

# Unicharm Group Sustainability

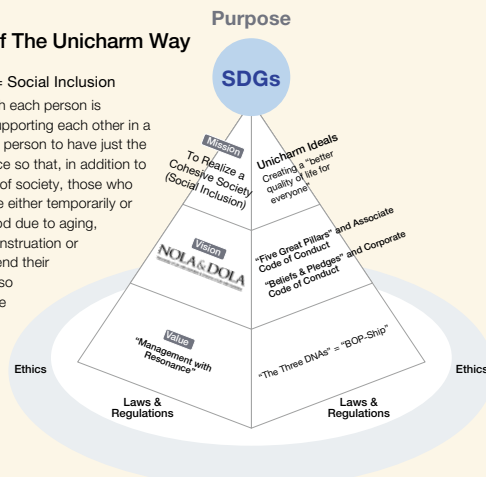
## Our Purpose & Mission, Vision and Value

Unicharm believes that contributing to the achievement of SDGs is its “purpose” (significance of existence). This purpose is divided into three parts: “Mission,” “Vision,” and “Value” for being more specific. The “Mission” is described to be “what we want to accomplish” and, to be more specific, it is the “realization of cohesive society” as far as Unicharm is concerned. The “cohesive society” we aim for is a society in which all people can continue to spend their lives in their own way by becoming independent and helping each other. The “Vision” shows about “how we can realize a ‘cohesive society’.” Specifically, we make it happen by putting our philosophy, “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.” Our “Value” is the underlying “aspiration” and “sense of mission” that sustain “Mission” and “Vision” and, at Unicharm, it is to promote such common management model as “management with resonance” by all of our group employees around the world.

### Formulation of The Unicharm Way

#### Cohesive Society = Social Inclusion

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



## Unicharm Ideals (Established: 1974)

1. 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.
1. We strive to pursue proper corporate management principles which combine corporate growth, associate well-being and the fulfillment of our social responsibilities.
1. 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 (5) Spirit of respecting people

## Five Great Pillars and Associate Code of Conduct (Established: 1999)

### Creativity & Innovation

- We will respect the creation of new society values 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 for achieving our management targets.

### Challenger-ship

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

### Leadership

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

### Fair play

- 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: 1999)

### 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 a fair and equitable relationship.

### Pledge to associates

- We pledge to achieve the happiness of associates and their family members by filling each of them with confidence and pride.

### Pledge to society

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

## “Three DNAs” = “Best Practice-ship, Ownership & Partnership”

Being a company with sustainable growth, Unicharm has nurtured a corporate culture and spirit called the “Three DNAs” that has seamlessly been passed down from its foundation. As our business activities were spread from Japan to Asia then to the Middle East, Europe and the United States, we have rephrased the Three DNAs as “Best Practice-ship, Ownership & Partnership (BOP-Ship)” for all employees around the world to better understand. The “Three DNAs” 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 the employee.

- Best Practice-ship (Changing values)

This refers to frantically accumulating the best practices, abandoning the past persistence, constantly making updates and incorporating the best practices at the time with an emphasis on speed.

- Ownership (Find reason within ourselves)

This refers to recognizing everything as “our own matter” and thinking and acting on our own initiative as if we were paranoid for overcoming the difficulties.

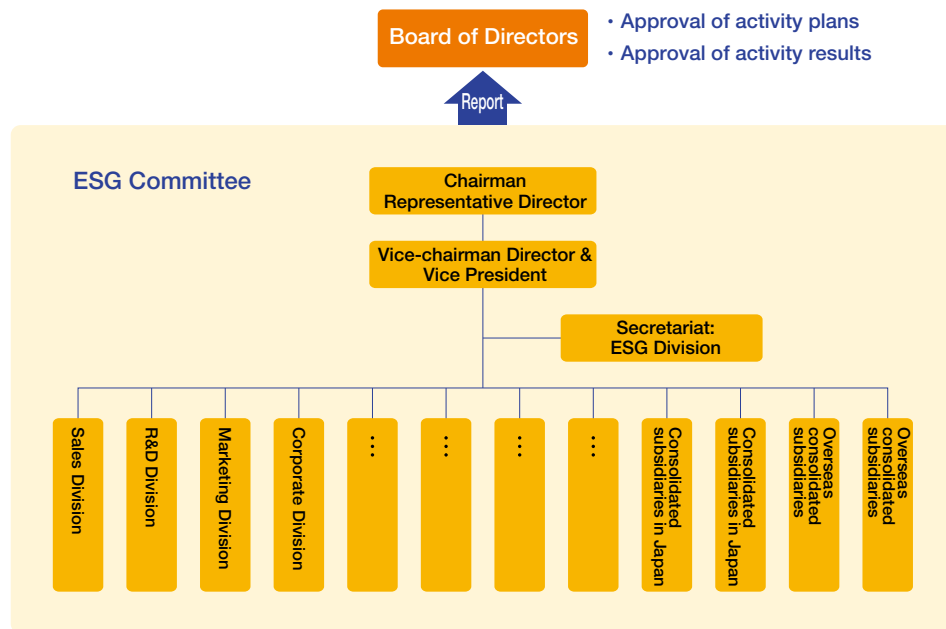
- Partnership (Maintain our No. 1 position through continued and dedicated services)

Partnership entails always respecting collaboration with the peers with a mind of altruism. Collaboration creates the internal and external cross-organizational communication and its further development will lead to innovation.

## Management structure

### 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-organizational 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 utilized in the management.



### Core themes and categories of ESG Committee initiatives

ISO26000 Core Subjects	Organizational governance, Human rights, Labor practices, The environment, Fair business practices, Consumer issues and Community involvement and development
Core themes of initiatives	
<b>E</b>	<ul style="list-style-type: none"> <li>Climate change/Greenhouse gases, Energy use management and Climate change risk</li> <li>Water resources/Water use and Reduction of water use</li> <li>Pollution and resources/Waste disposal, resource usage and recycling</li> <li>Supply chain/Supplier policy, Environmental issues and Sustainable palm oil procurement</li> <li>Biodiversity</li> <li>Development of environmentally-friendly products</li> </ul>
<b>S</b>	<ul style="list-style-type: none"> <li>Labor standards/Forbidding child labor, Forbidding forced labor, Anti-discrimination, Freedom of association, Collective bargaining rights, Minimum wage and Harassment</li> <li>Health and Safety</li> <li>Human rights/Due diligence, Children's rights, Forbidding child labor, Community employment and Complaint handling</li> <li>Society/Community investment and Social contribution activities</li> <li>Responsibilities to customers/Responsible advertising and marketing and Customer satisfaction</li> <li>Supply chain/Forbidding child labor, Forbidding forced labor, Anti-discrimination, Freedom of association, Collective bargaining rights, Minimum wage, Health and Safety, Due diligence and Capacity building</li> <li>Product quality and Product safety</li> </ul>
<b>G</b>	<ul style="list-style-type: none"> <li>Corruption prevention/Anti-bribery, Insider trading, Whistleblower hotline, Education and Risk assessment</li> <li>Corporate Governance</li> <li>Company-wide risk management(environment, society, corporate governance)</li> <li>Compliance</li> <li>Tax transparency</li> </ul>

### Reference framework for Unicharm's CSR strategy

At Unicharm, we run our global business activities by paying attention to the voices of stakeholders and by referring to various international guidelines, etc. We support the ten principles of the "UN Global Compact" and, in fact, have started to participate in the compact since May 2006.

#### UN Global Compact

	Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
	Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	

The Ten Principles of the UN Global Compact

#### WEPS



#### ISO26000



#### Sustainable Development Goals (SDGs)



COSO  
ISO9001  
ISO14001  
ISO10002  
ISO13485  
ISO14971

#### TCFD



### 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, business partners, employees and society and encourages two-way communication with its stakeholders by providing a wide range of dialogue opportunities.



#### Communicating with stakeholders

	Communication policy (Beliefs and Pledges)	Primary communication methods	Examples of dialogue themes
Customers	We pledge to earn the full support of customers by always doing everything we can.	Customer Communication Center Group interviews Monitoring surveys Exhibitions and events	Quality, safety and functions of products Opinions concerning products and services and response
Shareholders	We pledge to distribute industry-leading returns to shareholders.	General shareholders' meetings Results briefing Overseas IR roadshows	Summary explanations of financial results Sound company management
Business partners	We pledge to achieve mutually sound growth by maintaining fair and equitable relationships.	Quality Policy Briefing Session New product presentation conference Exhibitions and events Audits	Supply chain management Quality, safety and the environment
Employees	We pledge to achieve the happiness of associates and their family members by filling each of them with confidence and pride.	Labor-management discussions Employee survey Employee counseling hotline Family day at factories Intranet and company newsletter	Compensation and health Satisfaction toward work Introduction of programs that respect diversity and examples
Society	We pledge to contribute to the economic and emotional fulfillment of all people involved and the entire society through our corporate activities.	Agreements with local governments Cooperation with government and NGOs/NPOs Emerging countries Activities through industry organizations	Disaster assistance Continence care, Health promotion, Health & Hygiene Local hiring Coordination through business activities

## Message from Management



**Tetsuya Shite**

Senior Executive Officer, Chief Quality Officer (CQO) and Head of the Global Human Resources & General Affairs Division responsible for overseeing the ESG Division and Customer Communication Center, Head of the Global Quality Assurance Department  
Unicharm Corporation

We would like to express our deepest sympathies to all those whose lives have been upended by COVID-19 and those who have been afflicted by the disease and we sincerely pray for the souls of those who have died. We would also like to express our sincerest gratitude to all the medical professionals who are on the frontlines of treatment and prevention to stop the spread of the infection.

We, the Unicharm Group, have strived to develop the world's first and #1 products and services that provide comfort, excitement and joy in an effort to contribute to the realization of a "cohesive society" in which all people can continue to shine through independence and mutual aid. We believe that such efforts are becoming more important day after day due to the spread of COVID-19. We strive to continue our business activities while giving the utmost consideration to the safety and health of our employees and their families and the entire group is continuing to work for providing the products and services that are essential for daily hygiene including the enhancement of supply system of mask in responding to its shortage problem throughout the society.

The Unicharm Group whose purpose or significance of existence is "to contribute to Sustainable Development Goals (SDGs)" has always endeavored to realize "its business is really the contribution to SDGs in itself." In order to make it more specific, in October 2020, the Unicharm Group revealed its mid-to-long term ESG objectives, "Kyo-sei Life Vision 2030 - For a Diverse, Inclusive & Sustainable World -" (hereinafter "Kyo-sei Life Vision 2030").

In formulating the "Kyo-sei Life Vision 2030," a number of stakeholders

participated in the assessment based on which we identified the important issues. In parallel with the internal discussions, we also formulated the important initiative themes, performance indicators and goals along with the basic framework for dealing with environmental issues including, for instance, the Task Force on Climate-related Financial Information Disclosure (TCFD) for which we expressed our endorsement in May 2019. In addition, the ESG Committee chaired by Mr. Takahara, President & CEO, held the multiple discussions and summarized their details.






Ultimately, a total of 20 key initiative themes, indicators and goals were established, 5 each in the 4 areas such as "safeguarding the well-being of individuals," "safeguarding the well-being of society," "safeguarding the well-being of our planet" and "Unicharm Principles." These 20 themes cover global environmental issues, declining birthrate and aging population in mature countries such as Japan, poverty and hygiene issues in emerging countries and coexistence with partner animals (pets) which, we believe, will contribute to the 17 goals and 169 targets of SDGs.

We, the Unicharm Group, aim to continue to steadily implement the "Kyo-sei Life Vision 2030" throughout our value chain and, by addressing environmental and social issues and contributing to local communities, we aim to be a company that can be trusted by all stakeholders including our customers, shareholders, business partners, employees and their families and local communities. We will further enhance our activities through the combined efforts of all group employees.

Message from the President & CEO	Unicharm Group's COVID-19 Initiatives	Kyo-sei Life Vision 2030	<b>Unicharm Group Sustainability</b>	Key Topics	Environment	Human Rights	Responsibility to Our Customers	Quality	Labor Standards	Health and Safety	Human Resources Data	Local Community	Supply Chain (Society)	Shareholders and Investors	Governance	Third Party Assurance Report	List of Awards and Commendations Received in Fiscal 2020
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### Unicharm Group's CSR Key Topics and Initiative Indicators (2020 targets and results)

2020 was the final year of the "Unicharm Group CSR Key Topics and Indicators" and, starting 2021, we will move forward the mid-to-long term ESG objectives, "Kyo-sei Life Vision 2030."

Key Topics/Relevant SDGs Targets	Initiatives	Initiative Indicators (KPI)	2020 targets	2020 results	Internal/external*
<b>Lengthening healthy life expectancy</b> 	Responding to a super-aging society	Dementia prevention education	Number of Lifree Social Walking experiential activity participants 1,500 people	Refraining from activities due to COVID-19	External
		Number of "Mild Incontinence Care and Continence Care" seminar participants (cumulative since 2014)	21,000 people	20,409 people	External
	Building a cohesive society for people and their partner animals (pets)	Supporting Animal Therapy - Companion Animal Partnership Program (CAPP) -	Verification of results seven times	Refraining from activities due to COVID-19	External
		Education on new approach to care of aging dogs	Number of participants in courses for staff at veterinary clinics 160 people	Number of participants in courses for staff at veterinary clinics 268 people	External
<b>Supporting women's independence and improving hygiene</b> 	Supporting women's independence	Supporting education of first menstruation (Japan and overseas)	601,500 people	134,700 people	External
	Maintaining women's health	Breast cancer early detection initiative	Sofy Pink Ribbon activities awareness rate 28% Female employee breast cancer screening rate 100%	Sofy Pink Ribbon activities awareness rate 26.7% Female employee breast cancer screening rate 100%	External External
	Improving health and sanitation for women and children	Support for measures to help safeguard the health of mothers and children	Cooperating in the spread of maternal and child health handbooks in emerging countries	Continuing to distribute maternal and child health handbooks	External
	Improving health and sanitation for children	Supporting underweight new born babies	Donated to Tiny Lives Support Project Maintaining NICU development in seven countries/ Expanding the domestic measures taken within each individual country	Donated to Tiny Lives Support Project Continuing to roll out in seven countries	External External
<b>Contributing to the global environment</b> 	Eco Plan 2020	Recycling used disposable diapers	Operation	Installation of actual equipment completed	Internal/External
		Percentage of paper and pulp suppliers certified by third parties (Japan)	100%	93%	Internal/External
		Percentage of paper and pulp suppliers certified by third parties (overseas)	100%	93%	Internal/External
		Percentage of environmental-friendly products (Japan)	100%	93%	Internal/External
		Percentage of products with the Eco Charming label (Japan)	60%	81%	Internal/External
	Initiatives to environmental impact reduction	Energy consumption(GJ)/Net sales(millions of yen) (per unit of net sales basis) *Based on the IFRS standards.	10.50GJ	10.27GJ	Internal/External
Resource environment	Recycling rate at three main plants in Japan	99%	99.6%	Internal/External	
<b>Contributing to the local community and respecting people</b> 	Diversity & inclusion	Employment rate of people with disabilities	2.3%	2.2%	Internal
		Rehiring rate of retired employees	93%	83.8%	Internal
		Percentage of female managers (Japan)	14%	14.7%	Internal
	Creating a worker-friendly workplace	Work satisfaction (average score on a scale of 5)	4.10	(No results due to review of items)	Internal
		Employee satisfaction (average score on a scale of 5)	4.10	4.16	Internal
	Maintaining and promoting employee health	Implementation rate of mental health care and lifestyle habit improvement education (for those eligible)	100%	100%	Internal
	Providing ongoing support for disaster areas	Number of participants in Super Cool Biz and Warm Biz	2,000 people	2,238 people	Internal/External
Improving health and sanitation	Raising awareness of maintaining sanitation	Providing sanitary products in preparation for disasters Spreading awareness of a website for provision of relevant information	Launch of "With Corona" Health, Hygiene & Security Information Site	External	
<b>Strengthening organizational foundation and following fair business practices</b> 	Corporate governance	Number of female officers	At least 2 people	2 people	Internal
	Practicing fair and equitable transactions with suppliers	Implementation rate of supplier evaluations (applicable companies)	100%	100%	External
	Assuring product safety	Number of problems with material or product safety	0	0	External
	Improving customer satisfaction	Satisfaction rate of inquiries from customers	91.3%	88.0%	External

\*Primary Scope of Our Initiatives