Ownership refers to recognising everything as "our own matter" and thinking and acting on our own initiative to overcome difficulties.

###### Partnership

Partnership entails always respecting collaboration with peers with an altruistic mind. Collaboration creates internal and external cross-organisational communication, and furthering such communication will lead to innovation.

##### 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



# Editorial Policy / Contents

## Editorial Policy

This document has been prepared as Unicharm Australasia’s 2023 Modern Slavery Statement (MSS)

### Editorial Policy

Modern Slavery Statement 2023 was prepared to provide readers with information on Unicharm’s Ethical Sourcing & Governance activities. At Unicharm, ESG is about embodying “NOLA & DOLA”\* 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 2023 (1 January 2023 to 31 December 2023); 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 2023 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 significantly 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 2023 (The report focuses on results from 2023 and includes some of the latest information from 2024.)

### Date of Issue

July 2024 (The next edition is scheduled for publication in July 2025.)

### Unicharm Information Disclosure System

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

Investor Relations		Investor Relations	
Investor relations	<a href="http://www.unicharm.co.jp/en/ir">www.unicharm.co.jp/en/ir</a>	Sustainability	<a href="http://www.unicharm.co.jp/en/csr-eco">www.unicharm.co.jp/en/csr-eco</a>
Annual Securities Report	<a href="http://www.unicharm.co.jp/en/ir/library/securities">www.unicharm.co.jp/en/ir/library/securities</a>	Kyo-sei Life Vision 2030	<a href="http://www.unicharm.co.jp/english/csr/kyoseilifevision/index">www.unicharm.co.jp/english/csr/kyoseilifevision/index</a>
Presentation Materials for Investors	<a href="http://www.unicharm.co.jp/en/ir/library/securities">www.unicharm.co.jp/en/ir/library/securities</a>	GRI Standards Comparison Table	<a href="http://www.unicharm.co.jp/en/csr-eco/gri">www.unicharm.co.jp/en/csr-eco/gri</a>
		SASB Content Index	<a href="http://www.unicharm.co.jp/en/csr-eco/sasb">www.unicharm.co.jp/en/csr-eco/sasb</a>
		Sustainability Report	<a href="http://www.unicharm.co.jp/en/csr-eco/report">www.unicharm.co.jp/en/csr-eco/report</a>
		Corporate Governance Report	<a href="http://www.unicharm.co.jp/en/company/corporate-governance">www.unicharm.co.jp/en/company/corporate-governance</a>
		Integrated Report	<a href="http://www.unicharm.co.jp/en/ir/report">www.unicharm.co.jp/en/ir/report</a>

## Overview of the Unicharm Group

### Company Profile

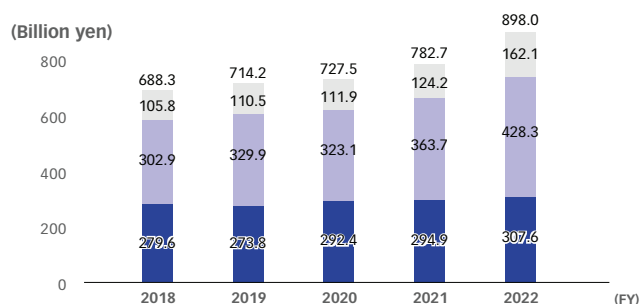
<b>Corporate Name</b>	Unicharm Corporation	
<b>Date of Establishment</b>	10 February 1961	
<b>Capital</b>	¥15,993 million	
<b>Number of Shares Issued</b>	620,834,319	
<b>Head Office</b>	Sumitomo Fudosan Tokyo Mita Garden Tower 3-5-19, Mita, Minato-ku, Tokyo, Japan 108-8575	
<b>Registered Company Office</b>	182 Shimobun, Kinsei-cho, Shikokuchuo City, Ehime	
<b>Number of Employees</b>	16,206 (on a consolidated basis)	
<b>Number of Factories</b>	41 (Japan: 18, Asia (excluding Japan): 20, Other: 3)	
<b>Listed Exchange</b>	Prime Market of the Tokyo Stock Exchange	
<b>Major Business Lines</b>	Wellness care products Partner animal (pet) care products Feminine care products	Baby care and childcare products Kirei care products Commercial-use food packaging materials
<b>URL</b>	<a href="https://www.unicharm.co.jp/en/home.html">https://www.unicharm.co.jp/en/home.html</a>	

### Primary Consolidated Subsidiaries and Affiliates

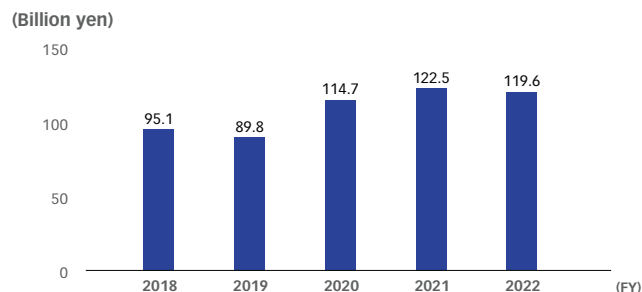
<b>Japan</b>	Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicare Corporation Unicharm Mölnlycke K.K. Peparlet Co., Ltd.
<b>Asia (Excluding Japan)</b>	United Charm Co., Ltd. Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT. UNI-CHARM INDONESIA Tbk Unicharm India Private Limited Diana Unicharm Joint Stock Company DSG International (Thailand) PLC
<b>Other</b>	Uni.Charm Mölnlycke B.V. Unicharm Gulf Hygienic Industries Co. Ltd. <b>Unicharm Australasia Holding Pty Ltd.</b> The Hartz Mountain Corporation
<b>Total</b>	51 subsidiaries and affiliates

### Primary Management Indicators

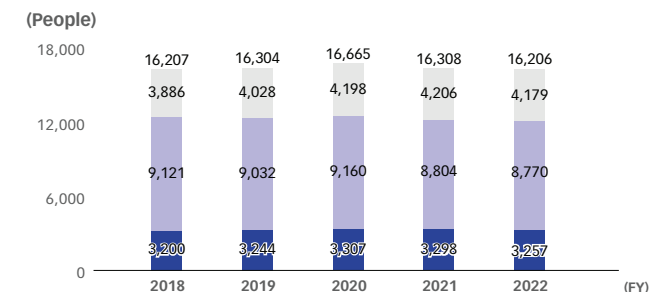
#### Consolidated Net Sales



#### Consolidated Core Operating Income



#### Number of Group Employees





## Letter from CEO of Unicharm Australasia



**Bridget Spark**  
CEO

In a year where we have seen the escalation of geopolitical tensions and the increase in powerful artificial intelligence (AI) without regulation, I feel it has become even more clearer that we must concentrate on actions that genuinely impact the lives of everyone involved in our value creation network. In 2023 the Unicharm Group updated our PMVV (Purpose, Mission, Vision and Value) to articulate our vision to include 'Love Your Possibilities'. Love Your Possibilities extends to all people in our supply network to develop their unlimited potential and have the chance to live their best life. If we can create a company culture whereby everyone can love their possibilities, then I believe we are closer to achieving our purpose of contributing to the Sustainable Development Goals (SDGs), including eliminating modern slavery in all its forms.

In 2023 Unicharm Australasia has worked closely with key stakeholders and industry leaders in establishing strategic partnerships, reviewing our framework, and ensuring policies align to mitigate modern slavery across our supply network. If we are going to make a significant impact in combating modern slavery then I believe we must partner and collaborate with companies and people who, like us, are committed to the achievement of the SDGs and tackling modern slavery.

In June, we attended the invitation-only Modern Slavery Conference hosted by The Commonwealth Attorney-General's Department with the core purpose to foster the development of partnerships to enable the core deliverables of The National Action Plan to Combat Modern Slavery 2020–25 (National Action Plan). The overarching purpose of the conference was to strengthen modern slavery responses at home and abroad. Many esteemed speakers spoke at

the conference and the grim truth is that over the past 3 years the number of people in modern slavery has increased by over 10 million people. The Honourable Penny Wong, Minister for Foreign Affairs in her address highlighted the harsh reality that the world is also not on track to meet our shared global commitment – articulated in the Sustainable Development Goals – to eradicate forced labour and end modern slavery and human trafficking. Following the conference, we have an even stronger commitment and dedication to eradicating modern slavery and we have used the conference learnings to improve our education and training across our supply network.

In November, we attended the first Sedex networking forum, which brought together Sedex members and enabled the sharing of best practice and key insights on how to further strengthen our actions to detect and prevent modern slavery.

Using the updated risk assessment matrix, we have updated our risk scores and implemented the new Self-Assessment Questionnaire (SAQ). With such a vast and varied supply network, this assessment ensures we are focused on the inherent country and sector risks for each part of our supply network.

We continue to work with Australian agencies committed to supporting those impacted by modern slavery and in this year's statement we have included case studies, which include the sourcing of company clothing.

*Bridget Spark*

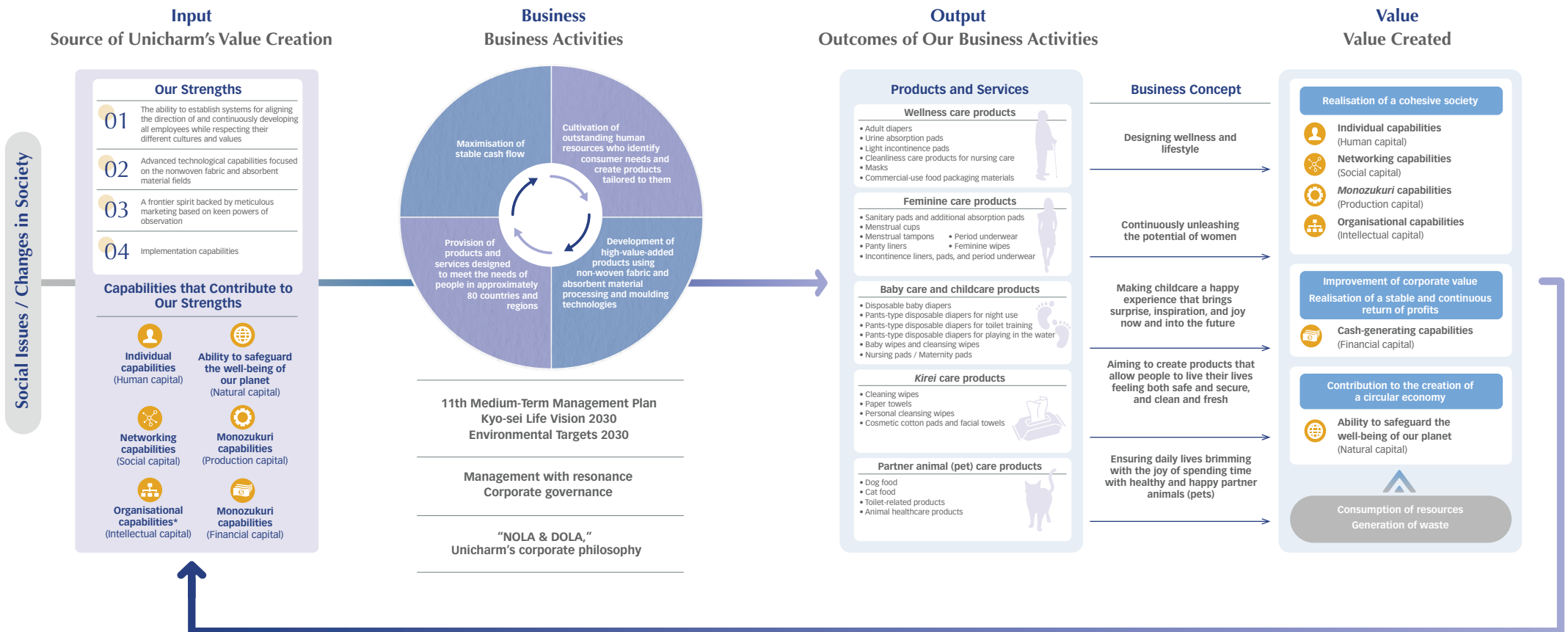
# Unicharm's Value Creation Model

## 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

### Contributing to the Achievement of the SDGs

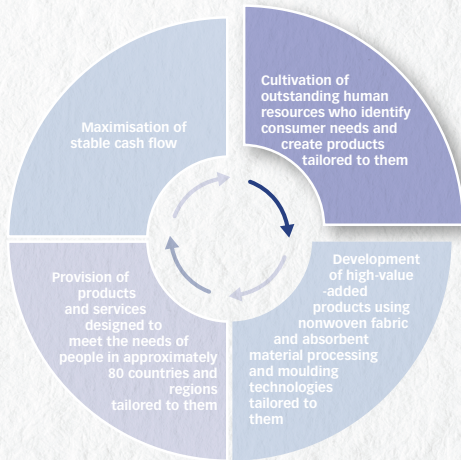


## Value Creation Process

### Systems to ensure that Unicharm leverages the unique strengths that are the source of its value creation in its business activities

Realising its mission to create a cohesive society through its business activities requires Unicharm's products and services to be the first choice of consumers throughout the world. We will not achieve a competitive advantage unless we go beyond offering products and services that reflect consumer needs to differentiating them by adding value that only we can create. Achieved by leveraging in our business activities the unique strengths that constitute the source of our value creation, a competitive advantage facilitates the creation of truly unique value. To this end, determining and efficiently strengthening the capabilities needed to link our strengths to the development of our businesses and the improvement of our corporate value is of the utmost importance. In this section, we outline the areas in which we leverage such strengths in our business activities and the capabilities that comprise them, and analyse and organise our value creation systems to identify the driving forces behind our efforts to create value.

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



With operations in over 80 countries and regions worldwide, a diverse array of employees work at the Unicharm Group. 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.

Rate of introduction of KYOSHIN, our human resource development platform

**100%**  
(all local subsidiaries)

Ratio of locally hired employees (general manager and above)

**52.2%**

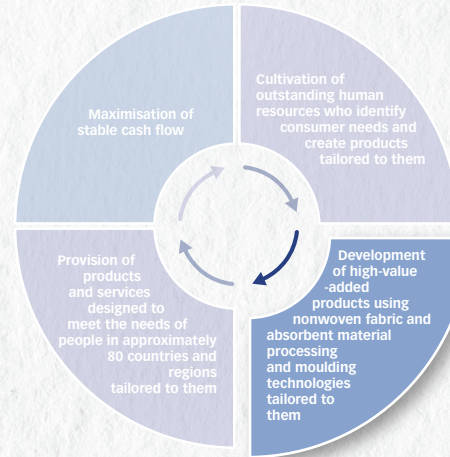
Ratio of female managers

**23.2%**

Training time per employee per year

**35hours**  
(Unicharm Corporation)

### 02 Advanced technological capabilities focused on the nonwoven fabric and absorbent material fields



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 technical capabilities of its employees with organisational capabilities that make the best of use of such individual capabilities. With this in mind, we promote initiatives to improve our R&D and production systems and enhance productivity, strategically utilise our patents to improve our organisational capabilities, and endeavour to cultivate developers and engineers and build their individual technical capabilities.

Number of production bases  
**41 factories**

Global patent application rate (2019)  
**85%**

Patent registration rate in Japan (2021)  
**82%**

Number of overseas R&D bases (suboffices)

**6**  
Thailand, Indonesia, China, India, Saudi Arabia, and Vietnam

Capital expenditures

**¥42,627 million**  
**\$434.21 million AU**

R&D expenses

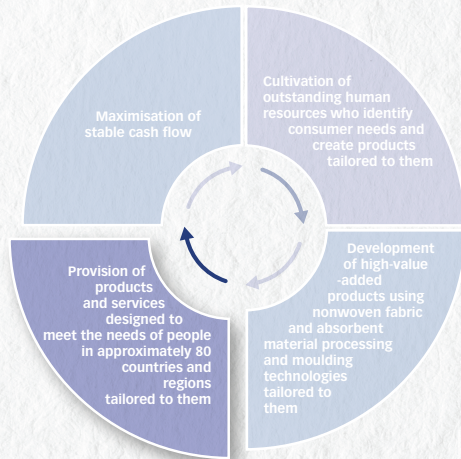
**¥8,270 million**  
**\$84.24 million AU**

# Value Creation Process

## Value Creation Drivers

Analysis of Unicharm’s value creation system reveals that the source of its strengths are the individual capabilities of its human resources and the organisational capabilities that make the best use of these individual capabilities. The Company believes that maximising each of these capabilities will lead to efficient business growth. Since the ability to build a competitive advantage depends in large part on whether a company has the organisational capabilities to leverage its outstanding human resources, Unicharm works to cultivate its human resources and create an organisation that makes the best use of its personnel. For Unicharm, human resources are the key to maximising competitiveness and driving value creation.

### 03 A frontier spirit backed by meticulous marketing based on keen powers of observation



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 dogs and cats and their owners. For products where it is difficult to directly ask users about their wishes, Unicharm’s ability to understand latent needs through observation and other means is vital. To this end, we strive to cultivate human resources with keen powers of observation who are free from preconceived ideas for every stage of our marketing activities, from product development to sales. At the same time, we are strengthening efforts to use digital technology to collect and analyse consumer data to ascertain the essence of needs inherent in people’s lifestyles and consumption patterns. To spur innovation based on new perspectives gained through such activities, we are cultivating inventive and passionate human resources and establishing a work environment that helps draw out the abilities of employees with innovative ideas.

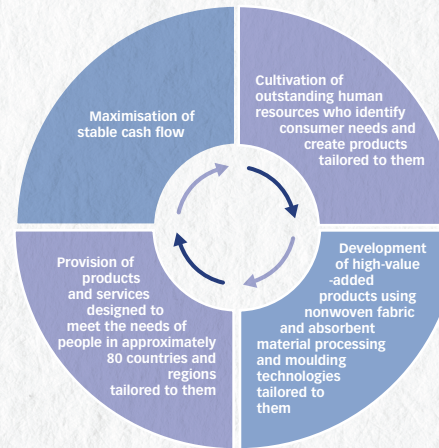
Overseas sales ratio  
**66.3%**

Asia sales ratio  
**47.7%**

Growth rate p.a. of overseas sales  
**21.0%**

Growth rate p.a. of domestic sales  
**4.3%**

### 04 Implementation capabilities



A plan will achieve nothing unless it is implemented, regardless of how well it is devised. Putting into practice management with resonance enables all Unicharm’s employees to develop the ability to devise the highly effective plans the Company needs to achieve its goals and fosters the ability to implement them steadily to a successful conclusion. Employees demonstrate these first-rate implementation capabilities in every functional division, including R&D, production, marketing, and sales. Strengthening the implementation capabilities of employees every day by putting into practice management with resonance is an exceptionally important element for building a competitive advantage.

Number of management with resonance practical meetings

**925**

Total number of meetings held between 31 August 2003, and 19 December 2022

Market share

**23.6%**

Products with leading market share (based on a 2022 in-house survey)

**Japan**

Adult incontinence care products, masks, sanitary pads, disposable baby diapers, baby wipes, personal cleansing wipes, makeup powder puffs, toilet-related products for dogs, toilet-related products for cats

**Asia**

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

**Other Regions**

Disposable baby diapers (Saudi Arabia)  
Animal healthcare products (United States)

## Strengthening the Source of Unicharm's Value Creation

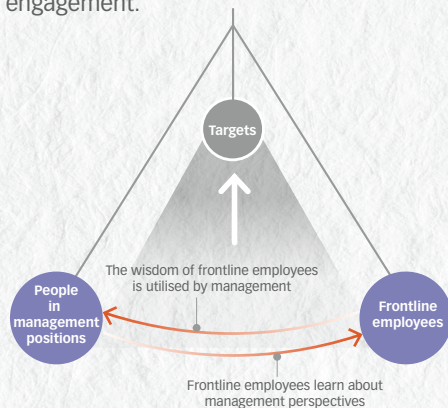
### Implementing Management with Resonance to develop Resonant Personnel who act on their own initiative to address issues

Unicharm implements management with resonance, its unique management model, through each of its Group employees. Management with resonance is a management methodology that facilitates the growth of every employee, and in turn the growth of Unicharm as a whole, by arming people in management positions with unfiltered information from frontline employees and making frontline employees aware of management's perspectives, outlooks, and targets.

By implementing management with resonance, we aim to develop personnel who can identify issues on their own initiative, determine how to address these issues, and work continuously until they are resolved. We call employees who demonstrate such a mindset and behavioural traits "resonant personnel," which is how we define our ideal human resources.

In its implementation of management with resonance, Unicharm develops and uses its shared methodologies and tools, including The Unicharm Way and the Observe-Orient-Decide-Act Loop (OODA Loop) methodology. We also arrange sessions for employees to read our integrated report, hold The Unicharm Awards to recognise resonant personnel, and organise the Global OODA Caravan, which sees president & CEO Takahara visit the front lines, as part of our efforts to enhance employee engagement.

#### Management with Resonance



### The Unicharm Way and the OODA Loop Methodology: Key Elements in the Implementation of Management with Resonance

#### The Unicharm Way

The Unicharm Way consolidates the values, action guidelines, important management statements, and other key information that needs to be shared throughout the Company. Besides the English and Japanese versions, we have translated and published The Unicharm Way into the languages of nine countries and regions. The Unicharm Terminology, which was published in 1986, was the forerunner of The Unicharm Way.

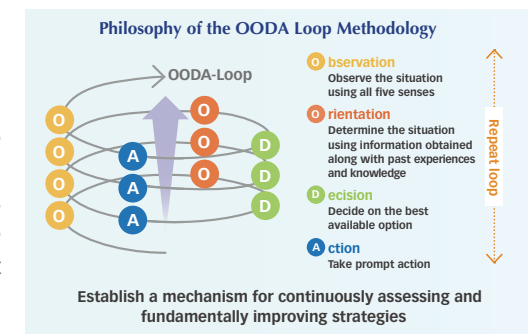
In addition to the Unicharm Terminology, The Unicharm Way comprises a total of 11 booklets, including the Handbook for Creating Objectives-Goals-Issues-Strategies-Measures-Action Plan (OGISM [A]), the Manual for Implementing Management with Resonance, the Management Handbook, and the Unicharm Group Charter of Actions. In 2021, we also launched an app version of The Unicharm Way that can be viewed on smartphones and other devices to encourage employees to consult it more often.

However, in the current "new normal" environment, where the business landscape is constantly changing, it became necessary to establish a model that flexibly accommodates these changes. Recognising this need, we replaced the SAPS management model with the Observe-Orient-Decide-Act Loop (OODA Loop) methodology in 2019. With the OODA Loop methodology, we quickly grasp unexpected changes by observing current business conditions, appropriately orient ourselves to the situation, reach a decision, and then take action. We repeat this cycle while constantly reviewing approaches and making fundamental changes.

The OODA Loop methodology enables our employees to respond quickly to changes in the business environment, orient themselves to the situation, make decisions, and take actions that lead to results.

#### OODA Loop Methodology

Since 2003, Unicharm has been operating the Schedule-Action-Performance-Schedule (SAPS) management model, through which employees work to achieve goals using their own initiative by actively operating a Plan-Do-Check-Act (PDCA) cycle, enhancing the strength of both employees and the organisation.



## 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

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



Weekly Action Plan Form

# Kyo-sei Life Vision 2030



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

At Unicharm, we are committed to helping resolve environmental and social issues as we work together to realise a cohesive society. With that in mind, the Unicharm Group’s medium- to long-term environmental, social, and governance (ESG) goals, Kyo-sei Life Vision 2030 — For a Diverse, Inclusive, and Sustainable World — (hereinafter referred to as Kyo-sei Life Vision 2030), were announced in October 2020. In formulating Kyo-sei Life Vision 2030, we first defined our vision of the desirable future in 2030, based on which we set specific key initiatives and targets. Through the implementation of Kyo-sei Life Vision 2030, we are confident that we can satisfy the needs of consumers and communities, while continuing to grow our business.

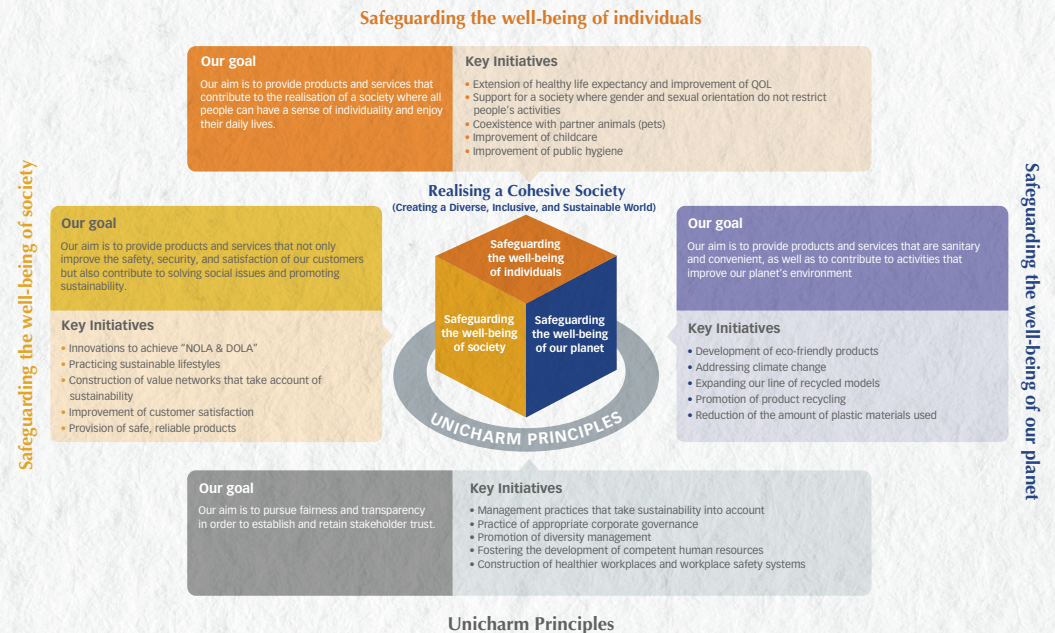
### Positioning of Kyo-sei Life Vision 2030

At Unicharm, we believe that our fundamental *raison d’être*, that is, our purpose, is to help achieve the United Nations’ Sustainable Development Goals (SDGs). To better delineate the substance of this purpose and to further its accomplishment, we have broken it down into three key components: mission, vision, and value. “Mission” clarifies what we want to accomplish. More specifically, our mission is to realise a cohesive society, a society that must inherently be diverse, inclusive, and sustainable. In this society, personal freedom will harmonise with social altruism, enabling people to be true to themselves and live lives of their own choosing, while at the same time helping others to achieve a better life. Where purpose is the goal, vision is the means. “Vision” elucidates how we can realise a cohesive society. In practical terms, it is the application of our corporate philosophy, which we like to call “NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities).

Through “NOLA,” we hope to provide powerful, yet discreet and unobtrusive support for the minds and bodies of our customers, freeing them of some of their burdens and enabling them to better focus their efforts on fulfilling their dreams. “Value” is the ambition and sense of duty that underlies our mission and vision, bringing it all together to serve a common purpose. All Unicharm employees around the world are now pushing forward our standardised management model, management with resonance. To understand and promote our purpose, which constitutes our mission, vision, and value, and to clarify how they work together to push forward that purpose, this report explains in detail the world we have envisioned for 2030 and describes how we hope to get there, highlighting the key initiatives and targets that we believe will make Kyo-sei Life Vision 2030 a reality. We are committed to helping resolve environmental and social issues, while providing new value to consumers and communities and assuring steady business growth.

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

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

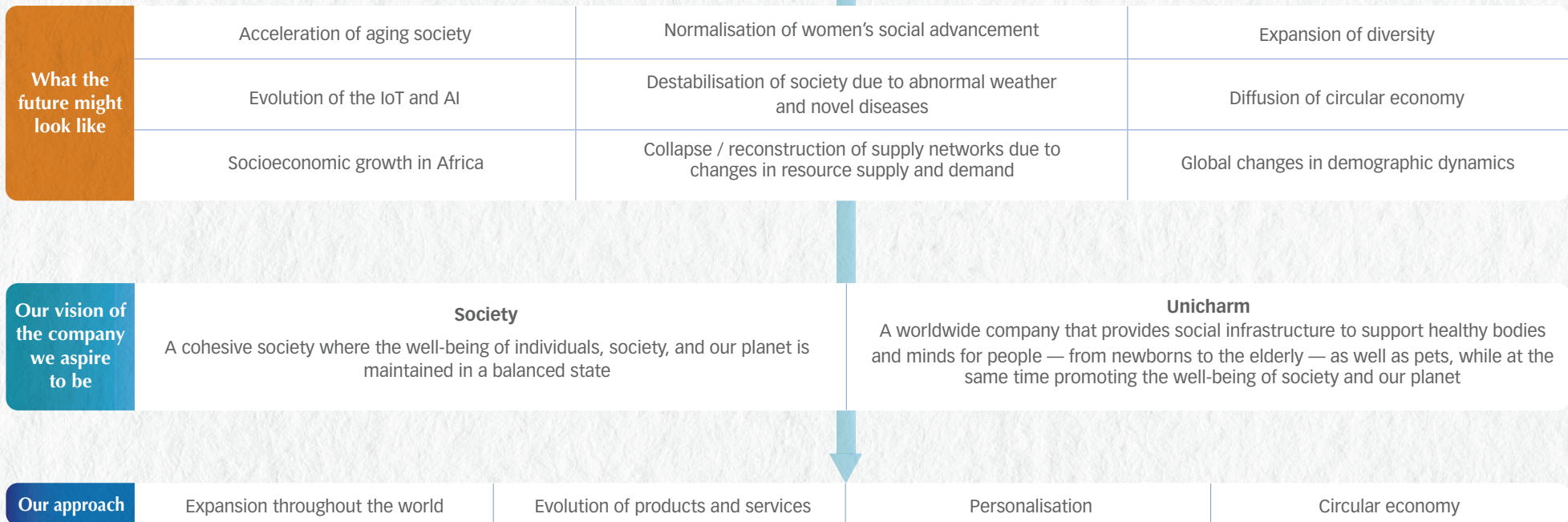


# Kyo-sei Life Vision 2030

## Our Approach to Realising a Cohesive Society by 2050

As described under “Positioning of Kyo-sei Life Vision 2030,” 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.

### Realising a Cohesive Society





# Kyo-sei Life Vision 2030

## Formulation of Kyo-sei Vision 2030

As described under "Positioning of Kyo-sei Life Vision 2030," 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.

### Phase 1

### Defining our material issues

To define our material issues, we implemented the following steps. These steps helped us extract material issues and draw a matrix diagram.

#### 1 Extraction of relevant issues

We extracted 513 relevant social issues from many literature sources. We categorized them into 44 groups (ISO 26000, GRI Standards, the SDGs, FTSE, MSCI, DJSI, etc.) based on four points of view.

#### 2 Internal assessment

We surveyed about 900 people associated with Unicharm, including members of the Board of Directors, executive officers, general managers, subsidiary presidents, and managers.

#### 3 External assessment

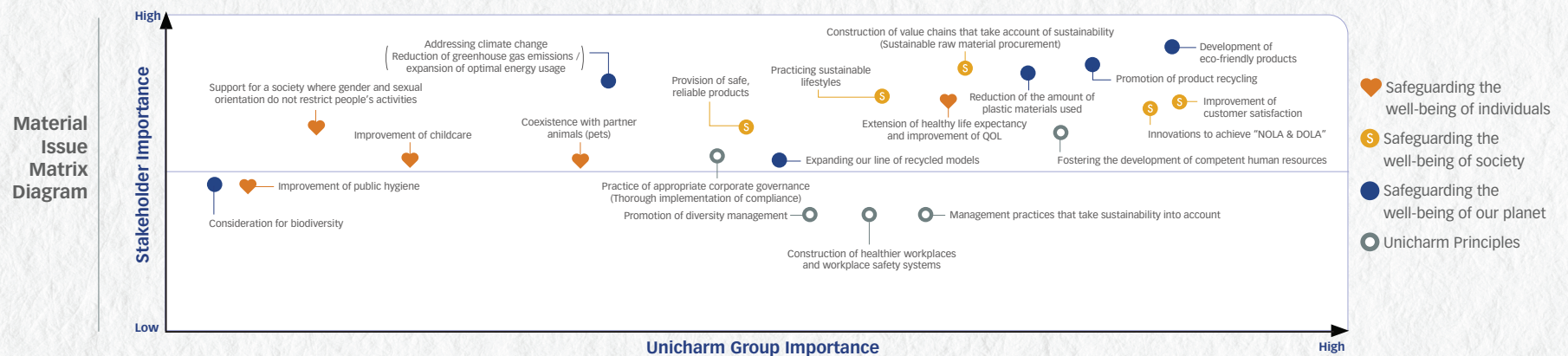
We asked 56 organisations to participate in surveys to assess the degree of importance assigned to various issues from an external viewpoint (stakeholders' viewpoint) and received responses from 32 organisations.

#### 4 Workshop 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 2050 as well as possible directions the Company should take.

#### 5 Defining of our material issues

We listed the main themes underlying where we wanted the Company to be in 2050 and the various approaches that we would have to take in order to achieve those goals; then we specified material issues. The results of these deliberations were subsequently approved by the ESG Committee.



### Phase 2

### Formulating indicators linked to the material issues and target values

We examined various indicators and targets pertaining to the material issues as outlined below

1 Implementation of research into ESG assessment institutions and competitors' 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 the Marketing Division and the R&D Division

6 Finalisation of indicators and target values

We formulated indicators linked to the material issues and target values. These were subsequently approved by the ESG Committee and received responses from 32 organisations.

## Key Initiatives, Indicators, Target Values, and Results

Key initiatives	Indicators	Results		Medium- to long-term goals	
		2021	2022	Target value	Target year
<b>Safeguarding the well-being of individuals</b> 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%	2030
Support for a society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions)	100%	100%	100%	2030
Coexistence with partner animals (pets)	Percentage of products and services that contribute to the realisation of a society where partner animals (pets) are welcomed by family members and community residents	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%	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%	2030
<b>Safeguarding the well-being of society</b> 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%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	100%*	10.5%	50%	2030
Construction of value networks that take account of sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights	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)	23.4%	23.6%	50%	2030
Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted	100%	100%	100%	2030
<b>Safeguarding the well-being of our planet</b> 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.					
Development of eco-friendly products	Number of products and services that implement "3Rs + 2Rs" based on Unicharm's unique approach	Development ongoing	2	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total	7.3%	11.0%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced	Development ongoing	1	10 or more	2030
Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	Development ongoing	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Development ongoing	Reduced by half (Compared with 2020)	2030
<b>Unicharm Principles</b> Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.					
Management practices that take sustainability into account	Maintain and improve ratings by external evaluation agencies	--	--	Highest level	Every year starting from 2026
Practice of appropriate corporate governance	Number of serious compliance violations	zero	1 received	zero	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	22.5%	23.2%	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the "Growth through Work" employee awareness survey	81.4% (Japan)	89.2%	80% or more	2030
Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health	6 employees (Japan)	4 employees (Japan)	Reduced by half (Compared with 2020)	2030

# Our Contributions to the SDGs

## Key initiatives



### 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			●	●				●			●	●	●				
Support for a society where gender and sexual orientation do not restrict people's activities	●		●	●	●			●		●	●	●	●	●			
Coexistence with partner animals (pets)			●	●				●			●	●	●	●		●	
Improvement of childcare			●	●	●			●			●	●	●	●			
Improvement of public hygiene			●	●		●		●			●	●	●	●			

### Safeguarding the well-being of society

Our 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"	●		●					●					●	●	●		
Practicing sustainable lifestyles				●		●	●	●				●	●	●	●		
Construction of value networks that take account of sustainability	●			●		●	●	●	●	●	●	●	●	●			
Improvement of customer satisfaction			●	●								●					
Provision of safe, reliable products			●					●				●					

### 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.

Development of eco-friendly products						●	●	●				●	●	●	●		
Addressing climate change						●	●	●				●	●	●	●		
Expanding our line of recycled models						●	●	●				●	●	●	●		●
Promotion of product recycling						●	●	●				●	●	●	●		
Reduction of the amount of plastic materials used							●	●				●	●	●	●		

### Unicharm Principles

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

Management practices that take sustainability into account	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Practice of appropriate corporate governance								●				●				●	
Promotion of diversity management	●			●	●			●		●							
Fostering the development of competent human resources	●		●	●	●			●		●							
Construction of healthier workplaces and workplace safety systems			●	●	●			●		●							

# Our Structure, Offices & Supply Networks

## 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.



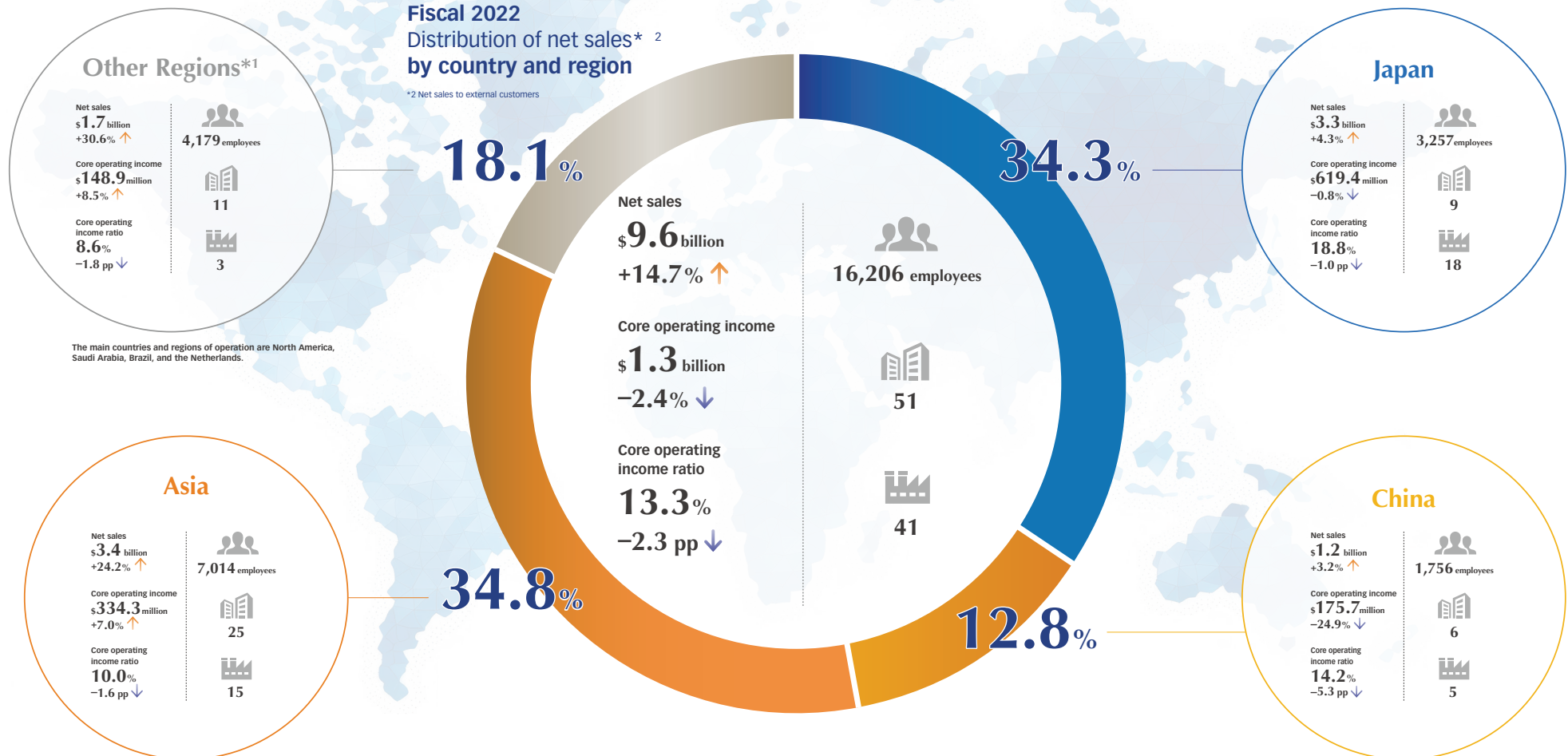
Number of employees



Number of Group companies



Number of factories



# Our Structure, Offices & Supply Networks

## Environmental, Social & Governance (ESG) Promotional Structure

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

### Roles of the ESG Committee

1. Discuss and determine the progress of Kyo-sei Life Vision 2030 medium- to long-term ESG goals and ESG-related initiatives set forth in the Medium-Term Management Plan
2. Discuss and determine the process for identifying, addressing, and disclosing information on the risks, opportunities, and important issues pertaining to the Group's sustainability and ESG activities
3. Report on the details of discussions and decisions concerning ESG-related matters to the Board of Directors

## 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**
- **Companywide risk management:** Environment, society, corporate governance
- **Compliance**
- **Tax transparency**

The ESG Committee convened a total of four times in 2023 and held discussions on the following themes:

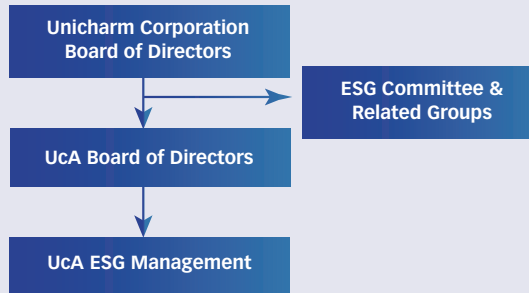
#### Main Themes of Discussion (2023)

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

- Use of renewable electricity
- Decarbonisation initiatives
- Operation of the SDGs Theme Guideline, an internal guideline for contributing to sustainability
- Use of the Sedex platform and human rights initiatives
- Policy and progress on the production of the integrated and sustainability reports

## Our Structure, Operations & Supply Networks

### UcA's Reporting Structure



Head of Uca ESG Management:



**Matthew Chester**

General Manager Operations

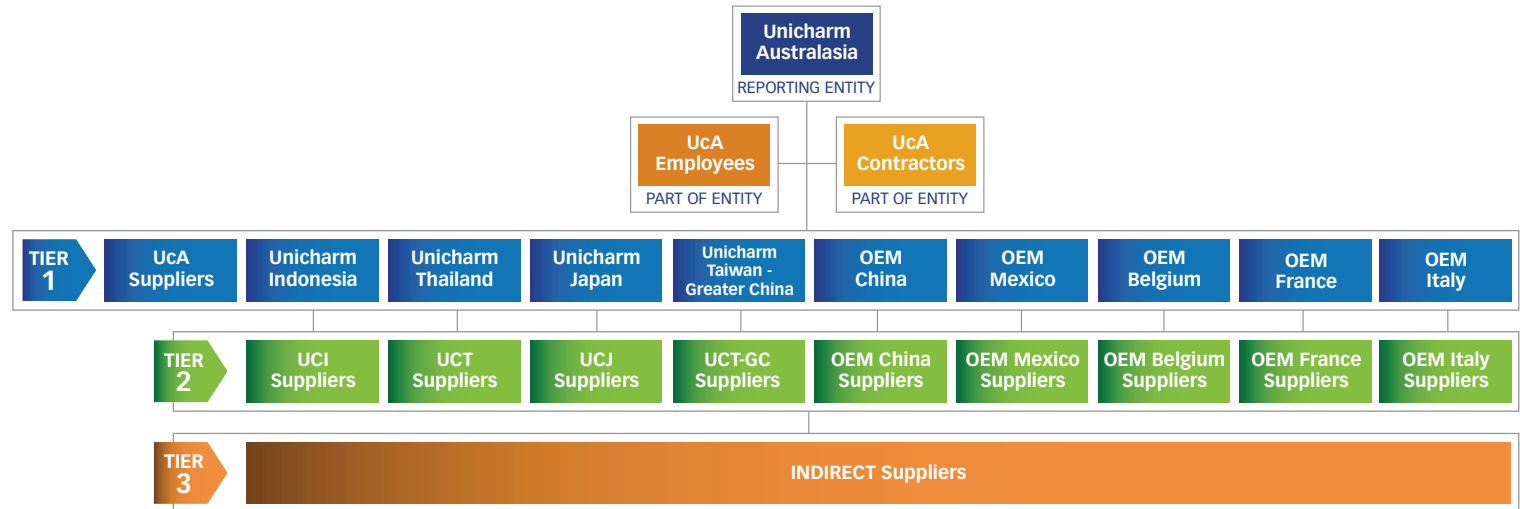
Quality | Compliance | Logistics | Sustainability



**Meiko Chuei**

Senior Executive Assistant

### 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.



### 1 Tier 1 Direct Suppliers

### 2 Tier 2 Indirect Suppliers

### 3 Tier 3 & Beyond Indirect Suppliers

**Tier 1 Direct Suppliers**

These suppliers will have a direct contractual relationship with Uca for delivery of goods or services. Uca's Tier 1 suppliers can be based within Australia and/or globally. For example, Uca will use local product research and marketing expertise whilst utilising the technological benefits of a global market.

**Tier 2 Indirect Suppliers**

These suppliers provide goods or services to the Tier 1 suppliers. For example, Uca will work with global suppliers of our products across our total supply network ranging from the raw materials in our products to the local companies recycling our consumer goods and packaging.

**Tier 3 & Beyond Indirect Suppliers**

## 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	<ul style="list-style-type: none"> <li>Recruitment</li> <li>Induction</li> </ul>	Health and Well-being	<ul style="list-style-type: none"> <li>Healthy Days</li> <li>Employee Assistance Program</li> <li>Wellness Room</li> <li>COVID-19</li> </ul>
Leave	<ul style="list-style-type: none"> <li>Annual Leave</li> <li>Personal Leave</li> <li>Compassionate Leave</li> <li>Parental Leave</li> <li>Long Service Leave</li> <li><b>Family &amp; Domestic Violence Leave</b></li> </ul>	Use of IT	<ul style="list-style-type: none"> <li>Information Communication Technology</li> </ul>
<b>NEW in 2023</b>		Performance	<ul style="list-style-type: none"> <li>Dealing with Suppliers and Customers</li> <li>Grievance</li> <li>Counselling and Discipline</li> <li>Harassment, Discrimination, and Bullying</li> <li>Performance Management</li> </ul>
General Employment	<ul style="list-style-type: none"> <li>Remuneration</li> <li>Drugs and Alcohol</li> <li>Dress Code</li> <li>Motor Vehicle</li> <li>Flexible Working</li> <li>Working from Home</li> <li>Service Awards</li> <li>Smoke Free</li> <li>Site Access</li> <li>Time in Lieu</li> <li>HR Privacy</li> <li>Leaving the Company</li> <li>Whistleblower</li> <li><b>Fuel Card</b></li> </ul>	Standards	
<b>NEW in 2023</b>		Training and Development	<ul style="list-style-type: none"> <li>Professional Development</li> </ul>
		WHS System	<ul style="list-style-type: none"> <li>Work Health and Safety Management</li> </ul>
		Responsible Sourcing	<ul style="list-style-type: none"> <li>Responsible Sourcing Guidelines</li> </ul>

### 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*)

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

#### ■ Compliance with laws and regulations and social norms

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

#### ■ Giving due consideration to human rights and labour

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

#### ■ Environmental responsibility

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

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

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

#### ■ Development of relationships of mutual trust

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

## Risk Management

### 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 basis of our business activities is to fulfill our responsibility to society by constantly striving to create new value for our stakeholders.

For that reason, gaining an appropriate understanding of the various risks that could affect our business activities and the realisation of these objectives, and preventing or minimising the impact of such risks when they occur, are positioned as important management issues. In view of this, the Company has established a Groupwide risk management system, which is being operated while continuously reviewing and improving risk management.

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

In addition, the ESG Committee has defined 12 business risks that could impact the Company and is now discussing these risks and implementing appropriate responses. Urgent risks that do not fall under these 12 business risks are discussed and addressed by the ESG Committee promptly. Moreover, in the event of a major crisis, the Crisis Management Response Committee will convene and strive to respond quickly and appropriately toward a prompt recovery based on the Groupwide Crisis Communication Manual, which serves as internal rules for crisis management.

The 12 business risks that could impact the Company are significant risks that could impair the Company’s financial standing and management results. Thanks to the effects of various response measures, at present, these risks have not emerged to a degree where they would have serious impacts on management. In addition, the timing and extent to which these risks could emerge in the future are unknown.

Furthermore, there are risks other than those mentioned above. Risks that could impact the Company in the future are not necessarily restricted to those matters appearing here.

### 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.

### Business Risks

- Intense competition in the sales environment
- Changes in population structure
- Overseas business
- Raw materials price volatility
- Environmental issues
- Climate change
- Product reliability
- Legal compliance violations
- Intellectual property including patents and trademarks
- Disasters and accidents
- Acquisitions, partnerships, business consolidation, etc.
- Information leaks



# Risk Management

## 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 that needs 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 a guideline 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 occurring in society, including insider trading and bribery, efforts are being made to better educate the employees in our countries and regions of operation on compliance by means of training programs held prior to being posted overseas and 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.

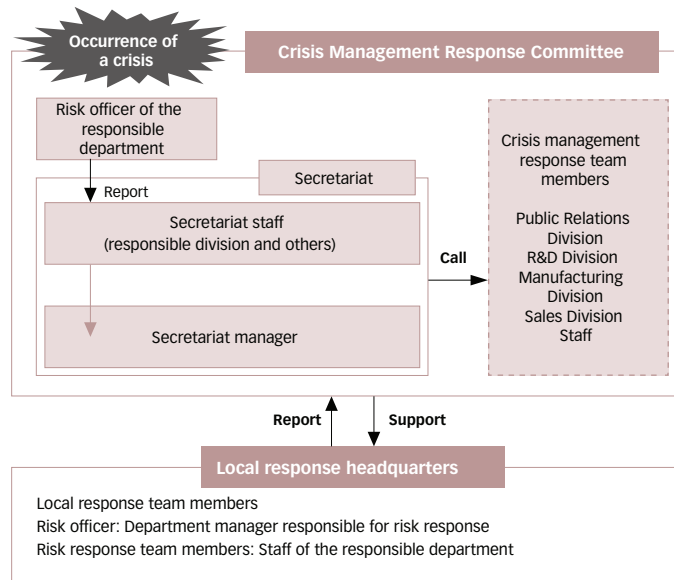
## Serious Crises

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

## Response to Business Risks

If a major crisis occurs, the Crisis Management Response Committee will convene and endeavour to respond quickly and appropriately to achieve a prompt recovery based on the Groupwide Crisis Communication Manual, which was established as internal rules for crisis management. An emergency in which the above business risks are realised is considered a crisis and Unicharm identifies the 12 items below as serious crises. When such a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation swiftly and accurately in accordance with the Groupwide Crisis Communication Manual, working to prevent further damage and communicating appropriately with stakeholders. A handy manual has been distributed to every employee for the purpose of responding promptly when an ESG risk has emerged or a crisis has occurred.

## Framework in Response to the Occurrence of a Crisis



## Initiatives and Achievements

### 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 take office PCs off company premises. In 2022, Unicharm revised its regulations in accordance with the revisions to the Personal Information Protection Act and made this known to all employees, renewed the content of new employee training, and enhanced the quality and increased the frequency of targeted attack email training sessions.

We also increased the frequency of our communication with overseas subsidiaries, carried out risk assessments in IT fields, and distributed quarterly information security newsletters throughout the Group.

## Risk Management

### Initiatives and Achievements cont.

#### Business Continuity Plan

Aiming to strengthen risk management since 2005, Unicharm has formulated a business continuity plan (BCP) to help prepare for major emergencies that could occur in Japan, such as an earthquake directly underneath Tokyo or a large-scale interconnected earthquake involving the Tokai, Tonankai, and Nankai plates. As a specific example, we assumed the scenario of an earthquake with its epicentre under the Tokyo metropolitan area (with an intensity of approximately 6 Upper on the JMA Seismic Intensity Scale), which includes the head office, adjacent factories, and sales offices, and prepared impact assessments and damage assumptions, etc., while considering alternative measures and establishing organisational and backup structures to ensure the safety of employees and their families for business continuity if an actual emergency occurs. We also conduct ongoing evacuation drills assuming the occurrence of such an emergency based on this scenario. Unicharm has established procedures to restore important operations, particularly head office functions, immediately so that its products, which are necessities for daily living, can be delivered to people in disaster-affected areas as well as to those who require them as soon as possible. Also, we are working to further enhance workplace safety through various initiatives. Specifically, we conduct e-learning sessions for all employees to raise awareness and encourage proactive responses and distribute a disaster response pocket manual for immediate reference during an emergency to all employees. We have put systems in place that allow us to contact employees using smartphones, which they must carry at all times, to help us confirm their safety and maintain business continuity during emergencies. In addition, we conduct disaster training drills at each business site, hold basic survival courses, and provide training that is tailored to the function of each division, as well as carry out first response drills with an emphasis on confirming employee safety and the

capabilities of the disaster response headquarters, including monitoring the safety of all Unicharm employees in Japan. In 2020, we launched the COVID-19 Crisis Management Team in response to the spread of COVID-19, as well as compiled and implemented the COVID-19 Response Guidelines to ensure each employee would take appropriate measures. Going forward, we will develop systems for responding to all incidents that can be assumed by strengthening risk countermeasures on a global level that incorporate risks such as riots or terrorism overseas.

#### 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

- Ensuring 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 items that should be responded to 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 the Securing of Important Bases (Japan)

In 2019, we began operation of the Kyushu Factory and have since conducted BCP measures to diversify domestic supply risk 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.

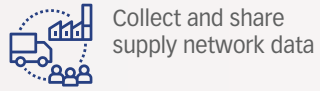
#### Risk Management Information Web page

In 2017, we added the Risk Management Information web page to the Company intranet to provide information on potential risks that may impact the lives of Unicharm employees in Japan and overseas. More specifically, the webpage provides risk-related information and a response manual on natural disasters, pandemics, occupational accidents, large-scale equipment-related accidents, kidnapping, intrusion into and damaging of Company facilities, terrorist attacks, riots, coups d'état, and civil war.

In 2022, we revised the contents of the Overseas Risk Management Manual, which specifies the procedures for responding to each event, updated on a daily basis the information provided by the Ministry of Foreign Affairs of Japan and a risk management company that we have contracted, and posted cautionary information on our corporate website. These measures are a reflection of our continuous efforts to keep up with environmental changes and information concerning safety.

## 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.



Collect and share supply network data



Store all data in one place



Reduce duplication and save time and resources



Drive responsible sourcing improvements globally

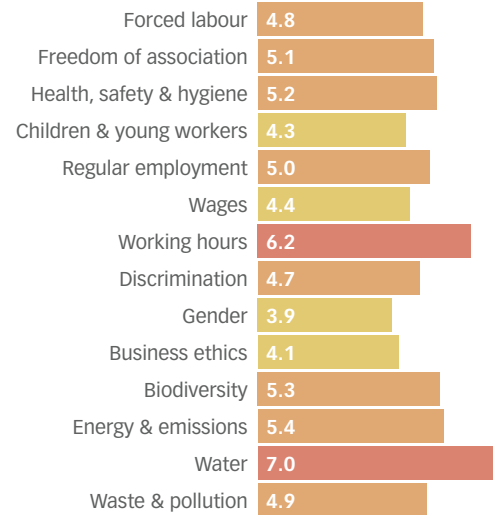
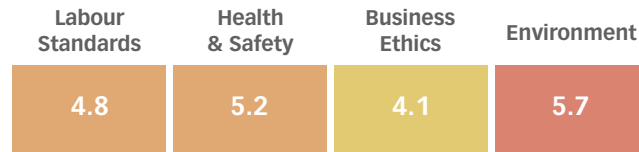


Implement measures to protect people, the environment, and business



Make better informed business decisions

### Potential Human Rights Risks across UCA's Supply Network Regions



Overall inherent risk score 5.0



Health	Overall inherent risk score	Overall inherent risk category
Australia	4.5	Medium risk
Belgium	4.5	Medium risk
China	6.2	High risk
France	4.4	Medium risk
Indonesia	6.3	High risk
Italy	4.6	Medium risk
Japan	4.5	Medium risk
Mexico	5.8	Medium risk
Taiwan-Greater China	5.0	Medium risk
Thailand	6.0	High risk

## Global Key Actions

### Our Basic Approach and 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 clearly stated in the Unicharm Group Charter of Actions and in the opening of our Global Human Resource Philosophy. Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in a global business according to international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly. In 2017, we formulated the Unicharm Group Policy on Human Rights and have since demonstrated our continued efforts to fulfill our responsibility to respect human rights in all of our business activities. This human rights policy is also included in the Unicharm Group Charter of Actions, which, in turn, forms part of The Unicharm Way, a statement of corporate ideals that is well known and applied throughout the Group.

Furthermore, Unicharm promotes management by local subsidiaries in the countries and regions in which 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 2009 Unicharm Group CSR Procurement Guidelines, which were then upgraded to the Basic Purchasing Policy in October 2017, and the 2017 Unicharm Group Sustainable Procurement Guidelines were respectively formulated and implemented to maintain a fair and impartial relationship with all our suppliers.

The Basic Purchasing Policy applies to all executives and employees of the Unicharm Group. The Group will also require its business partners and suppliers to uphold and comply with this policy and work together with them to promote respect for human rights. We will respect children’s rights by eliminating forced and child labour and will never discriminate against people on the basis of nationality, race, religion, gender, sexual preference, age, family background, disability, or any other factors. We will also guarantee freedom of association and collective bargaining and pay attention to the reduction of excessive work hours and rights to a minimum wage.

### Unicharm 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 fulfill 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 fulfill 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 Organisation) 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 complements 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 fulfill 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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

# 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

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

### 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 Organisation (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).

# 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 of 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) Supplying of safe materials

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

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

- Submit safety data sheets (SDSs) for materials.

## Key Initiatives



### 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

“NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities), our corporate philosophy, is filled with our hope that “Unicharm aims to provide all people, from newborns to the elderly, with products and services that provide mental and physical support through gentle care so that they may be free of their burdens and can fulfill their dreams.” We aim to develop products and services that contribute to the realisation of a society in which each and every person throughout the world can have a sense of individuality at various stages of their lives and enjoy their day-to-day living.

#### 2022 Results

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 fulfill 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.

#### Key Initiatives / Case Studies

##### Lifree Easy-to-Walk-in Slim Diapers (Japan)

To enable users to walk more easily while wearing diapers, Unicharm released Lifree Walking Assist Diapers, a product that has gained the support of many customers since its debut in 2020. A customer survey was conducted, which found that those who used the product on a daily basis maintained higher levels of motivation for life and activities of daily living (ADL) compared with those who used it only when going out. In light of this result, the product was relaunched in April 2022 as Lifree Easy-to-Walk-in Slim Diapers, to underscore the product’s greatest feature of enabling users to walk easily so that it is used more frequently on a daily basis. To ensure that it can be used regularly without any discomfort, Lifree Easy-to-Walk-in Slim Diapers was designed with a “pelvic support fit” structure, which alleviates the physical burden on legs and hips, while offering the feel of slim, soft, elastic, and breathable ordinary cloth underwear and allowing the legs to move forwards freely as the absorbent material adjusts in accordance with the movement of the legs.



“Pelvic support fit” structure: Supports the hips and surrounding area

## Key Initiatives

### Support for a Society Where Gender and Sexual Orientation Do Not Restrict People's Activities

#### Background of Initiatives

Overcoming the challenges faced by various countries and regions and having women play an active role in society will not only lead to the achievement of gender equality but also eliminate poverty and stimulate regional economic development. Acknowledging this fact, at Unicharm, we promote awareness-raising activities and projects aimed at realising a society where women are able to live their lives in the way they so wish, while providing products and services tailored to the local characteristics of each country and region by utilising the know-how of our business activities that have been accumulated over the years. In so doing, we will help create a society where women throughout the world can shine.

#### Key Initiatives / Case Studies

##### #NoBagForMe Project (Japan)

The #NoBagForMe Project was introduced in June 2019 with the aim of realising a society that enables as many women as possible to understand and make the right choices when it comes to menstruation care and to live their lives in the way they so wish. In 2020, a corporate training program called "Education on menstruation for everyone" was developed to promote mutual understanding between the varying perspectives within the Company stemming from differences in gender and physical characteristics and conditions, by instilling proper awareness of the mechanisms of menstruation and women's health.

Meanwhile, in 2022 in addition to providing videos of the lectures, we introduced an instructor dispatch plan that was restructured so that it could be arranged to cover discussion themes tailored to the needs of participating companies and organisations. The training program and video content were provided to 158 companies and organisations in 2022. Furthermore, in August 2022 Unicharm held the "Education on menstruation for everyone" program for around 50 junior and senior high school students who are members of the junior squad of FC Imabari, a J3 League professional soccer team in Japan, with which Unicharm has signed a top partner agreement. The training program was also held for approximately 250 members of Unicharm's management team in September 2022.



"Education on menstruation for everyone" for members of FC Imabari

#### Education on Menarche and Menstruation (Worldwide)

Unicharm conducts lectures on menarche and menstruation for young women experiencing puberty, primarily in Asia, so that they are able to gain a proper understanding of menstruation and the way in which their bodies function. By extension, we aim to provide reassurance and peace of mind to these young women, even during menstruation, and help them lead healthy lives in the way they so wish. In 2013, our local subsidiary in India launched an educational project in cooperation with local non-government agencies (NGOs) to educate students on the mechanisms of and the proper care to manage menstruation. In 2022, lectures on menstruation were provided to students at more than 1,000 schools and universities in the Delhi Metro, Maharashtra, Rajasthan, and other areas. Approximately 483,000 students participated in this project over its 10-year period up to 2022. We have also continued to provide such educational programs in Japan, China, Taiwan–Greater China, Indonesia, Myanmar, and Vietnam and promote efforts to raise awareness of menstruation through the information on our corporate website and the supply of educational materials and sanitary pad samples.

#### Initiatives to Raise Awareness of Menarche and Menstruation Worldwide

Fiscal 2022 Results and Details	
India	<ul style="list-style-type: none"> <li>Educational programs on menarche and menstruation (including online lectures) held for approximately 101,000 students (1,200 schools). <sup>1</sup></li> <li>Educational sessions for both mothers and daughters held for approximately 1,800 mother/daughter pairs (74 times).</li> </ul>
Japan	<ul style="list-style-type: none"> <li>Information on menarche provided via First Body Navi website (in Japanese only). <sup>2</sup></li> <li>web <a href="https://jp.sofygirls.com/ja/home.html">https://jp.sofygirls.com/ja/home.html</a></li> <li>Around 180,000 menarche education sets provided in partnership with Nippon Calmic Ltd.</li> </ul>
China	<ul style="list-style-type: none"> <li>Sanitary pad samples and printouts for First Body Navi presented to 379 junior high school students in Ningxia.</li> </ul>
Taiwan - Greater China	<ul style="list-style-type: none"> <li>Information provided via corporate website of local subsidiary.</li> <li>9,250 sets of sanitary pad samples provided in cooperation with lingerie brand Been Teen to accommodate requests from healthcare teachers at elementary schools.</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>78,484 users registered on Charm Girl's Talk menarche education website as of 31 December 2022.</li> </ul>
Myanmar	<ul style="list-style-type: none"> <li>Resumption of menarche education program for 15,245 students (73 schools). <sup>3</sup></li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>Approximately 500,000 sets of sanitary pad samples provided to junior and senior high school students in Hanoi and other major urban areas and around 300,000 sets provided to industrial and suburban areas in the southern region of Vietnam.</li> </ul>





## Key Initiatives



### 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

Unicharm constantly provides products and services that aim to improve the safety, security, and satisfaction of consumers. To that end, it is essential that we take sustainability into account when procuring raw materials and developing products. At Unicharm, we share our philosophy with regard to safety, quality, and the environment with our suppliers and build a cooperative relationship with them through close-knit collaboration via two-way communication. In so doing, we aim to resolve social issues and contribute to sustainability throughout the entire value chain.

#### 2022 Results

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.

### Innovations to Achieve “NOLA & DOLA”

#### Our Basic Approach and Strategy

Our mission is to realise a cohesive society, where personal freedom will harmonize with social altruism, enabling people to be true to themselves and live lives of their own choosing, while at the same time, helping others to achieve a better life. In the COVID-19 era, it is common to wear a mask to prevent the spread of viruses, making it difficult to engage in face-to-face communication. There have been issues in terms of the challenges posed by masks when it comes to communicating with others, particularly for people who are hard of hearing, many of whom communicate by reading the mouth movements of others. To address these challenges, Unicharm developed a mask that facilitates the reading of mouth movements and facial expressions while ensuring that users do not come into contact with droplets, working to continue to fulfill its responsibilities to society as a supplier of masks.

#### Key Initiatives / Case Studies

##### Unicharm Face Visible Mask (Japan)

Aiming to create a mask that protects the user from droplets and provides clear visibility of the user’s face, we released Unicharm Face Visible Mask in 2021. In addition to those who are hard of hearing, this mask is used to enhance communication in nursery schools, kindergartens, cram schools, and other educational settings, as well as nursing homes, the hospitality industry, and media organisations, where there is a need for language education and expressing one’s emotions. The wide transparent film used on Unicharm Face Visible Mask allows 70%\* of the user’s face to be seen. These masks are also designed to fit perfectly, minimizing any gaps between the mask and the face and protecting the user from coming into direct contact with droplets. They also feature wide ear loops that reduce strain on the ears and can be washed and reused, ensuring high levels of comfort and hygiene for all users. In October 2022, this product was revised to further reduce fogging and by adding a cloth to prevent the transparent film from coming into direct contact with the cheeks, ensuring greater comfort.



\* Degree of visibility of the facial area below the eyes

##### Honoured at the 7th Consumer-Oriented Activities Awards, Hosted by the Association of Consumer Affairs Professionals (ACAP)

In February 2022, Unicharm was honoured at ACAP’s 7th Consumer-Oriented Activities Awards in recognition of its Unicharm Face Visible Mask, which was developed and released to the market after learning about the difficulties faced by people who are hard of hearing and have speech impediments.

## Key Initiatives

### Practicing Sustainable Lifestyles

#### Background of Initiatives

By way of its activities along the series of value chains that include development, procurement, production, distribution, and sales, Unicharm is firmly determined to realise its purpose of “contributing to the achievement of the SDGs.” Every Unicharm employee must be committed to the standards that are deemed essential to realising this purpose and, with this in mind, in 2021 we commenced operation of the SDGs Theme Guideline, an internal guideline for contributing to sustainability. Our top priority is to create a theme for developing new products that deeply connects to the backbone of our products and services. Based on this mindset and by means of the SDGs Theme Guideline, Unicharm will stay true to its commitment of practicing sustainable lifestyles.



#### Key Initiatives / Case Studies

##### The SDGs Theme Guideline, an Internal Guideline for Contributing to Sustainability (Worldwide)

The SDGs Theme Guideline was established and is operated to constantly improve the quality of our products and services. To further clarify this commitment, we formulated the following indicators: reducing input, increasing output, and contributing to the achievement of the SDGs through our products and services.

##### (1) Reducing input

Contribute to reductions in environmental impact through less use of raw materials

##### (2) Increasing output

Ensure greater customer satisfaction by providing even more value through our products and services than in the past

##### (3) Contributing to the achievement of the SDGs

Play a key role in resolving environmental and social issues toward the achievement of the SDGs, while attaining indicators (1) and (2)

We have set forth as indicators reducing input by 10%, increasing output by 10%, contributing to the SDGs, for which we will adopt key themes for contributing to the achievement of the SDGs.

##### Examples of Key Themes for Contributing to the Achievement of the SDGs

- Expand our use of raw materials that can be procured in their country and region of production.
- Promote the use of renewable raw materials and materials reproduced through the recycling of used products.
- Embrace the challenge of realising a plastic-free society.
- Propose new recycling and reuse practices.

Because the SDGs Theme Guideline began operating in January 2021, our disclosure of fiscal 2021 results was limited to simply the number of products that conformed to this guideline. In fiscal 2022, the second year of its operation, due to the increasing number of products conforming to the guideline, we disclosed the ratio of such products, which was 10.5%. Examples of products conforming to the guideline include Lifree Feel-at-Ease Pad for Use with Daily Underwear, which is roughly twice\* as effective at absorption as pants-type disposable diapers while ensuring that users are equally reassured despite its pad configuration, and Gran-Deli Precious, a brand of dog food containing freeze-dried chicken breast strips and vegetables and underscores the importance of deliciousness, quality, and health. With a number of new projects in the works throughout the Group, we will continue to develop products and services that are conducive to practicing sustainable lifestyles in the years ahead.



\* Based on a per unit area comparison with Unicharm's leading pants-type disposable diapers

## Key Initiatives



### 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

Reducing impact on the global environment is becoming extremely pressing and companies are playing an increasingly important role in making a sustainable society a reality. Unicharm recognises that "safeguarding the well-being of our planet" is imperative to the sustainable development of its business. With this in mind, we have declared, in detail, our environmental targets in Kyo-sei Life Vision 2030 and Environmental Targets 2030 and are working to achieve them through a Groupwide effort. By way of the hygienic and convenient products and services it provides, Unicharm aims to innovate new solutions for protecting and supporting the global environment.

#### 2022 Results

Unicharm is working to reduce CO2 emissions across the entire value chain, from the procurement of raw materials to production and disposal. In terms of addressing climate change (one of our key initiatives for safeguarding the well-being of our planet), because the majority of the CO2 emissions generated directly from our business are classified as Scope 2 (electricity used in manufacturing, etc.), we have declared it a goal to convert to renewable energy\* for 100% of the electricity used in our business activities by 2030 and are making steady strides to that end. In 2022, 11.0% of our Group's energy use was in the form of renewable electricity, contributing to reductions of roughly 30,000 tons in CO2 emissions. With respect to the development of eco-friendly products and expanding our line of recycling models (two of our other key initiatives for safeguarding the wellbeing of our planet), we continued to forge ahead with the recycling of used disposable diapers, an area in which we have been developing new technologies and conducting demonstration trials since 2015. Also, in June 2022 we began testing the use of Lifree disposable adult diapers, which use recycled materials as part of the absorbent paper, at nursing care facilities in Kagoshima Prefecture. As for reducing the amount of plastic materials used, in addition to designing slimmed-down products, we are developing products 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.

### Background of Initiatives

#### Our Basic Approach and Strategy

With the effects of climate change increasing year after year, Unicharm recognises that reducing CO2 emissions is of the highest priority for addressing environmental issues. Therefore, to contribute to achieving the 2°C scenario outlined in the Paris Agreement, we received certification in June 2018 for our CO2 reduction plans up to 2045 under the Science Based Targets initiative (SBTi). Currently, we are considering the adoption of the 1.5°C target.

#### Key Initiatives / Case Studies

##### Shifting to Renewable Electricity

**Japan** In 2022, we converted to renewable electricity using FIT Non-Fossil Certificate With Tracking\* at five factories, including the Saitama Factory in March and the Mie Factory and three factories of Peparlet Co., Ltd., in Shizuoka Prefecture in April. As a result, virtually all of the energy used at these five factories (approximately 22 million kilowatts) will be in the form of renewable electricity, which will lead to reductions of roughly 9,500 tons in CO2 emissions per year.

**China** In April 2022, our local subsidiary in China commenced solar power generation at the Tianjin Factory and the Jiangsu Factory. As a result, roughly 25% of the energy used at these factories will be in the form of renewable electricity, which we expect will lead to reductions of around 9,300 tons in CO2 emissions per year.



**Indonesia** In July 2022, our local subsidiary in Indonesia completed the first phase of installations of solar power generators at the Karawang Factory and commenced power generation. As a result, around 11% of the energy used at this factory will be in the form of renewable electricity, which we expect will lead to reductions of around 7,200 tons in CO2 emissions per year.



\* 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

## Key Initiatives

### Development of Eco-Friendly Products / Expanding Our Line of Recycled Models

#### Background of Initiatives

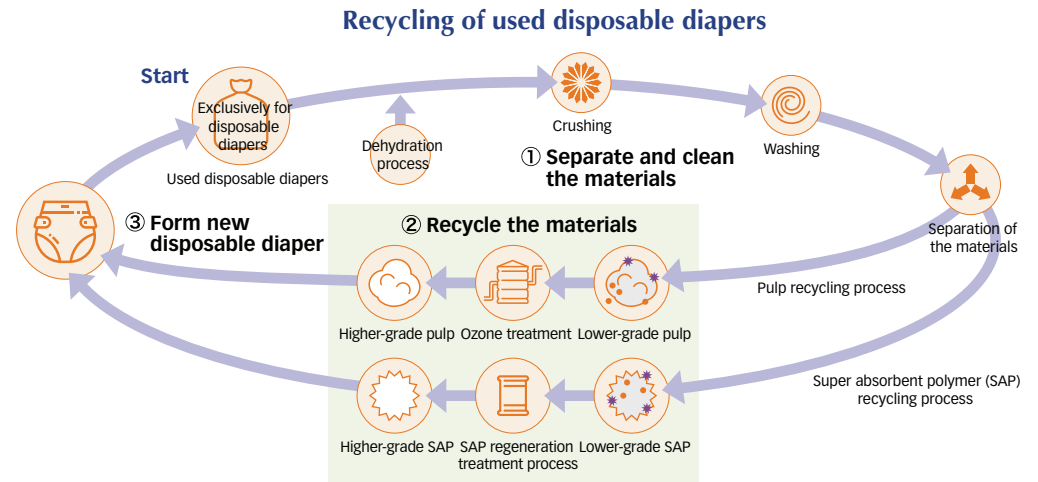
With the advent of Japan's super-aged society, the use of disposable diapers continues to increase and in 2030 used disposable diapers are expected to account for around 7% of total household waste by weight. In March 2020, the Ministry of the Environment disclosed the Guidelines for the Recycling of Used Disposable Diapers, bringing attention to the matter of diaper recycling. We view efforts to reduce waste incineration costs and CO2 emissions and make effective use of resources as the "responsibility of disposable diaper manufacturers"; therefore, we began to recycle used disposable diapers in 2015 and are working on technology development and demonstration trials.

#### Key Initiatives / Case Studies

##### Our Own Unique Recycling System for Used Disposable Diapers (Japan)

As the first phase of our Recycle for the Future (RefF) Project, which aims to create a new future through recycling, we are proceeding with the operation of our horizontal recycling system. Through this system, used disposable diapers are collected and recycled by washing and separating them, after which the pulp taken out undergoes a unique ozone treatment process to kill the bacteria contained in the excrement, making it as hygienic and safe as virgin pulp.

As a part of this project, we conducted demonstration trials with Shibushi City and Osaki Town of Kagoshima Prefecture and, in June 2022, began testing the use of Lifree disposable adult diapers, which use recycled materials as part of the absorbent paper, at nursing care facilities in Kagoshima Prefecture. Our goal is to develop a recycling model that can be deployed not only in Japan but also overseas and implement it in over 10 municipalities by 2030.



#### Comparison between incineration and recycling of disposable adult diapers used by 100 people per year



By expanding opportunities to enable as many people as possible to take part in the RefF Project, we hope to realise a future where the recycling of disposable diapers is a common practice in daily life. Therefore, in November 2022 we held a special class for fifth-grade students at Shibushi Elementary School in Shibushi City, Kagoshima Prefecture, in the hope that these children, who are the future of our society, would learn about the world's most advanced recycling technology and be inspired to think about the effective use of resources. In the special class, students were introduced to a technology for recycling used disposable diapers and took part in an arts and crafts workshop where they used paper clay made from pulp that was extracted and recycled from used diapers. Through this event, students were able to learn about the quality, safety, and environmental friendliness of pulp recycled from used diapers.



Works of fifth-grade students using paper clay made from recycled pulp



\*Source: Unicharm Research, March 2024

## Key Initiatives

### 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<sup>\*1</sup> and the Basic Policy of Procurement<sup>\*2</sup> more specific with regard to biodiversity.

<sup>\*1</sup> 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.

<sup>\*2</sup> 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.



\* A global membership organisation, leading in responsible sourcing practices, Sedex provides companies with technology and insight to build a responsible business and supply network, including the world's largest platform for sharing supply network data on labour standards, health and safety, the environment, and business ethics. Over 74,000 business members in 170 countries and regions use Sedex solutions to manage supply network risk, meet compliance requirements, and demonstrate measurable impact.

## Key Initiatives



### Unicharm Principles

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

#### Our Basic Approach and Strategy

Unicharm will strive for appropriate collaboration with its stakeholders and aim to be a fair and highly transparent company that is well regarded and trusted by society. We believe that doing so in an effort to achieve sustainable growth and the creation of corporate value over the medium to long term will enable us to “pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities” as stated in our corporate ideals. In addition, we aim to create an environment in which the growth and happiness of each employee can be made a reality through the promotion of diversity management and human resource development.

#### 2022 Results

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 fulfillment of our social responsibility.

#### Key Initiatives / Case Studies

##### Utilising the Sedex Platform to Promote Respect for Human Rights and Establish Better Working Environments (Worldwide)

As an AB (buyer/supplier) member, Unicharm is utilising the Sedex platform in two core areas: (1) Unicharm Group companies and (2) material suppliers and contract manufacturers, with emphasis on the former.



##### (1) Unicharm Group companies

In 2022, 40 out of 41 business sites responded to the Sedex Self-Assessment Questionnaire (SAQ). In regard to some unclear responses given, the Group’s executives, such as the president and the factory manager of each facility, were urged to seek measures toward improvement. In addition, Sedex Members Ethical Trade Audit (SMETA) audits\*2 were held at six business sites and the issues identified as a result were confirmed as rectified.

##### (2) Material suppliers and contract manufacturers

Unicharm has requested all material suppliers and contract manufacturers to become a member of Sedex and cooperate in the use of its platform, enabling mutual access to information disclosed on the platform. As of 31 December 2022, we have received cooperation from 76% of all material suppliers and contract manufacturers. Meanwhile, in October 2022 we held our medium- to long-term briefing session, at which we requested the understanding and cooperation of suppliers on the use of the Sedex platform.

\*1 A global membership organisation, leading in responsible sourcing practices. Sedex provides companies with technology and insights to build a responsible business and supply network, including the world’s largest platform for sharing supply network data on labour standards, health and safety, the environment, and business ethics. Over 74,000 business members in 170 countries and regions use Sedex solutions to manage supply network risk, meet compliance requirements, and demonstrate measurable impact. \*2 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.

## Key Initiatives

### Practice of Appropriate Corporate Governance

#### Background of Initiatives

Unicharm believes that working toward sustainable growth, creating medium- to long-term corporate value through efforts to cooperate appropriately with stakeholders, and becoming a company supported and trusted by society lead to the practice of “proper corporate management principles” stated in the Unicharm Ideals. Accordingly, the basic policy toward corporate governance is to achieve highly transparent, fair, prompt, and bold management through frank and proactive engagement that will gain the support of various stakeholders, create initiatives in response to ESG issues, and carry out the preservation and further development of an environment that enables appropriate decision-making by management without missing any opportunities.

#### Key Initiatives / Case Studies

##### Initiatives to Raise Compliance Awareness (Worldwide)

To raise the awareness of executives and employees toward compliance with laws and regulations and prevent the occurrence of compliance problems, we hold workshops for directors and employees and offer compliance-related training curricula for new employees. In addition, through the distribution of email newsletters and the posting of information on the Company intranet, we strive to enhance compliance awareness across the Group by continuing to widely share information on revised laws and compliance related to our business.

As a part of our initiatives to raise compliance awareness overseas, Unicharm’s local subsidiary in India conducted harassment training for roughly 700 employees in the sales department in 2021 and for around 940 employees in the staffing and production departments in 2022, with the intent of preventing workplace harassment. Meanwhile, in Japan, in conjunction with the enforcement of the amended Whistleblower Protection Act, we revised our whistleblowing system while enhancing its effectiveness by training employees and ensuring their awareness of workplace harassment.



Harassment training for production department employees in India

### Promotion of Diversity Management

#### Background of Initiatives

Unicharm aims to be a company where employees from diverse backgrounds can demonstrate their individualities and abilities to the fullest by recognising and respecting each other’s differences in nationality, race, religion, gender, sexual orientation, age, ancestry, and disability. To achieve this goal, we are working to create a workplace environment and a human resource system that allows employees to continue to play an active role at any stage of their lives, regardless of gender.

#### Key Initiatives / Case Studies

##### Number of Women in Management Positions (Worldwide).

At Unicharm, we are working to increase the ratio of women in management and executive-level positions by providing various opportunities for female employees. In Japan, we launched our Room L+ mentorship system in 2021 to help female employees build networks and overcome and resolve their career-related and personal concerns through mentorship programs and discussions.



Maternity Leave Room L+

In 2022, we provided new venues for sharing information with the additions of the Maternity Leave Room L+ system for employees returning to work from maternity and childcare leave and the Development Room L+ system tailored to specific positions. Moreover, we also introduced the Empower Mentor System, which provides individual support to female candidates of department head and director positions as well as training for director candidates through one-on-one mentoring with executive officers and information exchange meetings. As a result of these measures, 23.2% (14.4% in Japan, 29.2% overseas) of management positions were held by women as of 31 December 2022. We will continue to provide a number of opportunities to our female employees to increase the ratio of female managers across the Group to 30% by 2030 over the course of Kyo-sei Life Vision 2030.



#### Selection in the 2023 Bloomberg Gender-Equality Index

For the third consecutive year, Unicharm has been selected for the Bloomberg Gender-Equality Index, which recognises companies that excel at disclosing gender-related information and gender-equality initiatives.

## Key Initiatives

### Fostering the Development of Competent Human Resources

#### Background of Initiatives

To continue to ensure that our people are the driving force behind corporate value as stated in the Unicharm Group Global Human Resources Philosophy, we must nurture the employees who will shape the future of our company. To this end, we are enhancing our human resource policies to enable each employee to pursue their own dreams and aspirations while respecting their independence by allowing them to receive training anywhere and anytime and strengthening our training programs by drawing on the use of digital technology. In the process, we will develop employees into individuals who have the ability to help resolve the issues of society and the environment.

#### Key Initiatives / Case Studies

##### Employee Surveys and Human Resource Development (Worldwide)

At Unicharm, we conduct employee surveys once a year at all Group companies to verify employee awareness and satisfaction toward work. The survey is translated into eight languages so we can receive responses from employees at our overseas subsidiaries and is conducted on an ongoing basis. It is used not only to motivate employees and facilitate organisational reform but also as a reference when considering various human resource and management policies. We aim to create a virtuous cycle in which employees develop through their work, which, in turn, leads to the growth of our business. For that reason, Unicharm has been monitoring the ratio of positive responses to the "Growth through Work" section of the employee survey, which was 89.2% in 2022. To provide employees with a stepping stone for further growth, we also implemented LinkedIn Learning, an online learning platform that allows employees to study at their own pace and without being bound by time or location, at our business sites in Japan and 12 subsidiaries overseas. In 2022, a total of 16,463 courses were held, which were utilised by around 3,400 employees, who spent an average of 1.9 hours on their studies in the year. We will continue to provide information in such ways to help employees maintain their desire to continue learning and acquire new skills. In Japan, the Scrum Leader On-the-Job Training (OJT) Workshop was established and held for the first time in 2022, which was attended by 245 scrum leaders. The workshop is an opportunity for scrum leaders to learn about how behavioural changes can lead to the simultaneous achievement of strategy execution and human resource development. Through daily OJT, we aim to have scrum members and leaders grow together and, going forward, this workshop will be expanded across the Group as mandatory training for new leaders.

### Construction of Healthier Workplaces & Workplace Safety Systems

#### Background of Initiatives

To fulfill our goal of realising a cohesive society, it is essential that our employees are able to work in a vibrant and healthy manner. To this end, we are promoting a variety of health management initiatives, including employee health checks, balanced work-styles, and mental health awareness in order to create a workplace environment where employees can fully demonstrate their abilities while ensuring their physical and mental well-being.

#### Key Initiatives / Case Studies

##### Creating a Workplace Environment Conducive to the Health and Well-Being of Employees (Japan)

We are working to maintain and help promote the health of our employees through a variety of measures, including health checks, physical fitness tests, and one-on-one stretching programs. Each month, Unicharm issues its Healthy Lab Newsletter, which covers seasonal health-related themes, offers advice and information on ways to maintain good health and mental well-being, and recommends moderate exercises to prevent a lack of physical activity. We will continue to promote such activities to enhance the health literacy of our employees so that they are able to maintain and improve their health on their own. To advance one step further from managing employee health to preventing mental disorders and illnesses, Unicharm provides training programs on ways to maintain mental health and well-being as well as stress checks once a year. Whenever employees are identified as having high stress levels, they are strongly encouraged to consult with an industrial physician or a public health nurse immediately. In these ways, we strive to create a workplace environment where employees can work reassuringly while maintaining their mental and physical well-being.



Physical fitness test in session

##### Recognised for the 2023 Certified Health & Productivity Management Outstanding Organisations

Unicharm was recognised by the Ministry of Economy, Trade and Industry (METI) in Japan for the 2023 Certified Health & Productivity Management Outstanding Organisations Recognition Program (Large Enterprise category). This certification program is an initiative promoted by the METI to achieve a healthy and sustainable society and it recognises companies that regard the management of employee health as a managerial responsibility and strategically take measures to maintain and promote the health of its employees.





## Company Key Actions

### Supplier Risk Assessment

#### New Suppliers

For new suppliers, we ask that they understand the “Unicharm Group Policy on Human Rights” and “Unicharm Group Sustainable Procurement Guidelines” and conduct a risk assessment for them using our independently developed comprehensive anti-corruption risk assessment table. In high-risk regions, we also carry out advance monitoring of the labour environment together with the risk assessment.

#### Existing Suppliers

For existing suppliers, we conduct a regular supplier assessment in accordance with the annual plan. Based on the results, we commend outstanding suppliers through our Unicharm Supplier Award. Explaining the assessment items and standards at the awards ceremony also boosts the awareness of improvements among all suppliers.

	2020	2021	2022	2023
Number of incidents of Human Rights Identified	0	0	1	1

Unicharm utilises the Sedex platform across the group and regularly confirms the information published on it. In 2023, the SMETA audit found a human rights violation case with one of the business partners within Unicharm’s supply network. The company voluntarily rectified the issue and confirmed on the Sedex platform that the corrective actions have been completed.

Unicharm considers that the issue was appropriately addressed, hence maintaining the business relationship with the company.

### 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.

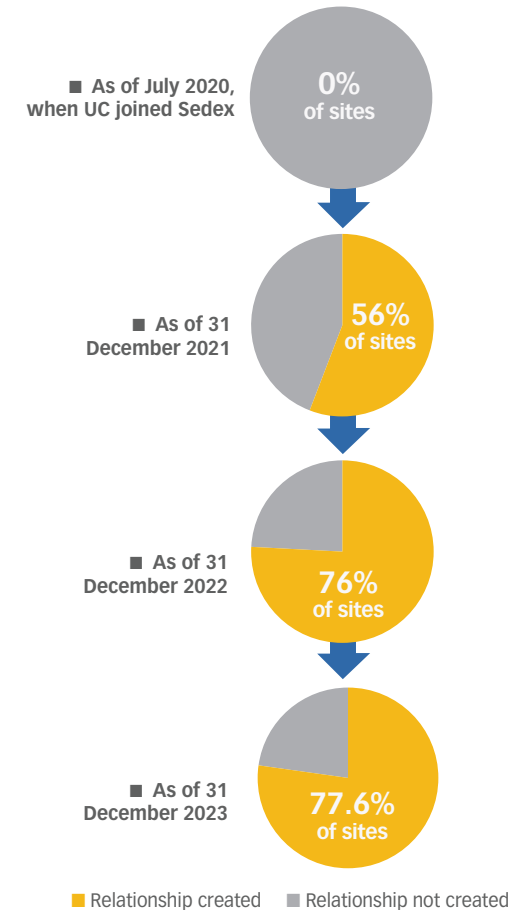
Since 2016, we have held briefing sessions on procurement at distribution warehouses and the factories of suppliers at 53 locations in seven countries to disseminate our “Sustainable Procurement Guidelines” and share information on health and safety in the workplace.

### 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.

### Encouragement to join Sedex – Suppliers of Unicharm Group

So far, we have established relationships with 77.6% 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.



## Company Key Actions

Unicharm’s approach to Modern Slavery continued throughout 2023 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 2023 UCA were able to have 100% of our supply network complete the new SAQ, 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.

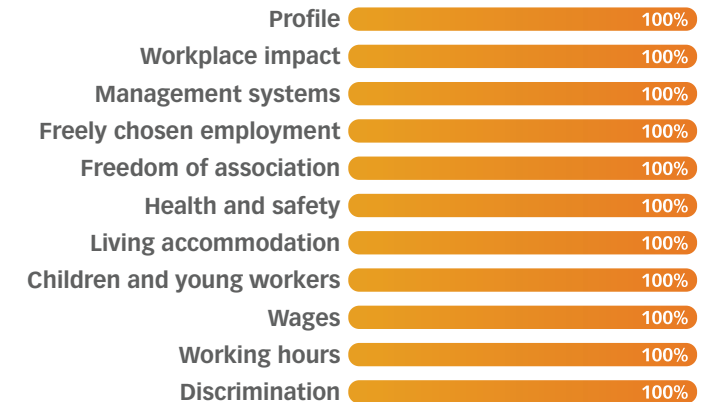
### What changes can buyers expect from the new SAQ?

- **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



100% of the UCA supply network connected to Sedex completed the new SAQ in H2 2023.

## Company Key Actions

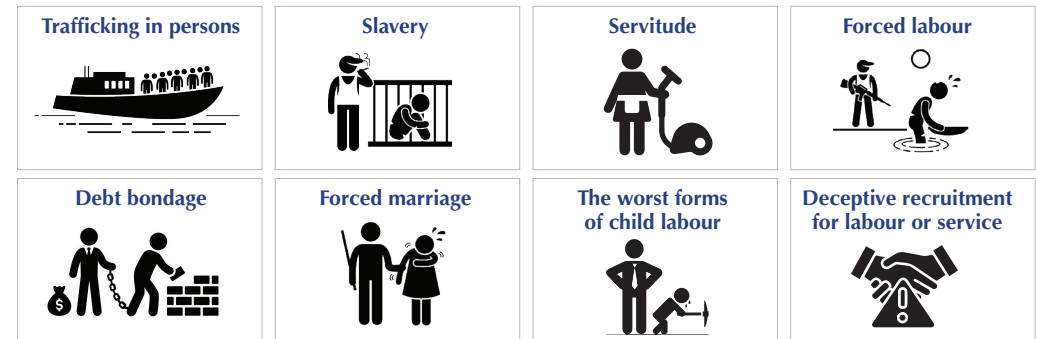
### UcA Global MSA Implementation Plan

This year UcA's training direction continued the structure towards establishing greater collaboration across our global supply network with minimal changes to the identified risks. As a result, our training direction continued on the back of work completed in 2022 supporting Tier 1, Tier 2, and Tier 3 throughout 2023.

#### 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 2022 and beyond
- Modern Slavery conference attendance

### Visual References for the Types of Modern Slavery



UcA's 2022 statement details were shared.



Online training continued along-side face-to-face training within Australia.

## Company Key Actions

### Modern Slavery Conference

As global action to combat Modern Slavery continues, the awareness and understanding that estimates of a 10 million increase in the number of people subjected to Modern Slavery over the last 3 years remind us that our commitment is just touching the surface. Reported numbers in Australia alone estimate the potential of 50,000 cases within our shores with 19,000 confirmed. It is imperative that we all continue this education and support across our supply networks and industry networks.



### Case Study: Connecting with Local Organisations within the Australian Community

Whilst in attendance at the 2023 Modern Slavery Conference Unicharm identified the opportunity to expand on our commitment to global human rights education with the potential to connect with local organisations directly supporting the Australian community.

In 2023 we have commenced actions to listen and learn about the anti-slavery work that is being done by government and civil society and the leadership being displayed by victim survivors, and we are reflecting on what else we can do to fulfil our corporate responsibility beyond supply network reviews.



### Ethical Sourcing of Company Apparel

#### Case Study: Due diligence Fully Promoted and Anti-Slavery Colour



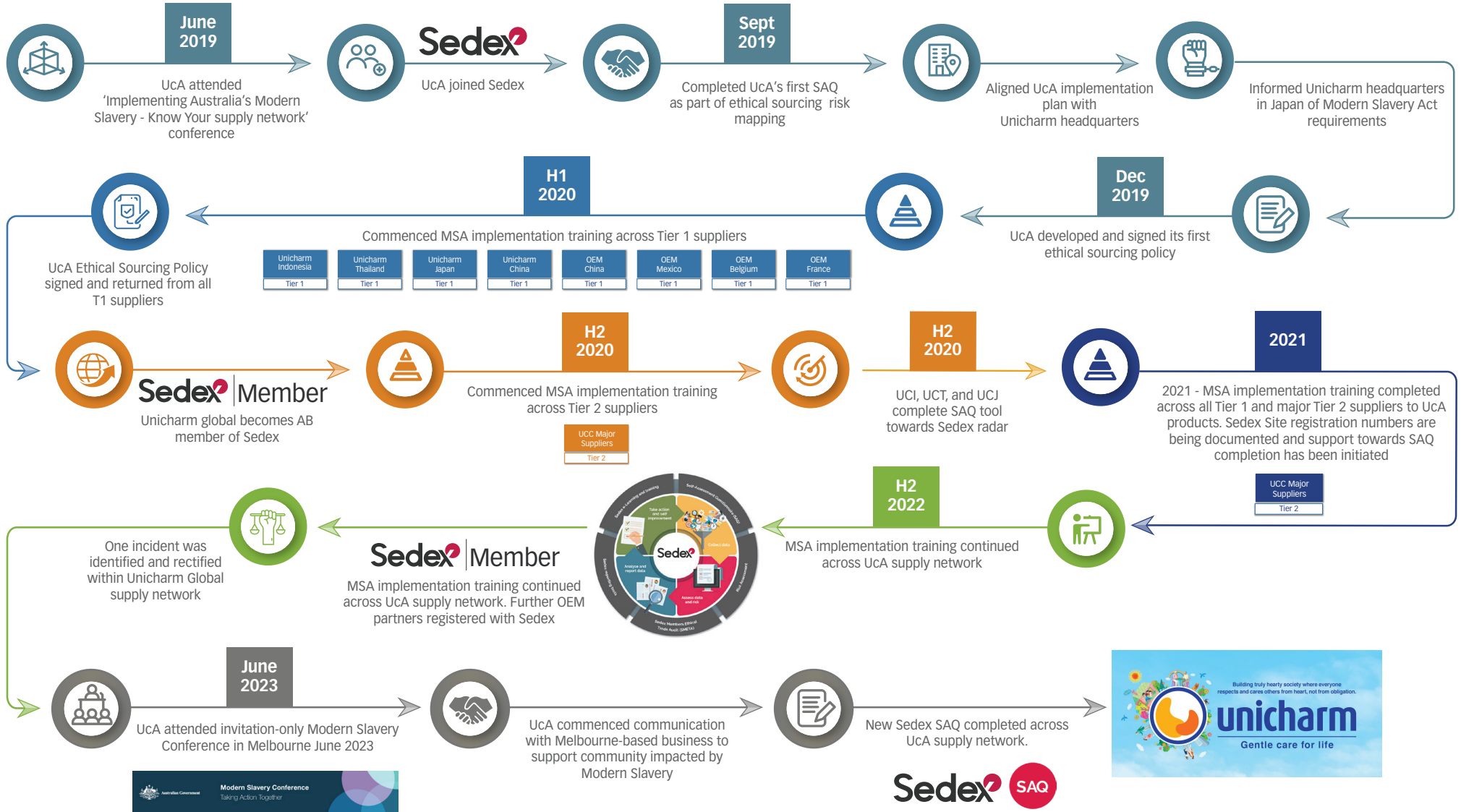
In October 2023, Uca commemorated its 15th Anniversary by providing T-shirts to all employees. The procurement of the T-shirts followed years of Modern Slavery Act training as we ensured the practices along the supply network were compliant with our ethical sourcing commitment and The Unicharm Way.

As we are aware that the apparel industry is identified as one of the high-risk industries regarding modern slavery, Uca conducted due diligence in the supplier selection process for the company apparel. The sourcing factory holds Amfori (BSCI) accreditation. Through the Amfori BSCI audit, we ensured that the appropriate labour standards were complied with, including as they apply to the landscape of the workforce, the labour hire methods used, payment methods, and the availability and use of worker representative groups and grievance mechanisms. In addition, despite the difficulty of tracking the origin of the cotton and the fact that the cotton producers were Tier 6 of the Uca business, Uca confirmed that the cotton used in the company apparel was sourced from Australian cotton farms that are often MyBMP or Better Cotton or both. These Initiatives work on the social and environmental sustainability of the industry.

#### BSCI Factory Audit Results

OVERALL RATING	
A	B
SECTION RATING	Overall Rating
PA 1: Social Management System	B
PA 2: Workers Involvement and Protection	B
PA 3: The Rights of Freedom of Association and Collective Bargaining	A
PA 4: No Discrimination, Violence, or Harassment	A
PA 5: Fair Remuneration	B
PA 6: Decent Working Hours	C
PA 7: Occupational Health and Safety	A
PA 8: No Child Labour	A
PA 9: Special Protection for Young Workers	A
PA 10: No Precarious Employment	A
PA 11: No Bonded Labour, Forced Labour, or Human Trafficking	A
PA 12: Protection of the Environment	A
PA 13: Ethical Business Behaviour	A

# UcA Key Actions



# Unicharm Group Human Rights Approach and Strategy

## Respect for Human Rights

### Background of Initiatives

#### Our Basic Approach and 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 to. 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.

#### Respect for Children’s Rights

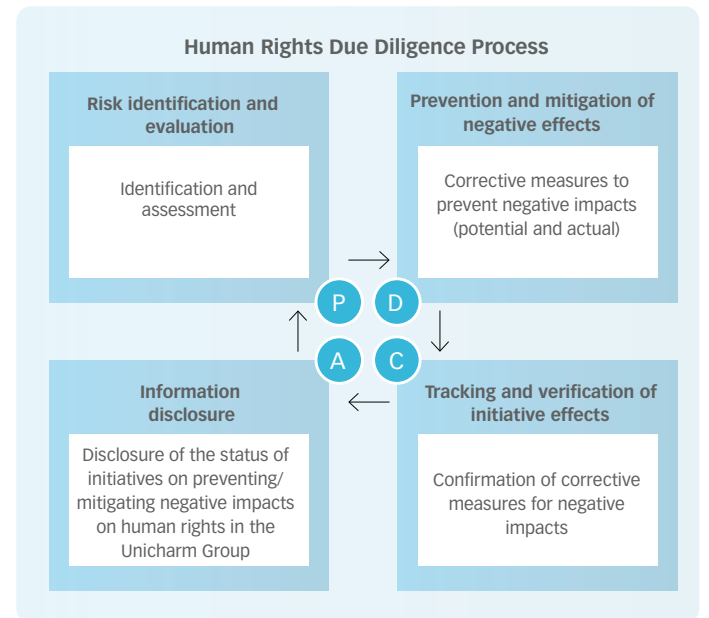
The Unicharm Group Charter of Actions stipulates that the Group does not tolerate any form of child labour. Meanwhile, with respect to our suppliers, the Unicharm Group Sustainable Procurement Guidelines specify that the Group forbids the employment of children under the minimum employment age, as a part of the measures it takes to prohibit child labor throughout the supply network.

By virtue of our products and services, we work to help improve childcare, create an environment that is conducive to balancing work and childcare, and share information that will prove beneficial to the children who will help lead the next generation.

In December 2021, Unicharm also participated in the Children’s Smile Movement, an initiative held by the Tokyo Metropolitan Government to foster a spirit of caring for children throughout society.

## Human Rights Due Diligence Process

### Unicharm Group Policy on Human Rights

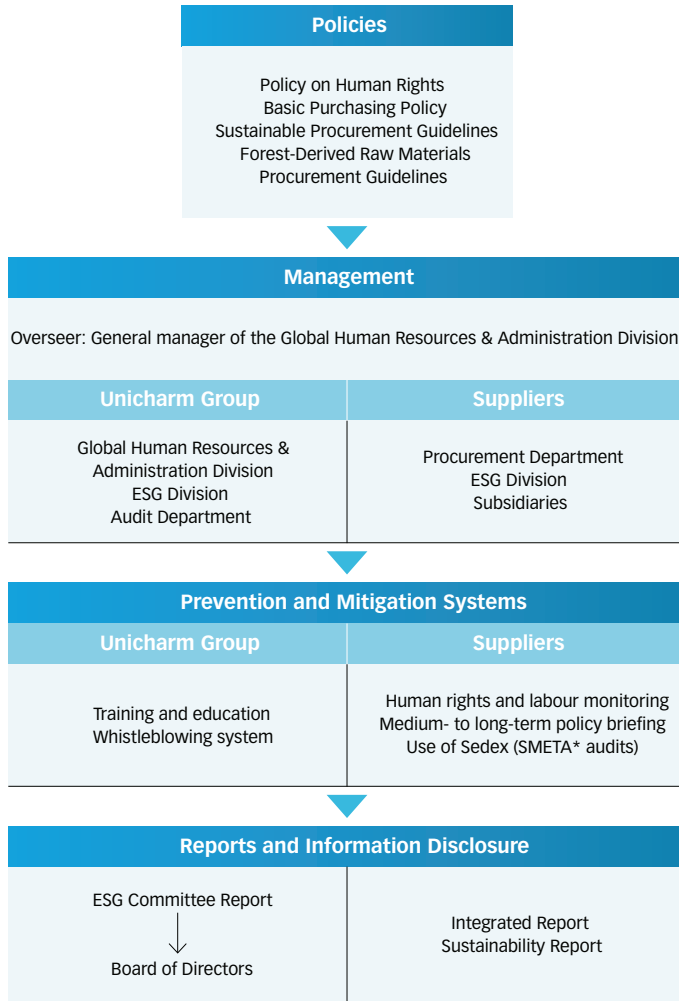


#### Core evaluation items for managing labour issues

- 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

# Unicharm Group Human Rights Initiatives

## Overview of Human Rights Initiatives

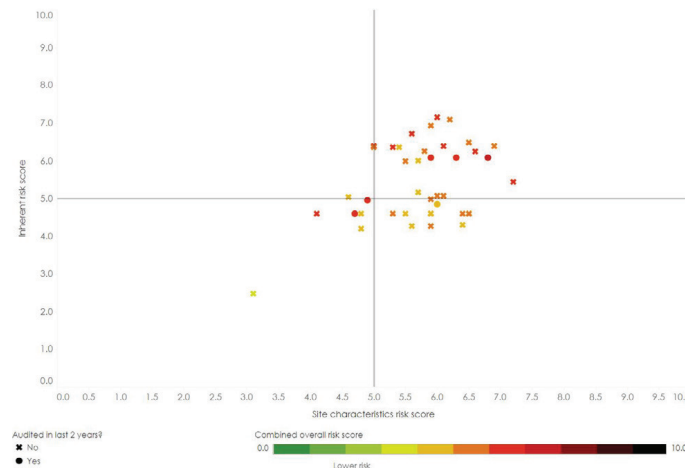


## Initiatives and Results

### Human Rights Risk Assessment at Unicharm Group Factories

In 2022, the Sedex\* Self-Assessment Questionnaire (SAQ) was conducted at 41 Unicharm Group factories, from which we received responses (97.6% response rate) from 40 factories (18 factories in Japan, 22 factories overseas), and the results were then used along with Sedex's risk assessment tool to calculate a risk score. The risk score consists of the inherent risk score, which is calculated based on the factory's country and region of operation and its business segment, and the site characteristic risk score, which is calculated on the basis of the SAQ results. These scores are used as a reference to conduct an even more in-depth analysis of high-risk factories and formulate other risk mitigation measures.

### • Risk Score of Unicharm Group Factories



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

## Audits of Unicharm Group Factories

A social compliance audit is carried out periodically at Unicharm factories through an external auditing firm to assess the effects of risk elimination and mitigation measures and make improvements on any issues identified. Issues identified as a result of an audit are compiled and shared internally by the ESG Department. These issues are confirmed and then inspected and reviewed at each factory, preventing the occurrence of human rights issues in the process.

### • Audits of Unicharm Group Factories

Year	No. of Audits					No. of Issues Identified	
	Total	A	B	C	D		E
2020	4	0	3	0	1	0	25

Year	No. of Audits	No. of Issues Identified				Total
		Business Critical	Critical	Major	Minor	
2021	1	0	0	0	1	1
2022	6	0	13	86	36	135

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.



# Unicharm Group Human Rights Initiatives

## 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.

## 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 2022, 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



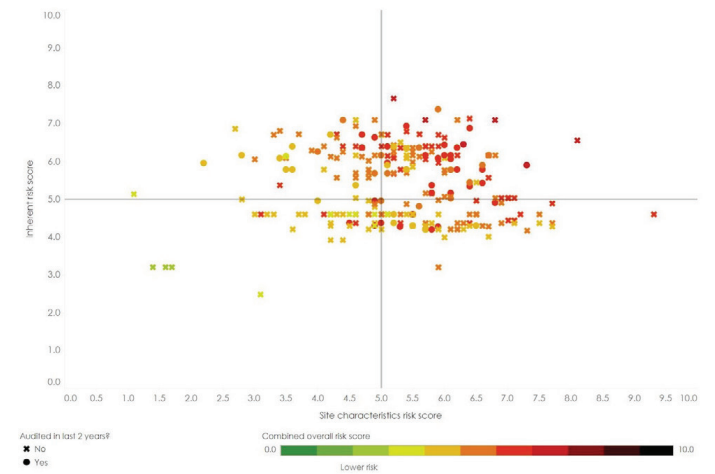
## Initiatives and Results

### 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 2023, 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 will start working with suppliers of materials for pet care products.

#### Risk Score of Supplier Factories



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



## Unicharm Group Human Rights Initiatives

### Supplier Monitoring

We monitor the activities of suppliers using the results of SMETA audits\* by means of the Sedex platform. In 2022, a SMETA audit was carried out in 31 different scenarios, serving as a source of information on 333 cases of violations. The detected violations are classified according to four ratings, Business Critical, Critical, Major, and Minor, subject to Sedex's SMETA Non-Compliance Guidance. For violations classified as either Business Critical or Critical that have yet to be amended three months after the date of audit, we contact the supplier to verify the status and course of action toward improvement.



In 2022, of the 41 cases classified as Critical, 13 violations (nine suppliers) that were not confirmed as amended within three months were discussed with suppliers, 10 violations were confirmed as amended, and the remaining three were confirmed as being amended. In addition, we confirmed one Business Critical violation at a facility of a non-woven fabric supplier, which we confirmed as amended after discussions with the supplier.

\* 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

Year	No. of Audits	No. of Audits by Rating					No. of Issues Identified
		A	B	C	D	E	
2020	12	1	9	0	2	0	42

Year	No. of Audits	No. of Issues Identified				
		Business Critical	Critical	Major	Minor	Total
2021	50	0	29	181	95	305
2022	31	1	41	182	109	333

### Eliminating and 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

# Compliance

## Fair Business Practices

### Our Basic Approach and Strategy

Our management policy is expressed in the Unicharm Ideals, which state “we strive to pursue proper corporate management principles that combine corporate growth, employee well-being, and the fulfillment of our social responsibilities.” Unicharm has established the Unicharm Group Charter of Actions to ensure that both directors and employees maintain the highest ethical standards and comply with laws and regulations and the Articles of Incorporation. We prevent bribery, excessive entertainment and gifts, improper political contributions, insider trading, money laundering, and corruption that would lead to other forms of misconduct by ensuring that all employees comply with the Unicharm Group Charter of Actions. We also strive to comply with labour standards and other laws and regulations. With all executive officers, led by the president & CEO, continuously communicating the spirit set forth in the Unicharm Group Charter of Actions to all employees, we endeavour to raise awareness of corporate ethics and ensure that all our corporate activities are based on compliance.

### 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 corporate 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, etc., 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



### 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 the 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.

##### Exchange of Entertainment & 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 the unreasonable demands thereof in any way whatsoever. Moreover, we will cooperate with the police and various organisations and take a resolute stance against antisocial forces.
3. We will positively engage in the development of an advanced cybersecurity management system.

# Compliance

## Initiatives and Achievements

### 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 prohibiting transactions with a high risk of insider trading, we require the submission of a trade notice for Unicharm's shares each time they are traded and release cautionary information as appropriate to 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 unreasonable demands and 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 reviewed the Unicharm Group Action Guidelines and renamed them the Unicharm Group Charter of Actions on 10 February 2021.

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

In 2022, there were no fines, surcharges, or settlements resulting from acts of bribery or other forms of corruption, including facilitation payments. In addition, there were no disciplinary actions imposed on employees for such acts.

	2020	2021	2022	Coverage
Number of fines, surcharges, and settlements resulting from serious legal violations related to corruption and bribery	0	0	0	Unicharm Corporation
Number of employees subject to disciplinary action due to acts of corruption or bribery	0	0	0	

### 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, etc., 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.

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 request 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. Outside of Japan, 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, and Egypt.

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

### Consultations & Reports via the Whistleblowing System (Japan)

	2020	2021	2022
Number of consultation/whistleblowing cases	41	68	100
Of which, are in violation of compliance	0	0	0

### Whistleblowing System Response Process



## Compliance

### Response to Serious Compliance Violations

In Kyo-sei Life Vision 2030, Unicharm has set the goal of realising zero cases of serious compliance violations and is working to further enhance compliance awareness to this end. A compliance violation that impairs corporate value, has an adverse impact on management, and requires external information disclosure is defined as a "serious compliance violation."

In 2022, there were no cases of serious compliance violations at Unicharm.

### 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 and enhance awareness.

### Compliance Education and Training

Aiming to raise awareness of compliance with laws and regulations and prevent problems from occurring, Unicharm holds workshops, distributes email newsletters, and posts information on the Company intranet to constantly share details of revised laws and compliance information related to its business as a means to enhance compliance awareness throughout the Group.

In addition, we held a workshop on the whistleblowing system for department heads and scrum leaders in conjunction with the amendments to the Whistleblower Protection Act in June 2022.

Target	Details	2023 Results	
		No. of Times	No. of Attendees
All employees	All areas of compliance (distribution through email newsletters and posting on Company intranet)	11 times	All employees
New employees	Compliance and basis of contracts	6 times	60 employees
New leaders	Harassment prevention	2 times	21 employees
Employees to be posted overseas (pre-posting training)	Prohibition of bribery, protection of confidential information, contract compliance, etc.	1 time	21 employees
Divisional basis (workshops)	Themes according to business activity	2 times	33 employees

### Harassment Prevention

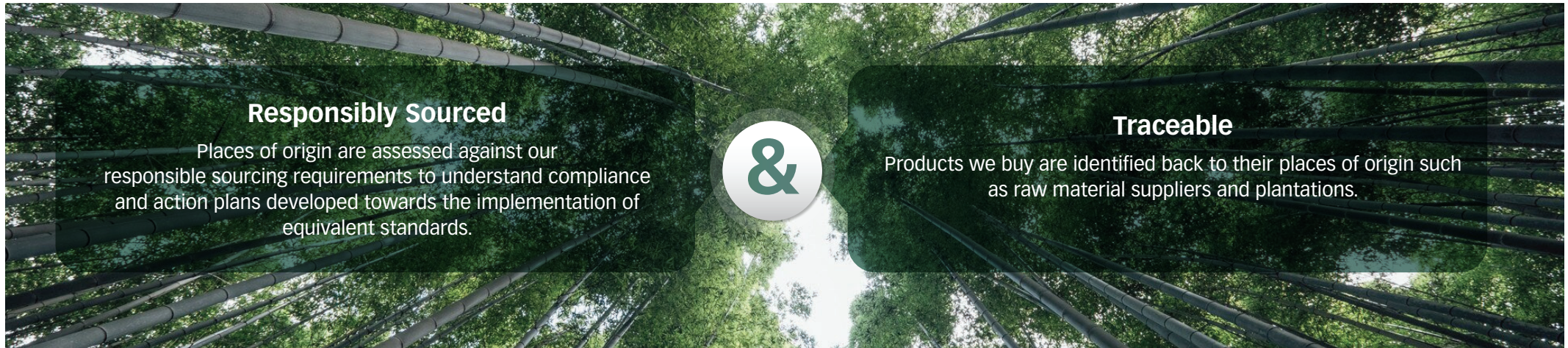
Unicharm has established the Harassment Prevention Regulations with the goal of establishing a comfortable workplace environment. According to these regulations, any act that causes a disadvantage or damage to others in the workplace, damages their dignity, or infringes their human rights, regardless of the intentions of the person responsible for the harassment, is defined as "harassment," and such acts are completely forbidden by the Company.

Moreover, a curriculum on harassment prevention is covered in our training according to levels and roles and training for new leaders.

	2020	2021	2022	2023	Coverage
Number of participants in harassment prevention manager training	0	52	26	21	Unicharm Corporation

## Responsible Sourcing Benchmarks

### Consultation



#### Responsible 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.

### Ethical Auditing across our Supply Network

#### Business Ethics

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

#### Health & Safety

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

# Looking Forward

## Course of Action - FY2023 and beyond

### Results 2023

- ✓ Incorporate Human Rights into all UC Contracts/Agreements – **Commenced**
- ✓ Submit 3rd Modern Slavery Statement including increasing transparency of our Commitment & Disclosure – **Completed**
- ✓ Complete MSA Tier 1 & 2 updated training – **Ongoing**

### Target 2024

- ✓ Incorporate Human Rights into all UC Contracts/Agreements
- ✓ Submit 4th Modern Slavery Statement including our commitment to local industry within this segment
- ✓ Continue MSA Tier 1 & 2 updated training

### Target 2030

- ✓ Incorporate 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

## Our Targets beyond 2024

### Compliance Assessment

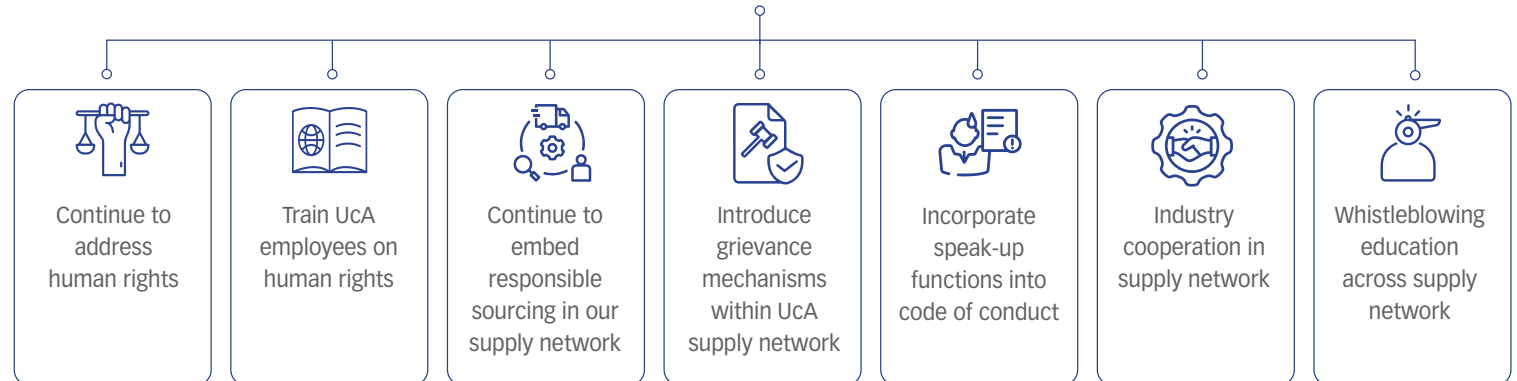
- Country risk
- Legal and organisational frameworks

### Impact/Risk

- Stakeholder engagement
- Community relations projects impact assessment

### Outcomes

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

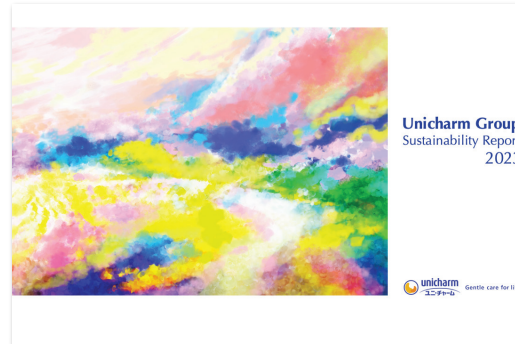


## Our Corporate Reporting Suite



### 2022 performance and progress on UCA's Modern Slavery goals and commitments

Click here to find the report on our website:



### 2022 performance and progress on Unicharm Group's global sustainability goals and commitments

Click here to find the report on our website:



### 2022 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:



Click here for more information:



FOR MORE INFORMATION VISIT OUR WEBSITE [www.unicharm.com.au](http://www.unicharm.com.au)

Love Your Possibilities



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