

Gentle care for life



Unicharm Australasia
Modern Slavery Statement 2022

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 endeavor 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 neighborhood.
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.



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Explanation of the 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 & our planet.



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.

Editorial Policy Contents



Editorial Policy

This document has been prepared as Unicharm Australasia's (UcA) 2022 Modern Slavery Statement (MSS)

UcA's MSS is embedded with our corporate philosophy of "NOLA & DOLA." Here, we will take a closer look at how we are working to achieve NOLA & DOLA through our business. This year UcA has continued to embed the progress of our Modern Slavery Act initiatives via training and global engagement of the Act requirements. Additionally, UcA has moved inline with the Act reviewal, engaging third-party feedback on our existing statement and disclosure to maintain best practice.

Furthermore, as a division of the Unicharm Corporation, we refer to the UN Global Compact, ISO 26000 and GRI Guidelines via the Unicharm Sustainability Report 2022. We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you review the Unicharm "Integrated Report 2022" and provide any frank opinions and comments you may have.

Our concept of NOLA & DOLA:

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

Contents

Areas Covered

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

Intended Audience

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

Period

January 1 to December 31, 2022
(The report focuses on results from 2022 and includes some of the latest information from 2023.)

Date of Issue

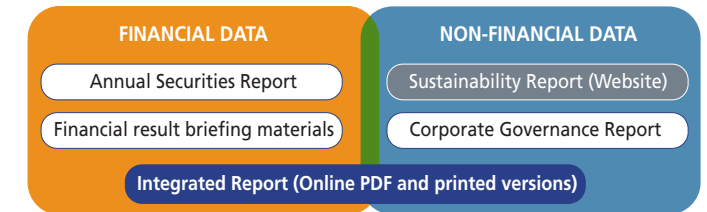
July 2023
(The next edition is scheduled for publication in July 2024.)

Reference Guidelines

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

Unicharm Information Disclosure System

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



Overview of the Unicharm Group



Reporting Company's Profile

Corporate Name	Unicharm Australasia Pty Ltd
Established	2008
Head Office	1 Hargrave Place, Mentone, Victoria, Australia, 3194
Number of Employees	54
Major Business Lines	Baby care products Partner animal (pet) care products Wellness care products
URL	https://www.unicharm.com.au

Parent Company Profile

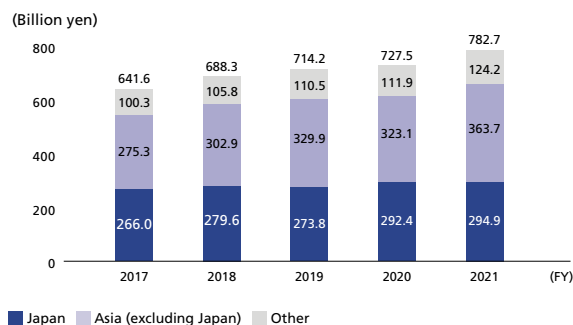
Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Capital	¥15,993 million (as of 31 December 2021)
Number of Shares Issued	620,834,319 (as of 31 December 2021)
Head Office	Sumitomo Fudosan Tokyo Mita Garden Tower, 3-5-19, Mita, Minato-ku, Tokyo
Registered Company Office	182 Shimobun, Kinsei-cho, Shikokuchuo City, Ehime
Number of Employees	16,308 (on a consolidated basis as of 31 December 2021)
Number of Factories	40 (Japan: 18; Asia (excluding Japan): 19; Other: 3)
Listed Exchange	Prime Market of the Tokyo Stock Exchange
Major Business Lines	Wellness care products Partner animal (pet) care products Feminine care products Baby care and childcare products Kirei care products
URL	https://www.unicharm.co.jp/en/home.html

Primary Consolidated Subsidiaries and Affiliates

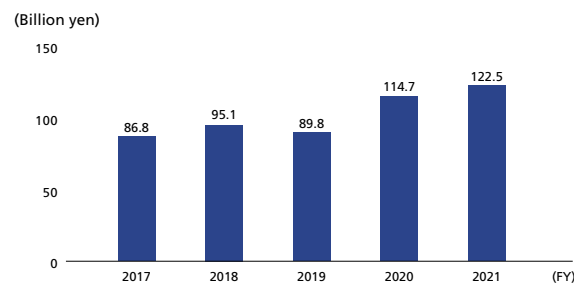
Japan	Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicare Corporation Unicharm Mölnlycke K.K. Peparlet Co., Ltd.
Asia (Excluding Japan)	United Charm Co., Ltd. Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT. UNI-CHARM INDONESIA Tbk Unicharm India Private Limited Diana Unicharm Joint Stock Company DSG International (Thailand) PLC
Other	Uni.Charm Mölnlycke B.V. Unicharm Gulf Hygienic Industries Co. Ltd. Unicharm Australasia Pty Ltd. The Hartz Mountain Corporation
Total	51 subsidiaries and affiliates (as of 31 December 2021)

Primary Management Indicators

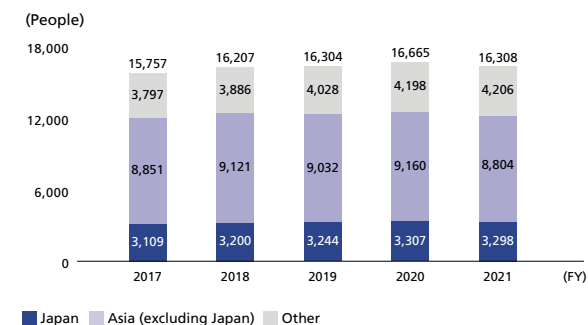
Consolidated Net Sales



Consolidated Operating Income



Number of Group Employees



* We have been using International Financial Reporting Standards (IFRS) since fiscal 2017.

Letter from CEO - Unicharm Australasia



The Unicharm Corporation was founded on the values and belief of 'respecting humanity and dignity'. As CEO of Unicharm Australasia (UcA), I have the responsibility and privilege to ensure that our founding principles are embodied and lived in our business. Unicharm's future vision is titled 'The future that we envision' and the essence of this vision is summarised as 'providing kindness and support at every moment, throughout every lifetime'. 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's value and belief system and reach across the globe, is perfectly matched to tackling the difficult and complex modern slavery challenge that we all must face.

The Unicharm Corporation established the purpose of our business to help achieve the Sustainable Development Goals (SDGs) and together with our values and beliefs forms the foundation for how we conduct business. In this, our third year of MSA reporting, I am overjoyed to see that the Unicharm Corporation continues to embed a human rights culture across the entire organisation, and I believe we are making a real difference to the quality of life for the people we reach.

Throughout our 2022 statement we share the structure, operation, and monitoring frameworks to identify modern slavery risks within our supply chain network. As a group, the Unicharm Corporation has expanded the policies and actions to not only mitigate modern slavery but to have a positive impact on human rights. In the past year, we have continued to train and educate our Tier 1, Tier 2 and Tier 3 suppliers and further strengthened our commitment to lead in human rights where we operate. As part of our commitment to adopting best practice, we received a constructive review of our 2021 statement from global industry leaders who provided meaningful recommendations for improvement of our actions towards combating modern slavery. We have incorporated these recommendations into our 2022 statement and action plans. We have also maintained our collaboration with NGOs, including the Salvation Army who provide a real-life lens on the practical aspects and experiences of vulnerable people in everyday life.

Last year, the Unicharm Group identified a potential case of modern slavery within a supplier's site. I believe the actions taken by UcA to address the Modern Slavery Act contributed to the identification of a potential modern slavery case and immediate action was taken to resolve it. The Unicharm subsidiary has continued to conduct business with the supplier and it is important to openly share this occurrence to enable transparent dialogue regarding modern slavery, as defined by Australia's Modern Slavery Act 2018 and to act together to prevent all occurrences.

I welcome and support the 30 recommendations of the 'Report of the statutory review of the Modern Slavery Act 2018 (Cth): the first three years to strengthen the Act to combat modern slavery in all parts of the world and across all supply networks. We will continue to work with our supply network to strengthen our commitment and actions and work collaboratively to combat modern slavery.

Bridget Spark

This statement was approved by the board of Unicharm Australasia on 26 June 2023.



Bridget Spark
CEO

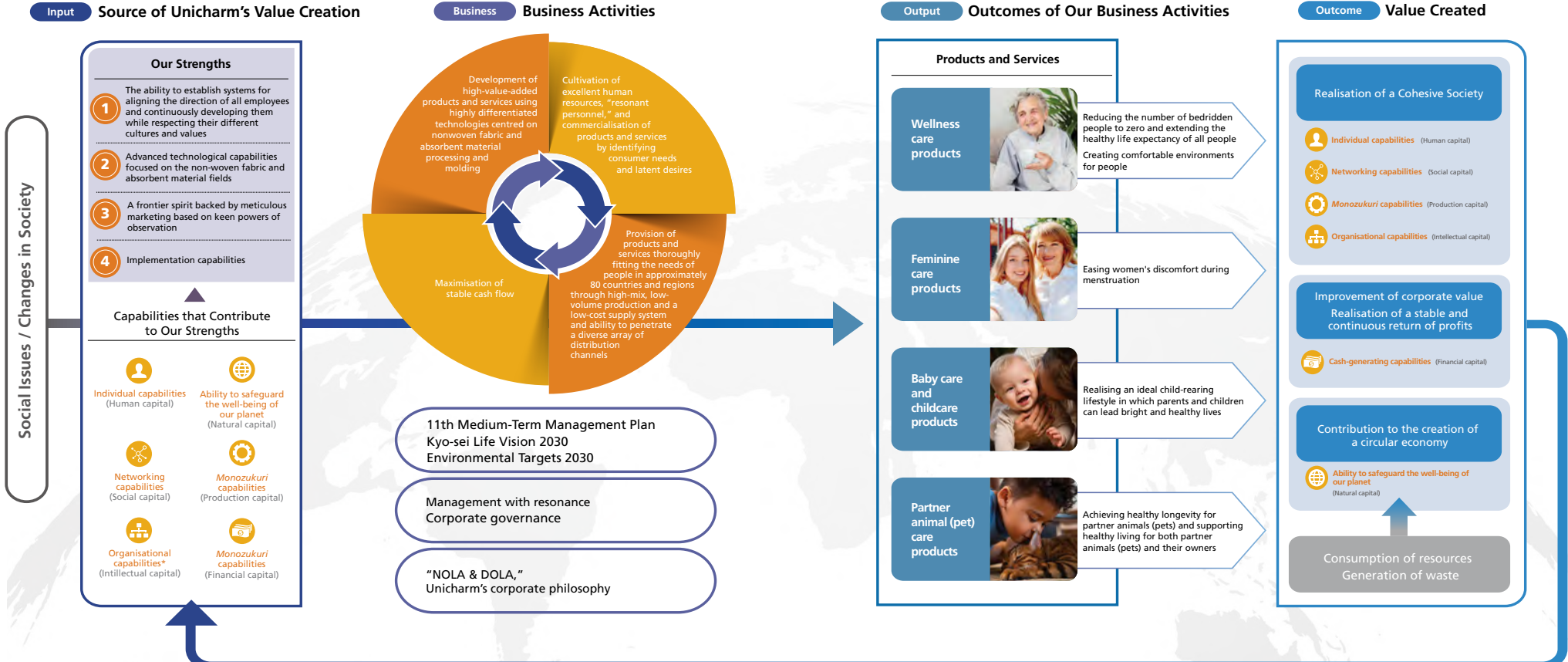
Unicharm's Value Creation Model/Business Model



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



*See also p. 10 of https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/ir/library/annual/en_Integrated_Report_2022_all.pdf

Communicating with Stakeholders



Under its Beliefs & Pledges and Corporate Code of Conduct, Unicharm pledges to undertake honest corporate activities that win the fullest confidence of its customers, shareholders and investors, business partners, employees, and society and encourages two-way communication with its stakeholders by providing a wide range of dialogue opportunities.

Communication Policy (Beliefs & Pledges)

Primary Communication Methods

Example Discussion Themes Specific to Each Stakeholder

Primary Communication Methods

General shareholders' meetings, results briefings, and overseas IR activities

Example Themes

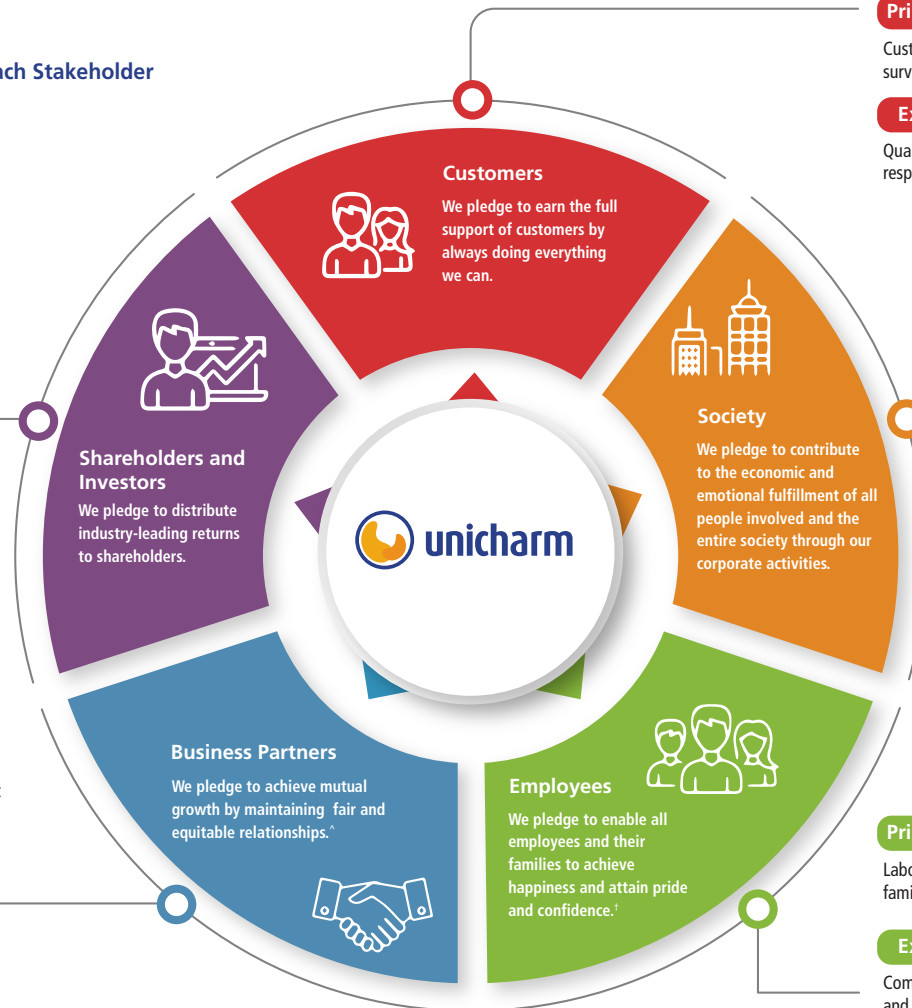
Summary explanations of financial results and sound company management

Primary Communication Methods

Quality Policy Briefing Sessions, new product presentation conferences, exhibitions and events, and audits

Example Themes

Product and service proposals, supply chain management, quality, safety, and the environment



Primary Communication Methods

Customer Communication Center, group interviews, monitoring surveys, and exhibitions and events

Example Themes

Quality, safety, and functions of products and opinions and responses concerning products and services

Primary Communication Methods

Agreements with local governments, cooperation with governments and NGOs/NPOs, and activities held in emerging countries and through trade groups

Example Themes

Disaster assistance, incontinence care, health promotion, health and hygiene, local hiring, and coordination through business activities

Primary Communication Methods

Labour management discussions, employee surveys, employee counseling hotline, family day at factories, and in-house intranet and company newsletter

Example Themes

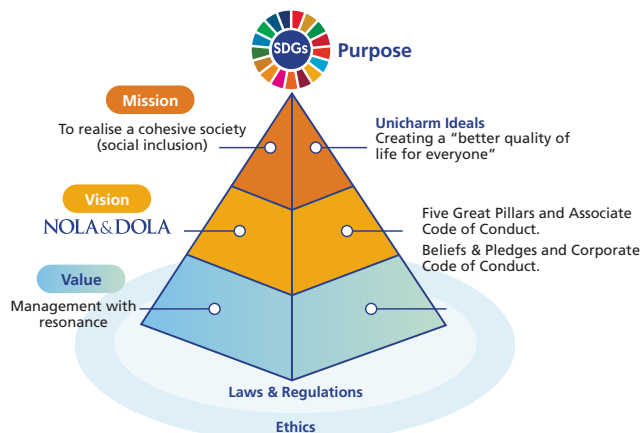
Compensation, health, satisfaction toward work, and introduction of programs and case studies that demonstrate respect for diversity

The Unicharm Way



Our Purpose: Mission, Vision, and Value

Formulation of The Unicharm Way



Cohesive society = Social inclusion. 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 their situation.

Unicharm Ideals (Established in 1974)^Δ

- 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.
- 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.*

* 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

Five Great Pillars and Associate Code of Conduct (Established in 1999)^Δ

- ◇ **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 the issues from a company-wide perspective to achieve our management targets.
- ◇ **Challenge**
We will continue to transform our abilities without fear of failure and maintain a positive attitude based on our belief in taking on challenges to unlock the unlimited potential of employees.^Δ
- ◇ **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 & Pledges and Corporate Code of Conduct (Established in 1999)^Δ

- ◇ **Pledge to our customers**
We pledge to earn the full support of customers by always doing everything we can.
- ◇ **Pledge to our shareholders**
We pledge to distribute industry-leading returns to shareholders.
- ◇ **Pledge to business partners**
We pledge to achieve mutual growth by maintaining fair and equitable relationships.
- ◇ **Pledge to employees**
We pledge to enable 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 all people involved and the entire society through our corporate activities.

Unicharm Ideals (Established in 1974)^Δ

Being a company with sustainable growth, Unicharm has nurtured a corporate culture and spirit called the Three Aspects of Our DNA^Δ that has seamlessly been passed down from its foundation. As our business activities were spread from Japan throughout Asia then to the Middle East, Europe, and the United States, we have revised the Three Aspects of Our DNA^Δ as Best Practice-ship, Ownership & Partnership (BOP-Ship) for all employees around the world to better understand. The Three Aspects of Our DNA^Δ and BOP-Ship are the corporate values that sustain the foundation of our activities and these values are common to each and every member of the Group from top management to employees.

- ◇ **Best Practice-ship (Changing values)**
This refers to accumulating best practices, abandoning past resolutions, constantly making updates, and incorporating best practices with an emphasis on speed.
- ◇ **Ownership (Finding reason within ourselves)**
This refers to recognising everything as "our own matter" and thinking and acting on our own initiative to overcome difficulties.
- ◇ **Partnership (Maintaining our No. 1 position through continued and dedicated services)**
Partnership entails always respecting collaboration with the peers with a mind to altruism. Collaboration creates internal and external cross-organisational communication and its further development will lead to innovation.

THE 5 GREAT PILLARS



^Δ See also page 2 of https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co.jp/pdf/ir/library/annual/en_Integrated_Report_2022_all.pdf

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) was 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.

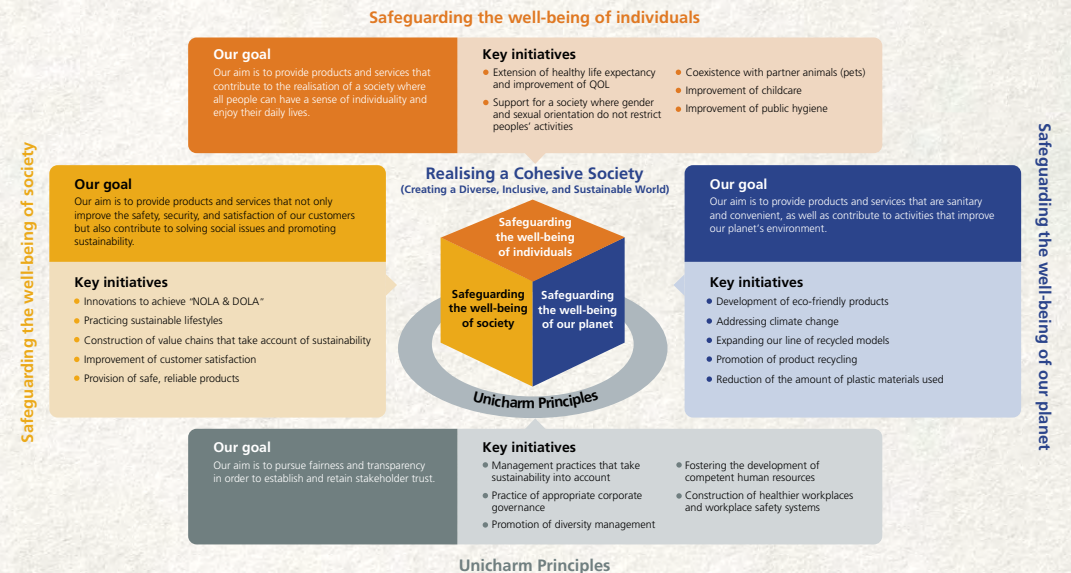
Positioning of Kyo-sei Life Vision 2030

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: our 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 users, relieving them of some of the burdens of their lives and enabling them to better focus their efforts on making their dreams come true. "Value" is the ambition and sense of duty that underlies our mission and vision, bringing it all together to serve the 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 comprises our mission, vision, and value, and to clarify how they work together to push forward that purpose, this document explains in detail the world we have envisioned in 2030 and describes how we hope to get there, highlighting the key initiatives and targets that we believe will make Kyo-sei Life Vision 2030 a reality. We are committed to helping 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.

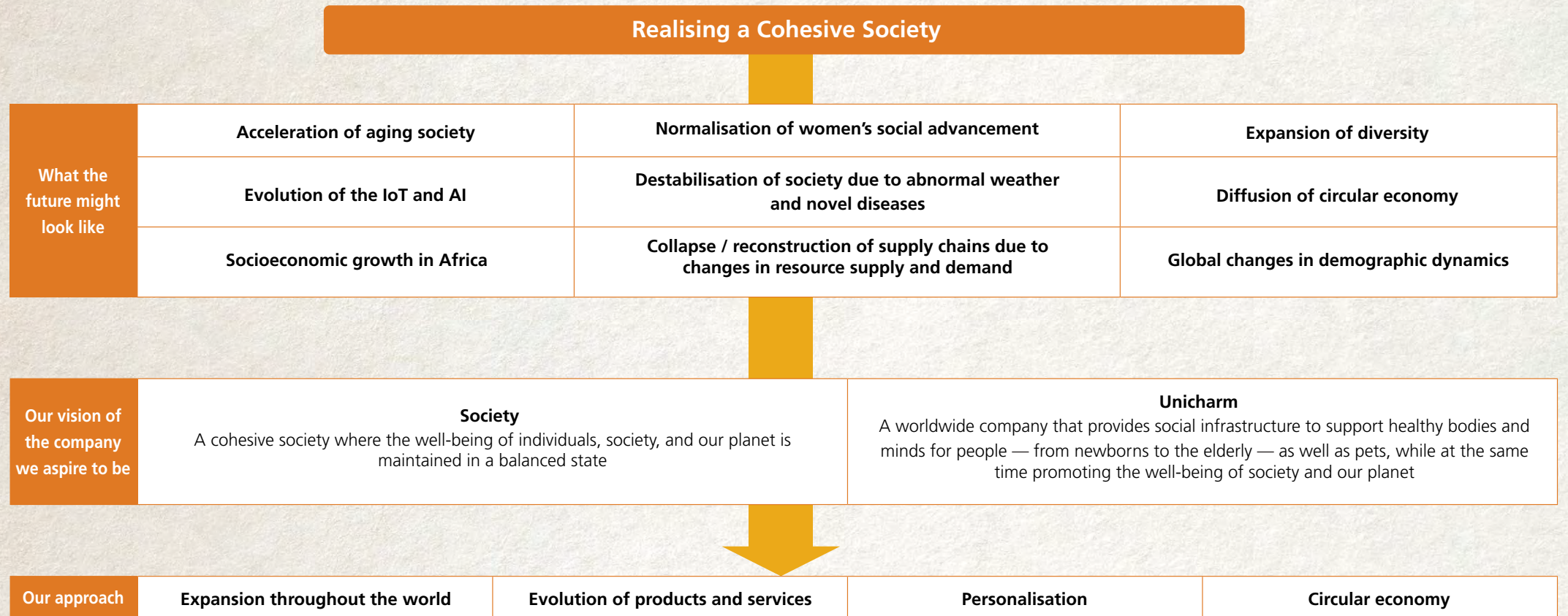


Kyo-sei Life Vision 2030 - For a Diverse, Inclusive, and Sustainable World



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.



The Formulation of Kyo-sei Life Vision 2030



Our Approach to Realising a Cohesive Society by 2050

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 categorised them into 44 groups (ISO 26000, GRI, 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, headquarters directors, 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.

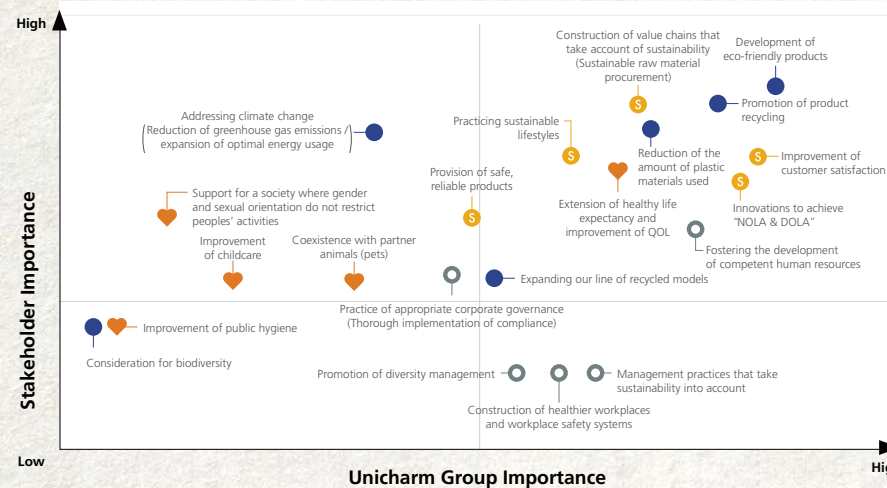
4 Workshop with executive officers

A meeting of executive officers was held to study the SDGs, followed by a workshop where executives offered their opinions about what society might look like in 2050 as well as possible directions the Company should take.

5 Defining 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.

Material Issue Matrix Diagram



- ♥ Safeguarding the well-being of individuals
- 💰 Safeguarding the well-being of society
- 🌍 Safeguarding the well-being of our planet
- 🔄 Unicharm Principles

Phase 2

Formulation of 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.

Key Initiatives, Indicators, Target Values, and Results



Key initiatives	Indicators	Results	Medium- to long-term goals	
		2021	Target value	Target year
Safeguarding the well-being of individuals Our aim is to provide products and services that contribute to the realisation of a society where all people can have a sense of individuality and enjoy their daily lives.				
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realisation of a society where everyone can have a sense of individuality	100%	100%	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%	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%	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%	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%	2030
Safeguarding the well-being of society Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers but also contribute to solving social issues and promoting sustainability.				
Innovations to achieve "NOLA & DOLA"	Percentage of products and services that contribute to freedom from various burdens and finding enjoyment in life	100%	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	9 cases	50%	2030
Construction of value chains that take account of sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights	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%	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%	2030
Safeguarding the well-being of our planet Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.				
Development of eco-friendly products	Number of products and services that implement "3Rs + 2Rs" based on Unicharm's unique approach	Development ongoing	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total	7.3%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced	Development ongoing	10 or more	2030
Promotion of product recycling	Material recycling of non-woven products using recycling resources	Development ongoing	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Reduced by half (Compared with 2020)	2030
Unicharm Principles Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.				
Management practices that take sustainability into account	Maintain and improve ratings by external evaluation agencies	—	Highest level	Every year starting from 2026
	Number of serious human rights violations in the value chain	Zero	Zero	Every year
Practice of appropriate corporate governance	Number of serious compliance violations	Zero	Zero	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	Japan: 14.4% Overseas: 27.8%	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%	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	Reduced by half (Compared with 2020)	2030

Contributing to the SDGs



Key initiatives	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Safeguarding the well-being of individuals																	
Extension of healthy life expectancy and improvement of QOL			●	●				●			●	●	●		●		
Support for a society where gender and sexual orientation do not restrict people's activities	●		●	●	●			●		●	●	●			●		
Coexistence with partner animals (pets)			●	●				●			●	●	●	●	●		●
Improvement of childcare			●	●	●			●			●	●	●		●		
Improvement of public hygiene			●	●		●		●			●	●	●		●		
Safeguarding the well-being of society																	
Innovations to achieve "NOLA & DOLA"	●		●						●				●	●	●		
Practicing sustainable lifestyles				●		●	●	●				●	●	●	●		
Construction of value chains that take account of sustainability	●			●		●	●	●	●	●	●	●	●	●	●		
Improvement of customer satisfaction			●	●								●					
Provision of safe, reliable products			●						●			●					
Safeguarding the well-being of our planet																	
Development of eco-friendly products						●	●		●			●	●	●	●		
Addressing climate change						●	●		●			●	●	●	●		
Expanding our line of recycled models						●	●		●			●	●	●	●		●
Promotion of product recycling						●	●		●			●	●	●	●		
Reduction of the amount of plastic materials used							●		●			●	●	●	●		
Unicharm Principles																	
Management practices that take sustainability into account	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Practice of appropriate corporate governance								●				●				●	
Promotion of diversity management	●			●	●			●		●							
Fostering the development of competent human resources	●		●	●	●			●		●							
Construction of healthier workplaces and workplace safety systems			●	●	●			●		●							

Our Structure, Operations & Supply Chains



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.

Japan

Net sales
¥294.9 billion
\$3.3 billion AUD

Core operating income
¥58.3 billion
\$648 million AUD

3,298 employees
9 buildings 18 factories

Products with Leading Market Shares

Personal Care Business

Adult incontinence care products
Masks
Wet tissues
Cosmetic cotton pads
Sanitary pads
Disposable baby nappies

Partner Animal (Pet) Care Business

Cat toiletries
Dog toiletries

Asia

Net sales
¥252.1 billion
\$2.8 billion AUD

Core operating income
¥29.2 billion
\$325 million AUD

7,061 employees
26 buildings 14 factories

Products with Leading Market Shares

Personal Care Business

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

*3: Major cities: Hanoi, Hai Phong, Da Nang, Nha Trang, Ho Chi Minh City, and Can Tho
*4: 114 major cities

China

Net sales
¥111.6 billion
\$1.24 billion AUD

Core operating income
¥21.8 billion
\$242 million AUD

1,743 employees
6 buildings 5 factories

(Based on a 2021 in-house survey)

Number of employees

Number of Group companies

Number of factories

Other Regions*1

Net sales
¥124.2 billion
\$1.38 billion AUD

Core operating income
¥12.9 billion
\$143 million AUD

4,206 employees
11 buildings 3 factories

Products with Leading Market Shares

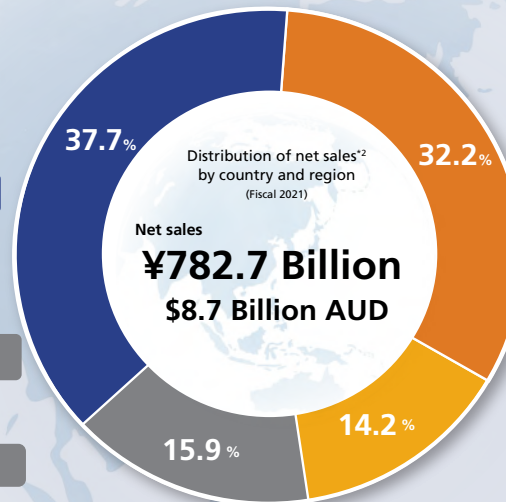
Personal Care Business

Disposable baby nappies
(Saudi Arabia)

Partner Animal (Pet) Care Business

Dog toiletries
(The US)

The main countries and regions of operation are North America, Saudi Arabia, Brazil, and the Netherlands.



Our Structure, Operations & Supply Chains



Our Attitude toward Social Contribution and their Structures

Our Basic Approach and Strategy

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

Management Structure

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

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

ESG Promotional Structure

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

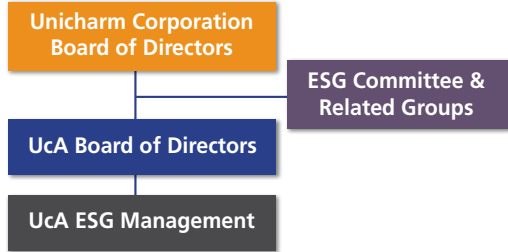
Core Themes and Categories of ESG Committee Initiatives

ISO 26000 Core Subjects	Organisational Governance, Human Rights, Labour Practices, The Environment, Fair Business Practices, Consumer Issues & Community Involvement & Development
Core themes of initiatives	
E	<ul style="list-style-type: none"> ● Climate change: greenhouse gases, energy use management, climate change risk ● Water resources: water use and reduction of water use ● Pollution and resources: waste disposal, resource usage, and recycling ● Supply chain: supplier policy, environmental issues, and sustainable palm oil procurement ● Biodiversity ● Development of environmentally-friendly products
S	<ul style="list-style-type: none"> ● Labour standards: forbidding child labour, forbidding forced labour, anti-discrimination, freedom of association, collective bargaining rights, minimum wages, and harassment ● Health and safety ● Human rights: due diligence, children's rights, forbidding child labour, community employment, and complaint handling ● Society: community investment and social contribution activities ● Responsibilities to customers: responsible advertising and marketing and customer satisfaction ● Supply chain: forbidding child labour, forbidding forced labour, anti-discrimination, freedom of association, collective bargaining rights, minimum wage, health and safety, due diligence and capacity building ● Product quality and product safety
G	<ul style="list-style-type: none"> ● Corruption prevention: anti-bribery, insider trading, whistleblower hotline, education, and risk assessment ● Corporate governance ● Company-wide risk management (environment, society, corporate governance) ● Compliance ● Tax transparency

Our Structure, Operations & Supply Chains



UcA's Reporting Structure



Head of UcA ESG Management



Matthew Chester

GENERAL MANAGER OPERATIONS

Quality | Compliance | Logistics | Sustainability

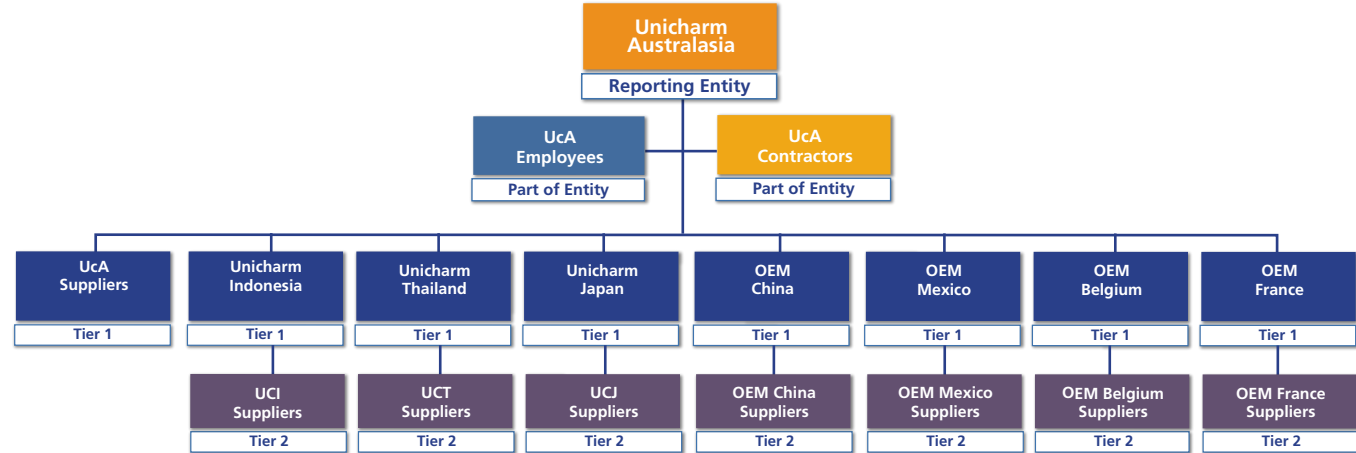


Meiko Chuei

SENIOR EXECUTIVE ASSISTANT

Unicharm Australasia

UcA's Organisation



Tier 1 Suppliers

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 Suppliers

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 chain ranging from the raw materials in our products to the local companies recycling our consumer goods and packaging.

Tier 3 and beyond Suppliers

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

Our Governance Structure, Policies, 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 chain are dedicated to sincerely conducting our business activities. All members hold the key to bettering tomorrow by working globally towards upholding human rights in our local communities through education to create trust and transparency.

UcA Current Policies

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

UcA Potential Policies

- Consumer communication principles
- Company group security: objectives, operational and organisational requirements (internal document)
- Data security policy
- Supplier code
- Commitment on water stewardship
- Global sourcing principles
- Chain of responsibility

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

■ Compliance with laws and regulations and social norms

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

■ Giving due consideration to human rights and labour

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

■ Environmental responsibility

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

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

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

■ Development of relationships of mutual trust

- (1) Cultivate 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.

What is Modern Slavery?



**Australian
BORDER FORCE**

MODERN SLAVERY KEY FACTS AND FIGURES

WHAT IS MODERN SLAVERY?



Modern slavery is used to describe serious forms of exploitation.



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



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



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

HOW PREVALENT IS MODERN SLAVERY?



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



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



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



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

DOES MODERN SLAVERY, HAPPEN IN AUSTRALIA?



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



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



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



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

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



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



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



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



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

WHAT IS AUSTRALIA DOING TO COMBAT MODERN SLAVERY?



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



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



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



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

Risk Management



Our Basic Approach and Strategy

The Unicharm Group's management philosophy states, "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." With this in mind, the Company's basic policy is to engage in business activities that fulfill its social responsibilities and to always strive toward new value creation for its stakeholders, including customers, shareholders and investors, business partners, employees, and society.

Gaining an appropriate understanding of the various risks that could affect the execution of business activities and the realisation of these objectives, and preventing and minimizing the impact of such risks when they occur, are positioned as important management issues. The Company has established a risk management system for the entire Group that it has implemented while continuously reviewing and improving business 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.

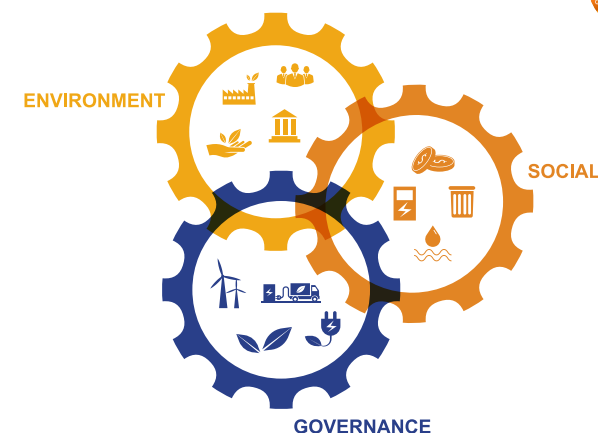
In addition, the ESG Committee has defined 12 major business risks that could impact the Company and is now discussing these risks and implementing appropriate responses. Urgent risks that do not fall under these 12 major business risks are discussed and addressed by the ESG Committee promptly. Moreover, in the event

of a major crisis that may have serious implications for our business, the Crisis Management Response Committee will convene and strive to respond quickly and appropriately toward a prompt recovery based on the Crisis Communication Manual, which was formulated to serve as internal regulations for crisis management. The following 12 major risks represent important business related risks that could impact the Company's financial standing and management results. Thanks to the effects of various response measures, at present, none of these risks has emerged at a level where it will 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 the major risks 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.



Serious Risks in Business

1. Risks related to the sales environment in conditions of intense competition
2. Risks related to the population structure
3. Overseas business risks
4. Raw materials price fluctuation risks
5. Risks related to environmental problems
6. Risks related to climate change
7. Risks related to the reliability of products
8. Risks relating to legal compliance violations
9. Risks related to intellectual property, including patents and trademarks
10. Risks related to disasters and accidents
11. Risks related to acquisition, partnership, business consolidation, etc.
12. Information leakage risks

For the management of these risks, Unicharm uses the ISO framework that also incorporates quality and environmental risks as important business risks as a manufacturer. In addition, individual management is conducted for risks including business continuity at the time of disasters.

Risk Management



Response to the Occurrence of ESG Risks

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

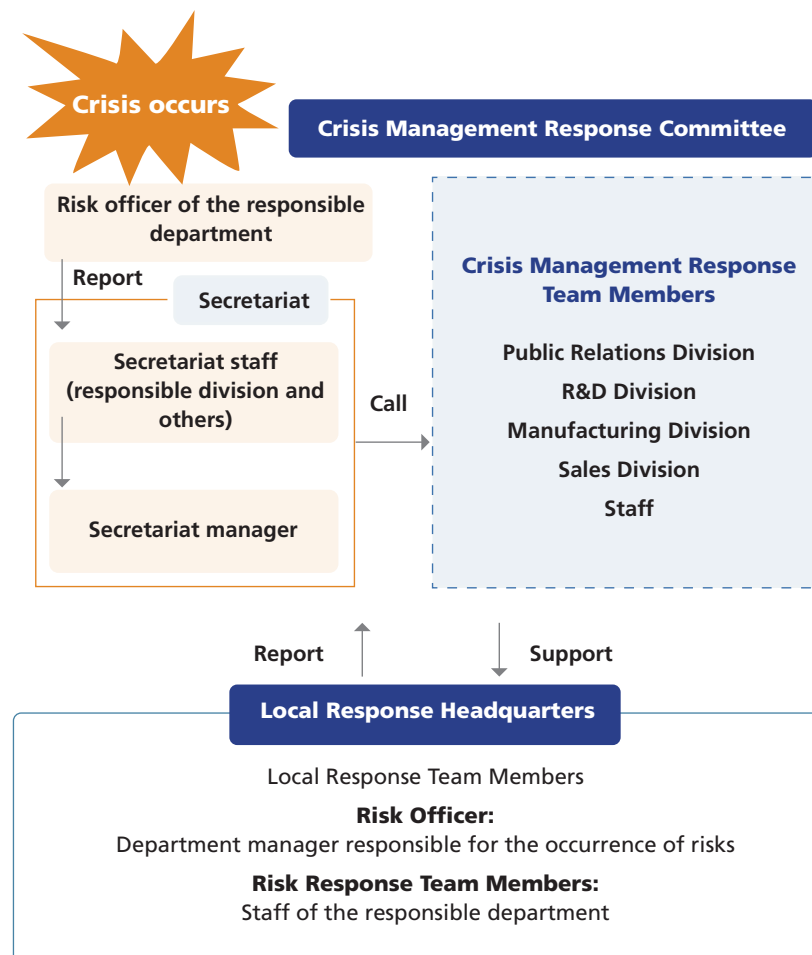
An emergency in which the above risks eventuate is considered a crisis and Unicharm positions the 12 items below as serious crises. When such a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation swiftly and accurately in accordance with the Crisis Communication Manual, working to prevent the expansion of damage and communicating appropriately with stakeholders.

A handy manual has been distributed to every employee for the purpose of responding promptly when an ESG risk has emerged and a crisis has occurred. In addition, a structure has been established for the Crisis Management Response Committee to respond to risks in cooperation with internal related departments.

Serious Crises

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

Diagram of Structure in Response to Occurrence of a Crisis



Risk Management



Initiatives 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 Specific Personal Information Handling Regulations in place to safeguard personal information provided by our customers, 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, which continues to establish measures, deliver employee education, and monitor information management security throughout the Group. One day of each month has been earmarked as an information management day when we highlight a different security topic to remind employees about the risks of specific information leaks.

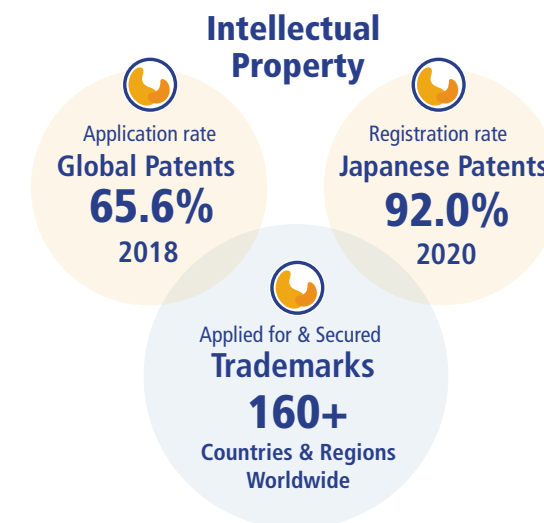
Moreover, as a physical measure to prevent information leaks in Japan through the loss or theft of devices, we completed the adoption of PCs that cannot store data, the development of a cloud environment in which data and systems can only be used on a specific server, and the creation of an environment in which systems can be used anywhere, at any time, without needing to take office PCs out of Company premises, thereby limiting the taking of PCs out of the office.

Protecting Intellectual Property

The Intellectual Property Division centralises the management of the Company's intellectual property assets and formulates and executes intellectual property strategies linked to its business and development strategies in an aim to put in practice an IP landscape in which intellectual property is useful for management decision-making. Specifically, the Group focuses on the development of products, technologies, and services useful to the realisation of the philosophy of "NOLA & DOLA."

Therefore, it strives to ensure its continued superiority in business through steadily applying and acquiring rights to intellectual property that has been created through these development activities. In particular, we distinguish rights to patents, utility models, designs, and trademarks according to their use, protect business and development results from a multidimensional perspective, and utilise any additional rights that are acquired in our business, in addition to proceeding with patent applications and registrations overseas in an efficient manner and strengthening our IP portfolio worldwide in line with the global development of business.

We have captured a top-class share in the industry with the application rate for global patents at 65.6% (2018) and the registration rate for Japanese patents at 92.0% (2020) (data taken from the Patent Administration's Annual Report 2021). Meanwhile, Unicharm has applied for and secured trademarks that protect its brands in more than 160 countries and regions around the world and we are also protecting our rights to proprietary packaging. As part of our efforts to build and strengthen our intellectual property portfolio in Japan and overseas, we actively use the Japan Patent Office's Patent Prosecution Highway Program in order to raise the quality of our intellectual property rights as well as work on acquiring rights such as sound trademarks in Japan and overseas and accelerate the evaluation process for acquiring rights.



Unicharm also takes a firm stance on protecting its intellectual property rights, which includes taking legal action against their infringement or unauthorised use. The Intellectual Property Division closely cooperates with business and product development divisions as well as overseas subsidiaries and works to eliminate unauthorised and counterfeit products through a collective effort with local governments, primarily in Japan and throughout Asia. Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of the intellectual property rights of Unicharm and other companies as articulated in the Unicharm Group Action Guidelines by conducting employee training through a combination of on-the-job training, off-the-job training, and e-learning to ensure that employees in Japan and overseas are fully aware of compliance issues related to such things as patents, trademarks, misleading representations, etc. As part of our public activities, we seek to provide advice on and influence international policy with respect to intellectual property by actively exchanging opinions with the patent offices in Japan and throughout Asia.

Risk Management



Business Continuity Plan

Unicharm has been strengthening risk management since 2005. We have formulated a business continuity plan (BCP) to help us 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 have assumed the scenario of an earthquake (intensity of approximately 6-upper) with an epicentre under the Tokyo metropolitan area, which includes the head office, adjacent factories, and sales offices, and prepared impact assessments and damage assumptions, etc., considered alternative measures and established organisational and backup structures to ensure the safety of employees and their families for business continuity if an actual emergency occurs, and conducted ongoing evacuation drills assuming the occurrence of such an emergency based on this scenario.

Our BCP manual describes steps to ensure the delivery of Unicharm products that are necessities for daily living to people in disaster-affected areas as well as to those who require them as soon as possible and recover important operations of Unicharm, particularly head office functions.

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 to all employees a disaster response pocket manual for immediate reference during an emergency. 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, and we carry out first response drills with an emphasis on confirming employee safety and the capabilities of the disaster response headquarters, including checking the safety of all Unicharm employees in Japan.

In February 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 takes 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 uprisings 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 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

Risk Management



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

- 

Collect and share supply chain data
- 

Store all data in one place
- 

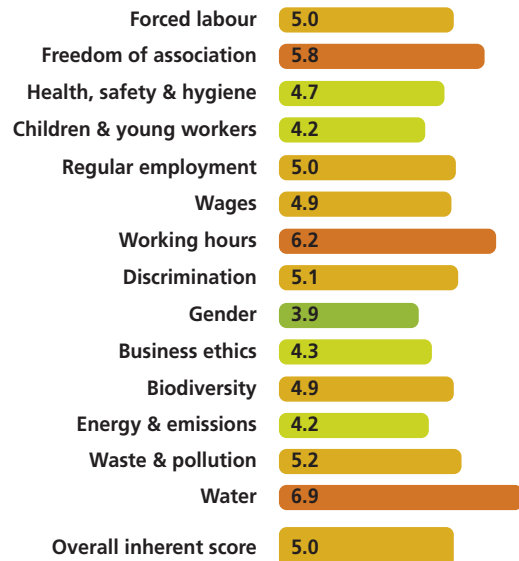
Reduce duplication and save time and resources
- 

Drive responsibly sourcing improvements globally
- 

Make better informed business decisions
- 

Implement measures to protect people, the environment, and business

Potential Human Rights Risks across UCa's Supply Chain Regions



Reported product risks



Reference scale for meaning



Country	Overall Inherent Risk Score	Overall Inherent Risk Category
Germany	4.0	Low
France	4.1	Medium
Australia	4.3	Medium
Belgium	4.3	Medium
Japan	4.4	Medium
Mexico	5.9	Medium
Thailand	5.9	Medium
Indonesia	6.1	High
China	6.2	High

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 Human Rights Policy

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 Organization) Declaration on Fundamental Principles and Rights at Work, Ten Principles of the UN Global Compact, and UN Guiding Principles on Business and Human Rights. The Policy 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 2017

Takahisa Takahara

President & CEO

Unicharm Corporation

Source: Sedex

Global Key Actions



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

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.

A. Compliance with laws and social imperatives

1) Legal compliance

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

2) Fairness in transactions and prohibition of bribery

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

3) Management and protection of information

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

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

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

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

2) Prohibition of child labour

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

3) Prohibition of forced labour

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

4) Prohibition of discrimination

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

C. Prohibition of inhumane treatment

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

D. Fair employment

1) Working hours

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

2) Proper compensation

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

3) Ensuring health and safety

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

Global Key Actions



Company Key Actions cont.

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

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

E. Responsibility to the environment

1) Environmental conservation

a) Legal compliance

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

b) Control of substances that are harmful to the environment

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

c) Promotion of resource conservation and recycling

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

d) Promotion of global warming countermeasures

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

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

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

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

a) Supplying safe materials

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

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

- Submit safety data sheets (SDS) for materials.

Utilising the Sedex*4 Platform to Promote Respect for Human Rights and Establish Better Working Environments (Worldwide)



In an effort to build a sustainable supply chain, Unicharm joined Sedex as a B member (Supplier) for its factories in Japan, China, Taiwan-Greater China, Thailand, Indonesia, India, and Saudi Arabia in 2019 and as an AB member (Buyer/Supplier) for the Group's entire operations in July 2020. As an AB 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

From July to December 2020, a total of 40 Unicharm operated factories, consisting of 18 locations in Japan and 22 locations overseas, completed the Sedex Self-Assessment Questionnaire (SAQ), for which all factories updated their responses in 2021. 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. As for SMETA audits,*5 of which we had planned to implement at Group companies from fiscal 2021, they were postponed due to the effects of COVID-19. However, our measures going forward include the possible implementation of remote audits with the intention of detecting urgent matters right away and improving on these matters by means of carrying out fair and objective audits.

(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 2021, we have been able to cooperate with roughly 50% of all material suppliers and contract manufacturers.

*Sedex is a leading technology company providing data, insights, tools and services to empower sustainable supply chains globally. Our platform and solutions, which include the SMETA audit, are designed to support businesses to manage and improve their ESG performance and meet their supply chain sustainability goals. We work with a community of nearly 75,000 businesses and 100,000 supply chain sites across 35 sectors globally, including some of the world's most recognisable brands such as Reckitt, Nestlé, Molson Coors, Yum! Brands, Marks & Spencer, and John Lewis Partnership (JLP).

Addressing Climate Change



Background of Initiatives

With the effects of climate change increasing year after year, Unicharm recognises that reducing CO2 emissions is a priority. 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). Additionally, in Kyo-sei Life Vision 2030, a series of medium-to long-term ESG goals revealed in October 2020, we set the goal of using 100% renewable electricity for all of our business operations by 2030.

Key Initiatives / Case Studies

Shifting to Renewable Electricity*1

Commencement of Operations	Factory Name	Percentage of Renewable Electricity Used	Amount of Electricity for 2021 (million kwh / year)
January 2017	Brazil (Jaguariúna Factory)	100%	12.37
September 2020	Japan (Kyushu Factory)	100%	11.06
November 2020	Thailand (Wellgrow Factory)	Approx. 10%	8.78
December 2020	Vietnam (Bắc Ninh Factory)	Approx. 11%	5.16
February 2021	Japan (Itami Factory)	Approx. 3%	0.29
April 2021	Japan (Toyohama Works, Shikoku Factory)	100%	3.46
July 2021	Thailand (DSG Factory #2)	Approx. 20%	1.18
December 2021	United States (Hartz Pleasant Plain Factory)	100%	0.54

*1 Renewable electricity refers to electricity generated from natural energy sources such as wind power, solar power, biomass, and small-scale hydropower.

*2 Among all non-fossil certificates documented after separating the non-fossil value of electricity generated by a non-fossil power source, it is specifically derived from "renewable energies" such as solar, wind, hydraulic, geothermal, biomass power, etc.

The reduction of CO2 emissions for the entire Unicharm Group through the use of renewable electricity at factories is expected to be 13,835 tons per year (as of 31 December 2021).

Itami Factory (Japan)

Unicharm entered into a lease agreement with Osaka Gas Finance Co., Ltd., for a solar power facility installed in its Itami Factory. This facility commenced operations in February 2021. With this new facility in place, Unicharm aims at switching 290,000 kwh, or approximately 3% of the factory's annual power consumption, to renewable electricity and reducing CO2 emissions from the factory by approximately 170 tons per year.



Toyohama Works, Shikoku Factory (Japan)

Electricity procured for the Toyohama Works of the Shikoku Factory is certified by Shikoku Electric Power Co., Inc., with a Certificate of Specified Non-Fossil Renewable Energy,*2 and since April 2021 all electricity used at the Toyohama Works has come from renewable sources. Through this initiative, Unicharm aims to reduce CO2 emissions from the Toyohama Works by 2,000 tons per year.

DSG Factory #2 (Thailand)

Unicharm entered into a Power Purchase Agreement with WHA Solar Company Limited applicable to DSG Factory #2, a factory of local subsidiary DSG International (Thailand). In July 2021, the factory began using electricity produced from a solar power facility installed on the premises. With this new facility in place, Unicharm aims to switch 2.88 million kwh, or approximately 20% of the factory's annual power consumption, to renewable electricity and reduce CO2 emissions from the factory by approximately 1,440 tons per year.



Hartz Pleasant Plain Factory (United States)

Electricity procured for the Hartz Pleasant Plain Factory of United States subsidiary Hartz Mountain Corporation is certified by Shipley Energy, Inc. Since December 2021, all electricity used at the manufacturing facility has come from renewable sources. Through this initiative, Unicharm aims to reduce CO2 emissions from the Hartz Pleasant Plain Factory by 3,000 tons per year.

Fostering the Development of Competent Human Resources



Background of Initiatives

For Unicharm, a company that strives to accomplish its purpose of helping to achieve the Sustainable Development Goals (SDGs), it is important to provide employees with opportunities for growth through their daily business activities. We work to create an environment and system in which we respect the humanity of each employee, awaken their hidden potential, and develop them into “resonant personnel” who can contribute to the realisation of a cohesive society through their daily activities. The Company’s employees are active in more than 80 countries and regions. The importance of sharing our unique “perspectives, ways of thinking, and ways of acting” while respecting local cultures and customs has increased.

In February 2021, we celebrated the 60th anniversary of our founding. The number of people who experienced what it was like at the start-up of our businesses in each country and region, let alone the founding period of the Company, is decreasing year by year. We believe it is necessary to evolve our approach to human resource (HR) development in a way that will appeal to members of the millennial and Z generations who will be the torchbearers in the future while maintaining the spirit of “simplicity and fortitude” and freedom and generosity that we have had since our founding.

Key Initiatives / Case Studies

The Unicharm Way Smartphone App (Worldwide)

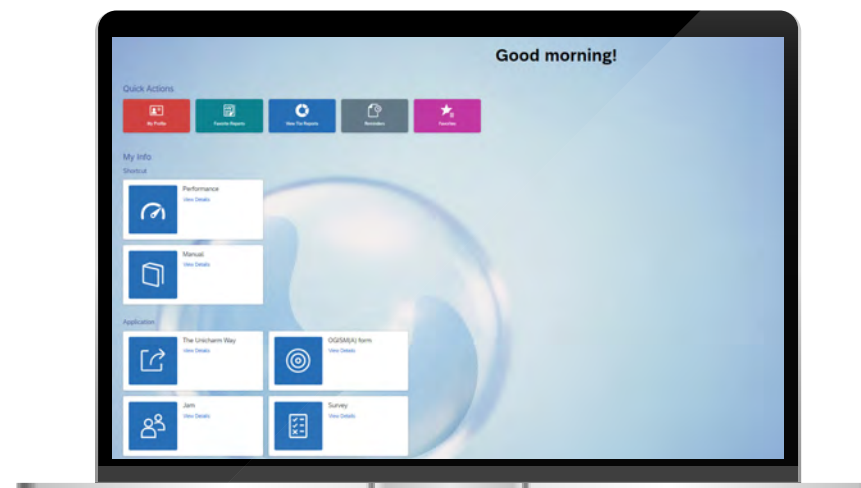
The spirit set forth in The Unicharm Way, which summarises our unique “perspectives, ways of thinking, and ways of acting” is communicated to all of our employees worldwide. By embracing The Unicharm Way in our day-to-day business activities, we ensure that management with resonance is practiced throughout the Group. While this statement of corporate ideals was previously distributed to all employees in the form of a booklet, it is now available on a corporate smartphone app.



Shifting to the use of this app has made it possible for all of our employees to immerse themselves in The Unicharm Way at any place and any time. The corporate app is available in nine different languages, including Japanese and English, allowing us to share information with all of our employees across the globe.

KYOSHIN Human Resource Development Platform (Worldwide)

At Unicharm, we constantly strive to afford our younger employees the opportunity to pursue ambitious goals. We therefore believe that it is essential for supervisors to allow employees to participate in setting these goals, and for employees to set their personal goals according to the organisation’s own goals and strategies. In light of this, we use the KYOSHIN human resource development platform to set goals and hold interviews at the start of each year, monitor the details of employees’ progress, and provide feedback at meetings every quarter. KYOSHIN has played an integral role in enhancing the frequency and quality of communication between supervisors and employees as a result of which employees have become more motivated to pursue ambitious goals and supervisors have become more adept at developing younger talent.



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
Number of incidents of Human Rights Identified	0	0	1

Unicharm utilises the Sedex platform across the group and regularly confirms the information published on it. In 2022, the SMETA audit found a human rights violation case with one of the business partners within Unicharm’s supply chain. 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 Plant Premises

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

Global Communication with Suppliers

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

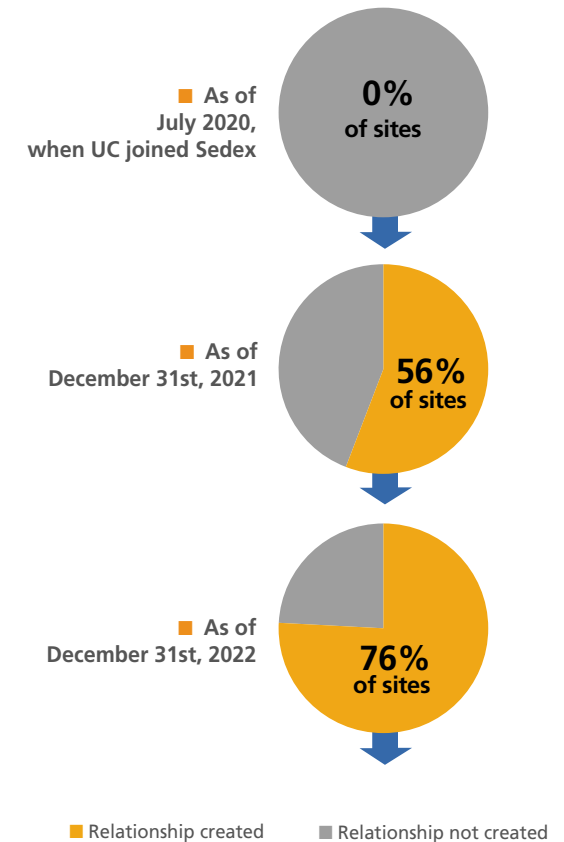
Since 2016, we have held briefing sessions on procurement at distribution warehouses and the factories of suppliers at 53 locations in seven countries to disseminate our “Sustainable Procurement Guidelines” and share information on health and safety in the workplace.

Education for Internal Personnel

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

Encouragement to join Sedex - Suppliers of HQ Procurement

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



Company Key Actions



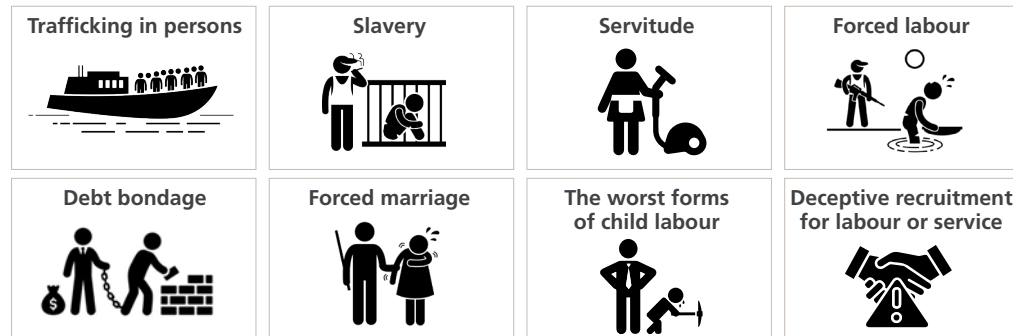
UcA Global MSA Implementation Plan

This year UcA's training direction continued the structure towards establishing greater collaboration across our global supply chain with minimal changes to the identified risks. As a result, our training direction continued the back of work completed in 2021 supporting Tier 1, Tier 2 & Tier 3 throughout 2022.

Key Training Topics

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

Visual References for the Types of Modern Slavery

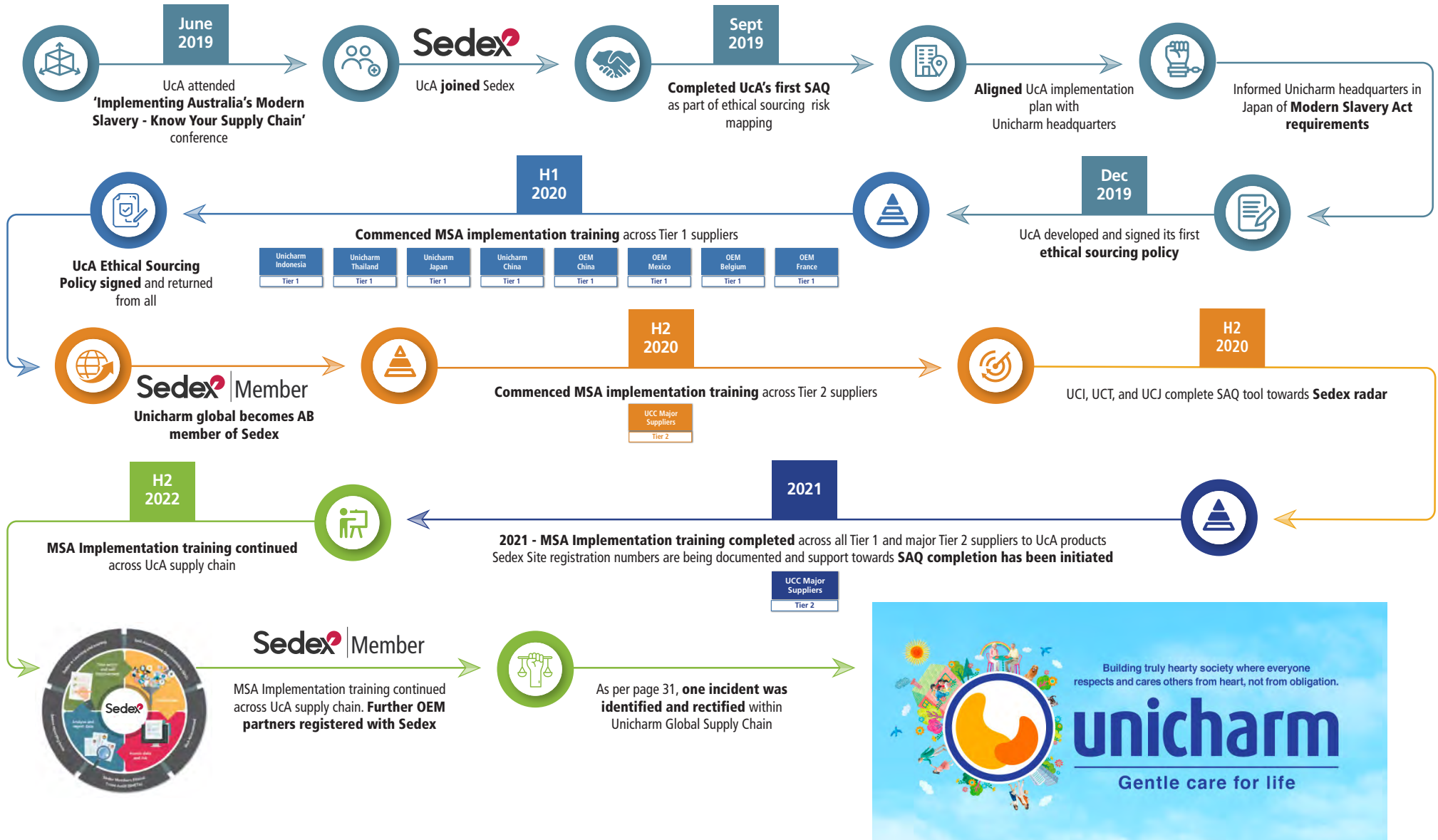


UcA's 2020 & 2021 statement details were shared.

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



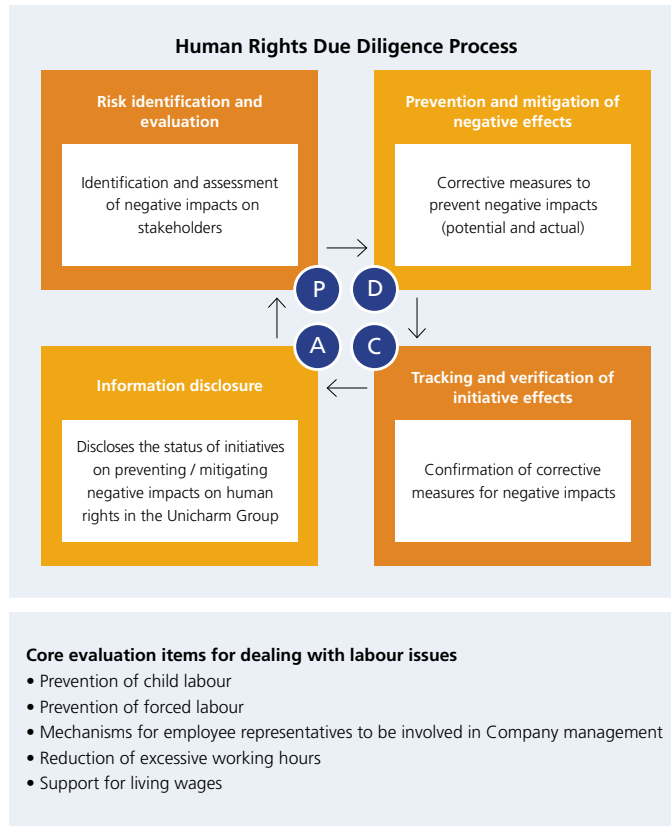
Company Key Actions



Human Rights Due Diligence



Unicharm Group Policy on Human Rights



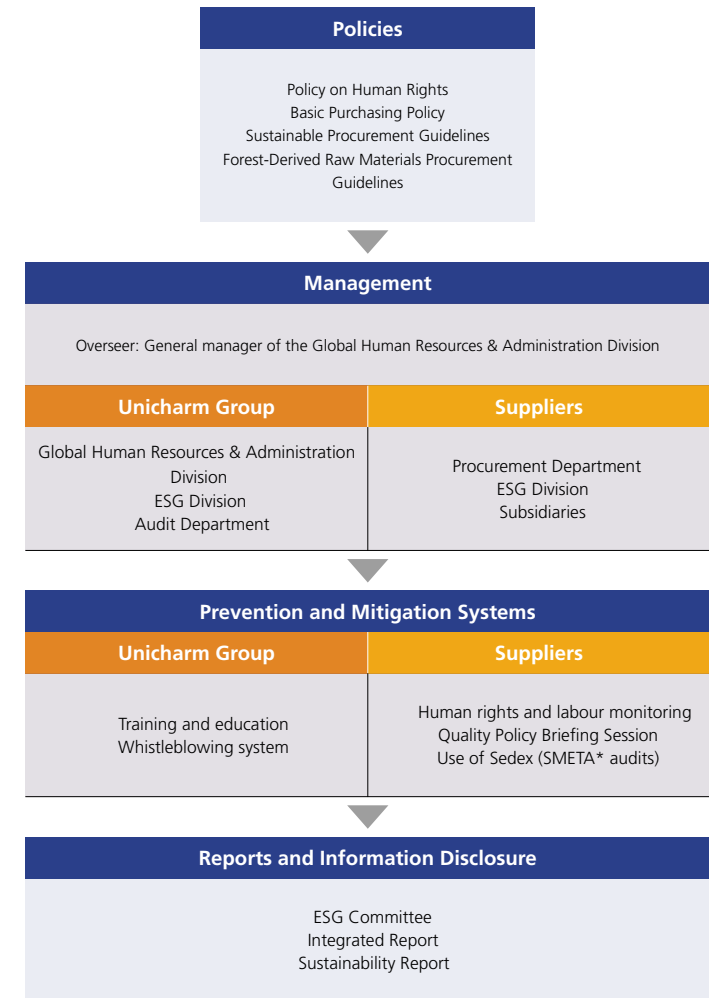
Management Structure

Since it is necessary to have a variety of departments involved in human rights, the Global Human Resources & Administration Division and the ESG Division take the lead, under the direction of the general manager of the Global Human Resources & Administration Division who is the executive-level officer assigned responsibility for human rights, in collaboration with the relevant departments and Group companies inside and outside Japan that handle purchasing and auditing and in reporting to the ESG Committee. Meanwhile, human rights, initiatives among our suppliers are led by our Procurement Department, which encourages them to uphold human rights. The Basic Purchasing Policy and Unicharm Group Sustainable Procurement Guidelines, which were formulated in 2017, are also distributed and explained to our suppliers. As a result of such internal and external efforts, there was no incidence of human rights abuses in 2021.

Employee Consultation and Whistleblowing System

An internal whistleblowing system has been established to serve as a contact point for consultations on and the reporting of human rights issues in the workplace, including harassment and employee relations.

Overview of Human Rights Initiatives



* Sedex Members Ethical Trade Audit

Human Rights Due Diligence



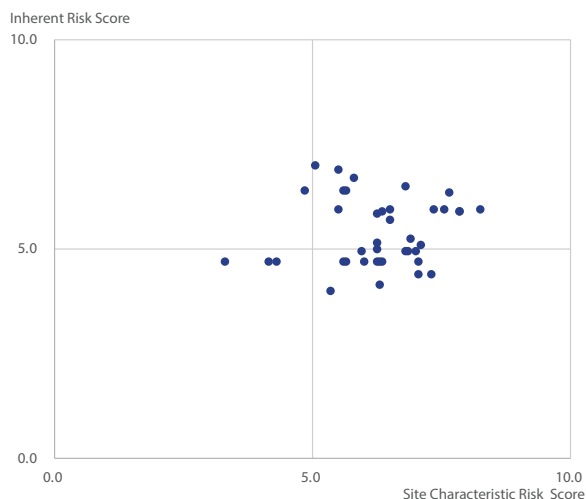
Initiatives and Results

Assessing Human Rights Risks

Unicharm Group Factories

At Unicharm, Sedex's* risk assessment tool is used to assess human rights risks throughout the Group. A self-evaluation survey called the Self-Assessment Questionnaire (SAQ) is conducted (with a 100% response rate) by our 40 factories spanning 14 countries and regions around the world, the results of which are 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



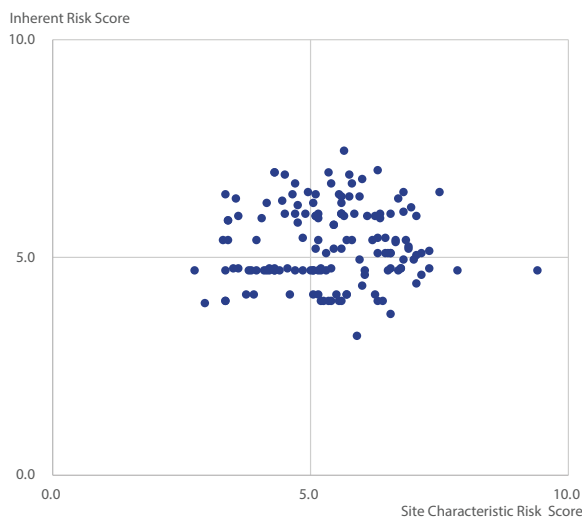
(The simple averages of risk scores on labour standards and on health and safety have been plotted above.)

Supplier Factories

Risk assessments at our suppliers' factories are carried out in the same manner using Sedex's risk assessment tool. As of 31 December 2021, approximately 50% of our materials suppliers and contract manufacturers have agreed to use the Sedex platform, facilitating access to risk-related information. Of these suppliers and contract manufacturers, approximately 88% have agreed to share their inherent risk scores while around 62% have consented to sharing their site characteristic risk scores. Going forward, we will examine our approach to suppliers using these scores as a reference point.

* Sedex is a global membership organisation, leading in responsible sourcing practices. Sedex provides companies with technology and insight for building a responsible business and supply chain, including the world's largest platform for sharing supply chain data on labour standards, health and safety, the environment, and business ethics. Over 65,000 business members in 170 countries use Sedex solutions to manage supply chain risk, meet compliance requirements, and demonstrate measurable impact.

Risk Score of Supplier Factories



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

Risk Elimination and Mitigation

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 prevention of human rights-related risks. For example, role-based and new leader training sessions are used to provide employees with specific examples of bullying and harassment, methods for preventing them, and guidance on how to tackle harassment when it occurs.

Human Rights Education for Suppliers

In 2021, Unicharm engaged in various efforts to encourage its suppliers to become members of Sedex and conclude relationships for the use of the Sedex platform. As a part of this agreement, suppliers were requested to ensure awareness of and compliance with the Unicharm Group Policy on Human Rights and the Unicharm Group Sustainable Procurement Guidelines. Meanwhile, Unicharm is working together with its Australian subsidiary to carry out a training program on the risks of and measures against modern human slavery for suppliers across the globe, particularly for suppliers of materials used in products for the Australian market. This training program was held for 24 suppliers in 2021.



For further details, please refer to Unicharm Australasia Holding Pty Ltd.'s Modern Slavery Statement

Human Rights Due Diligence



Monitoring

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. Due to the risks associated with COVID-19, in 2021 our factories were audited remotely using the Sedex Virtual Assessment, whereby an auditor visits business sites and conducts interviews via a web conferencing system.

Unicharm Group: No. of Audits and Evaluations

(Cases)							
Year	No. of Audits by Rating						No. of Issues Identified
	Total	A	B	C	D	E	
2019	12	0	10	1	1	0	40
2020	4	0	3	0	1	0	25

Year	No. of Audits by Rating	No. of Issues Identified				
		Business Critical	Critical	Major	Minor	Total
2021	1	0	0	0	1	1

Note: In 2021, the evaluation method was changed from one that classifies the overall results of audits according to five ratings 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.

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. We will use this data to conduct effect verifications going forward.

Stakeholder Engagement for Human Rights

Since human rights issues can affect a wide range of stakeholders, Unicharm is stepping up its engagement in various ways.

	Initiatives	Results
2019	<ul style="list-style-type: none"> Held a dialogue with human rights experts at the Global Conference on Business and Human Rights in Tokyo administered by Caux Round Table (CRT) Japan 	<ul style="list-style-type: none"> Received advice on advancing human rights due diligence
2020	<ul style="list-style-type: none"> Joined Sedex as an AB member to expand the building of a sustainable supply chain Participated in Global Conference on Business and Human Rights in Tokyo administered by CRT Japan involving overseas experts on business and human rights as well as businesses and specialists in Japan 	<ul style="list-style-type: none"> Used the Sedex platform for respecting human rights and improving the work environment Gained an understanding of global trends and urgent issues related to business and human rights Obtained information on preventing/countering human rights abuses from the examples of practical efforts implemented by other companies
2021	<ul style="list-style-type: none"> Participated in Global Conference on Business and Human Rights in Tokyo, organised by CRT Japan and the Institute for Human Rights and Business (IHRB) Participated in Sedex's JANZ (Japan, Australia, and New Zealand) Conference 2021 Participated regularly in Sedex's various community events (on the use of SAQ, audits, and gender specific data, approaches to indirect suppliers for materials and services, and other topics) 	<ul style="list-style-type: none"> Gained diverse viewpoints and information from companies in various sectors, government authorities, NPOs, international organisations, attorneys, and providers of services related to human rights due diligence, which are used to determine the themes and specific approaches we must undertake on a priority basis

Initiatives in Thailand

In October 2019, the Thai government was the first in Asia to make a cabinet decision to implement a National Action Plan on Business and Human Rights (NAP). Since Unicharm has a business presence in Thailand, we recognise there is need to determine the situation from a human rights due diligence perspective. We therefore participated in the 2019 Global Conference on Business and Human Rights in Thailand for stakeholder engagement (administered by CRT Japan with support from the Embassy of Japan in Thailand) and entered into dialogue with local non-profit organisations (NPOs), the Foundation for Consumers, and other parties to address human rights issues such as human trafficking, illegal employment of immigrants, and forced labour. We also visited the Labour Protection Network, an NPO working to solve human trafficking in Thailand, to build our understanding of the circumstances surrounding human rights issues in the fishery industry.

Participation in My Declaration of Human Rights Program

Unicharm became a signatory to My Declaration of Human Rights, a program endorsed by the Human Rights Bureau of the Ministry of Justice in Japan. This initiative aims to realise a society in which human rights are respected by everyone through a declaration by companies, organisations, and individuals to act on behalf of human rights. Guided by our commitment of "respecting humanity and dignity" as stated in our management policy since our founding, we will continue to strive to realise an environment where employees from diverse backgrounds are able to demonstrate their leadership and creativity.

The Unicharm Group's Declaration of Human Rights

In keeping with the Unicharm Group Policy on Human Rights, we will help realise a cohesive society (social inclusion). The Unicharm Group stands behind the realisation of a society where human rights are respected as a fundamental rights granted to all people. We will work to help realise a cohesive society in which everyone can continue to lead their lives in the way they so wish by being independent and supporting each other.

Due Diligence Process



Due Diligence for MSA

Our MSA Implementation Training

Unicharm Australasia commenced Modern Slavery Act (MSA) implementation training across Tier 2 domestic suppliers to provide an understanding of the content and purpose of the MSA that has been enacted in Australia, and build the foundation for future collaboration. The highest priority of the training below was to continue building a collaborative relationship between UcA and our total supply chain by working together to improve our human rights understanding and effectiveness. Our key 2022 mission was solely to continue building awareness and encourage businesses to take action to eradicate any potential risks found.

Due Diligence Training Completed

- ✓ UcA's organisation, structure, and supply chain
- ✓ What is the Modern Slavery Act in Australia?
- ✓ The purpose of the Modern Slavery Act in Australia
- ✓ Reporting requirements of the MSA
- ✓ Scope of modern slavery
- ✓ Ethical sourcing policies
- ✓ Ethical audits and certification
- ✓ Risks for modern slavery — sector and industry, product and services, geographic
- ✓ Global Slavery Index 2018 findings
- ✓ Entity risk
- ✓ Indicators of modern slavery
- ✓ How UcA and suppliers can work together
- ✓ How to respond to a case of modern slavery
- ✓ UcA's MSA direction for 2023 and beyond

Due Diligence for Sustainable Procurement

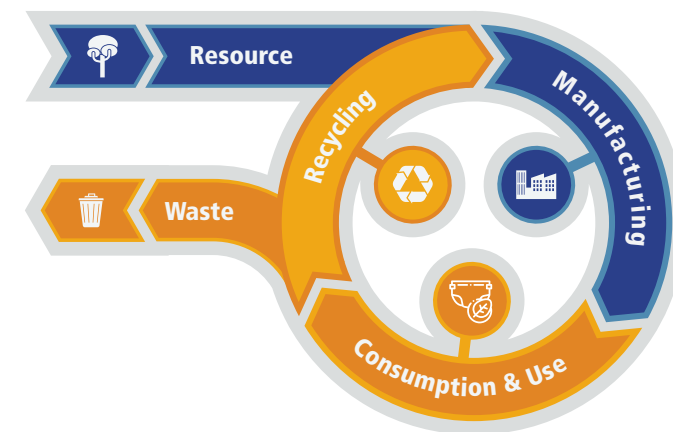
Our Basic Approach and Strategy

Since the founding of Unicharm, we have stated our “respecting humanity and dignity” in our management policy and always believed in the mind-set of respecting human rights. In fact, our spirit of respecting “human rights” and a mutually respectful human perspective are clearly stated in the “Unicharm Group Charter of Action” and in the opening of our Human Resource Philosophy.

Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in global business based on international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly. Further, in 2017, we enacted the “Unicharm Group Human Rights Policy” and we demonstrate our continued efforts to fulfill our responsibility to respect human rights in all of our business activities. This human rights policy is also included in the “Unicharm Group Charter of Action,” which in turn is a part of “The Unicharm Way,” a statement of corporate ideals that is well-known and applied throughout the Group.

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

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



Monitoring Process



Labour Environment Monitoring Initiatives

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

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

Unicharm works towards these goals through strong partnership with suppliers. Monitoring is regularly conducted by external organisations before and after the commencement of new transactions. This monitoring program was consolidated into SMETA audits from October 2017, under which monitoring is conducted based on global standards for effective risk management.



Regular Monitoring

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

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

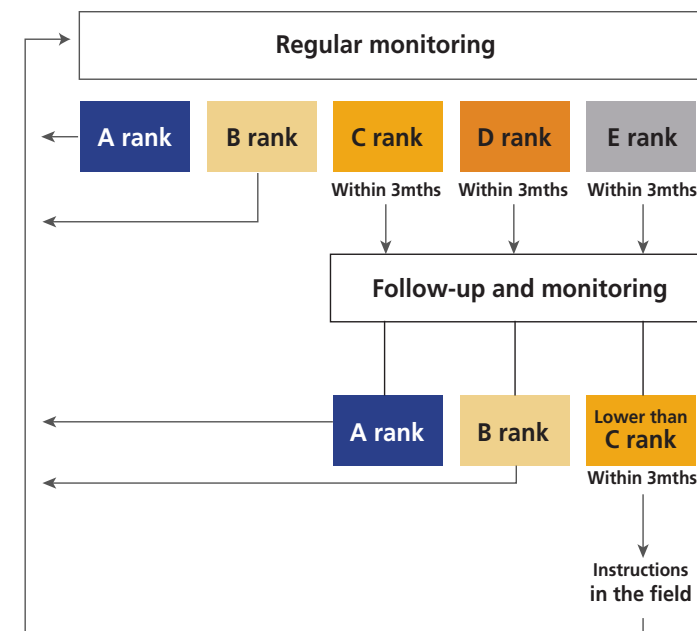
Lastly, a closing meeting is held and points to note that are identified in the monitoring are explained to management. At a later date, management will be requested to prepare an improvement report as well as their commitment to carry it out.

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

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

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

Monitoring Assessment Framework



- A rank** No points to note
- B rank** **Minor violation:** There is a gap with requirements, but it has no clear impact on occupational safety, health, or environmental performance.
- C rank** **Serious violation:** There is a gap with requirements of laws and regulations, and it has a clear impact on occupational safety, health and environmental performance.
- D rank** **Critical violation:** There is a serious violation of requirements of laws and regulations and it may possibly and immediately threaten human health and lives.
- E rank** **Denial of supervision, child labour, forced labour**

Development of Human Resources and Workplace Environments



Our Basic Approach and Strategy

In keeping with the principles set out in the Unicharm Group Policy on Human Rights and the Unicharm Group Charter of Actions, Unicharm will never discriminate on the basis of nationality, race, religion, gender, sexual orientation, age, family background, disability, or any other factors. In addition, we will not tolerate child labour or forced labour and we support the right to solidarity, collective bargaining, and other group actions by guaranteeing the right to assemble and freedom of association.

We will hire and evaluate people in a fair and equitable manner, respect the human rights of each employee, and create a work place that makes the most of each person's individuality and abilities, with a view to respecting diversity and providing equal opportunities.

As an occupational health and safety initiative, Unicharm strives to ensure health and safety management in the workplace through the Group's Beliefs & Pledges and Corporate Code of Conduct, in order to realise our pledge to employees to prevent workplace accidents and ensure that our employees can work safely and securely.

Unicharm Group Global Human Resources Philosophy

Mission

Mission and purpose

We will seek to unify the growth of the Company and individuals by creating "resonant personnel" who continually grow and strive to fulfill their life and career vision in order to support corporate management that aims to realise a cohesive society.

Vision

Vision for the future

We will establish a global common growth model on a global basis by utilising KYOSHIN*1 and promoting skills development using The Unicharm Way to ensure our employees can play an active and lively role.

Value

Shared values of the organisation and guidelines for action

We will promote management with resonance and work with employees in a fair and sound manner centred on the philosophy that our people are the driving force behind corporate value and, by pursuing wealth in three aspects*2 and providing a rewarding workplace, we will earn the trust of each and every employee.

*1 KYOSHIN is a human resource development platform that promotes common skills development globally, serving as a digital tool for skills development that utilises data on each employee's career, evaluation feedback, and e-learning.
*2 The three aspects include (1) aspirational wealth, (2) economic wealth, and (3) wealth of both mind and body.

Basic Policy for Health Management

1. Employees give priority to primary prevention and strive to improve lifestyle habits based on the idea of "protecting our health on our own."
2. The Company provides a safe and comfortable environment so that employees can enjoy a fulfilling workplace and fully exercise their abilities.
3. The Human Resources Division properly uses and manages personal information such as medical examination results and promotes health management with collaborators inside and outside the Company.

Being Thorough with Workplace Safety and Occupational Health Management

To prevent workplace accidents and ensure that employees can work safely and comfortably, we strictly implement health and safety management in the workplace toward a goal of zero accidents. At the same time, we give top priority to ensuring safety at all times, not forcing employees into excessive labour or over time, and improving the work environment, primarily through the deployment of health and safety managers. Supervisors also observe the mental and physical health of their subordinates and respond promptly when they find an issue.

The infographic consists of eight circular icons arranged in two rows of four. Each icon contains a stylized illustration representing a specific principle. Below each icon is a text label. The principles are: Freedom from Discrimination, Freedom from Forced Labour, Freedom of Association, Fair & Equitable Hiring, No Bullying or Harassment, Fulfilling Workplace, Promotion of Healthy Lifestyle Habits, and Health & Safety Management.

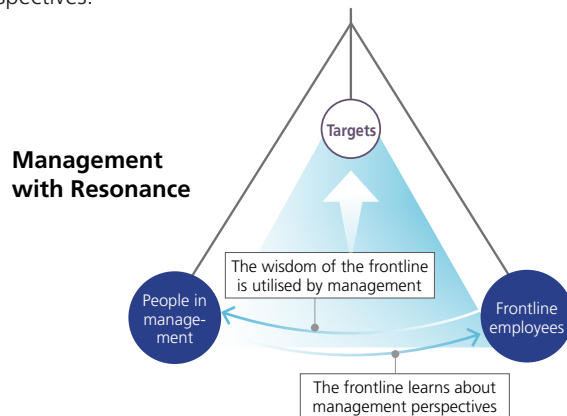
Development of Human Resources and Workplace Environments



Unicharm's Unique Management Method

In order to realise the corporate philosophy, the industriousness of each and every employee becomes the epicentre of change, increasing the resonance of individuals who then reverberate together to effect change across the entire Company and allow each employee to realise their vision. We call this business practice and creation of such corporate culture "management with resonance." Through the implementation of this management method, we believe that people in management are able to come into direct contact with frontline employees and share information and viewpoints. Meanwhile, through dialogue with management, frontline employees are able to learn management viewpoints, standpoints, and time horizons to develop mutual understanding while still working to resolve conflicts.

In this way, both management and frontline employees work toward a shared goal, fostering a sense of comfortable unity even under strict conditions in the Company. Daily ingenuity and wisdom therefore resonate and swing between the front line and management like a pendulum. This is indeed management with resonance, through which the wisdom of the front line is utilised by management and the front line learns about management perspectives.



Toward an Organisation That Can Respond to Environmental Changes Quickly and Flexibly Using OODA Loop Methodology

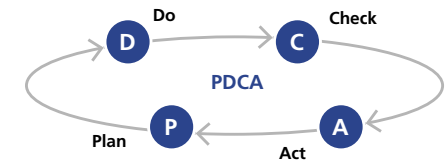
Unicharm has set its medium-term targets based on underlying mega trends and translated action plans for achieving these targets into plans that employees on the front lines of our operations can easily follow.

We then have turned to a Plan–Do–Check–Act (PDCA) cycle on a weekly basis to monitor the progress of our strategy. In recent years, however, a "new normal" has emerged where constant changes have become the norm.

In order to achieve sustainable growth in such circumstances, we need to establish a system that constantly reviews approaches and makes fundamental changes in order to catch the signs of change and to respond ad hoc to a constantly changing environment, without overly focusing on initial plans.

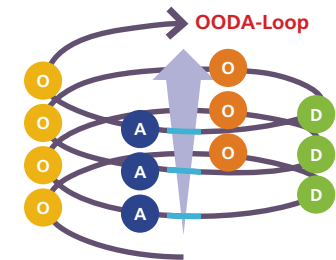
As a result, we implemented our version of the Observe–Orient–Decide–Act Loop (OODA Loop) methodology, which represents an evolution in our conventional Schedule–Action–Performance–Schedule (SAPS) method that focused on PDCA cycles. Our goal is to become an organisation where primary information from the front lines is used to understand the fundamental essence of situations so that each and every employee harnesses past experiences and knowledge to determine the best course of action autonomously, based on their awareness of the situation.

Philosophy of SAPS Method



Possibility that we are not able to address environmental changes not initially foreseen

Philosophy of the OODA Loop Methodology



- O bservation:**
Observe situation using the five senses
- O rientation:**
Determine the situation using information obtained along with past experiences and knowledge
- D ecision:**
Make the right decision from the options available
- A ction:**
Take action promptly

Repeat loop

Consultation and Continuous Improvement



In line with Australia's Modern Slavery Act, the Australian Government commenced its three-year review, on 31 March 2022, seeking feedback via the publication of an Issues Paper in August 2022, through an online questionnaire (based on the Issues Paper), an online survey that was sent to all entities that had submitted a statement under the Act and through targeted consultants and meetings. Understanding the critical aspects of the review and the adherence to best practice actions towards Modern Slavery effectiveness, Unicharm Australasia also sought global feedback regarding of its existing two statements from human rights law and business professionals in London to not only support our continued commitment towards human rights awareness but also to drive further towards best practice.

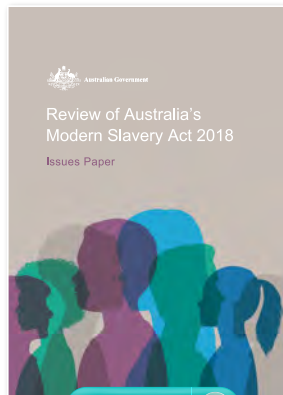
Modern Slavery Act Review



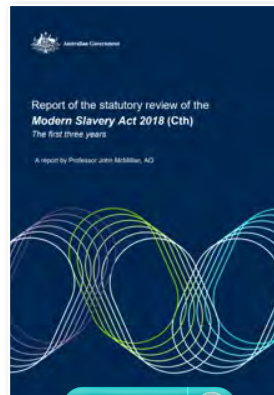
Modern Slavery Act 2018
No. 153, 2018

An Act to require some entities to report on the risks of modern slavery in their operations and supply chains and actions to address those risks, and for related purposes

[More Info](#)



[More Info](#)



[More Info](#)

Unicharm Australasia Modern Statement Review Feedback

"Overall UC have a great internal compass, clearly driven to make change. MSS is very heartening, Statement is clear and structured, collaborative approach is obvious, great to see areas covering MSA, ESG and Sustainability."



"Clear and could show auditing methodology has limitations. Maybe could be more explicit in a sentence to talk about this. fantastic."

"Policies great, understanding breadth of policies covering T1, T2 - just for UCA, strong slide and great language, great purchasing policies/activities."

"Great training topics, good detail. Great achievement in short time."

"Clear to read, great figures. Great and path in short time is lightening speed."

"Great clear detail on awareness building."

Would be great to see future KPI's and journey with roadmap

"Overall UCA MSS has lots of heart and not a standard statement - well done!!!"



Compliance



Management Structure

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

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

Number of Consults (Japan)

	Cases		
	2019	2020	2021
Total number of consults (Japan)	51	41	68
Number of compliance violations	0	0	0
Number of labour standards violations	0	0	0
Number of human rights violations	0	0	0

Note: The same hotlines are established and operated outside Japan in the local subsidiaries of China, Taiwan–Greater China, Thailand, Indonesia, India, Brazil, South Korea, and the U.S.

Initiatives to Raise Compliance Awareness

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

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

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

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

Regular Reviews of the Effectiveness of the Code of Conduct

The Company regularly reviews its code of conduct on compliance. It confirms the effectiveness of this code through monitoring using the employee survey and internal audits. The Company reviewed the “Unicharm Group Action Guidelines” and renamed it the “Unicharm Group Charter of Action” on 21 February 2021.

Compliance Training & Education

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

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

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

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

Responsible Sourcing Benchmarks



Consultation & Compliance

Responsibly Sourced

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

Traceable

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

Ethical Auditing across our Supply Chain

Business Ethics

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

Health & Safety

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

Profile

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

Environment

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

Labour

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

Looking Forward



Course of Action - FY2023 and beyond

Our targets beyond 2023

RESULTS 20/22

- ✓ Uca MSS's independently reviewed by Industry Experts - Completed
- ✓ Further align Uca Operations towards global targets & increases MSA awareness across global supply chain - Completed
- ✓ Continue MSA Tier 1 updated training

TARGET 20/23

- ✓ Incorporate Human rights into all UC Contracts/Agreements
- ✓ Submit 3rd Modern Statement increasing transparency of our Commitment & Disclosure
- ✓ Complete MSA Tier 1 & 2 updated training

TARGET 20/30

- ✓ 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 Corporate Reporting Suite



FY21 performance and progress
on UCA's Modern Slavery goals
and commitments



Click here to find the report on our website:



FY21 performance and progress
on our global sustainability goals
and commitments



Click here to find the report on our website:



FY21 results of our uncompromising
efforts towards financial and
non-financial information



Click here to find the report on our website:



Click here for more information:

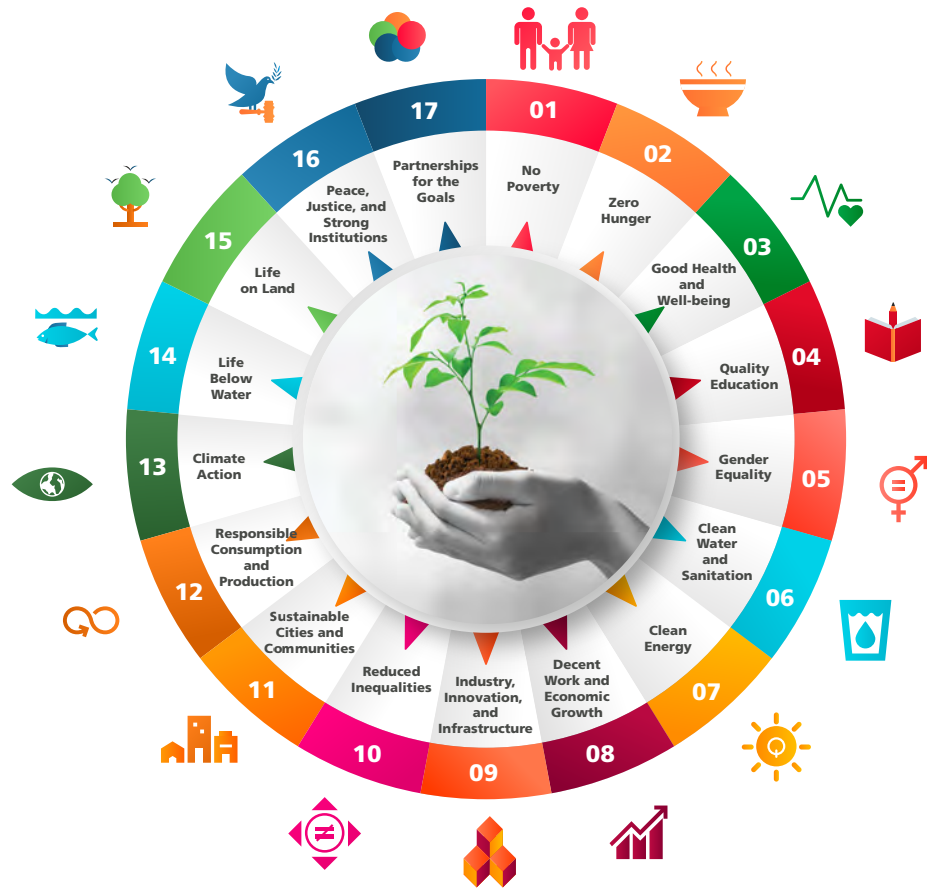


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Matthew Chester

GENERAL MANAGER OPERATIONS - Unicharm Australasia

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