

Quality

■ Our basic approach and strategy

In keeping with Unicharm's corporate philosophical framework ("Beliefs and Pledges" and Corporate Code of Conduct), we always strive for continual improvement with customer-oriented mind.

Since many of our products come into direct contact with skin, we strive to provide products that consumers can use with confidence. We therefore believe it is important to not only enhance quality and safety but to also use proper labeling to convey correct information to consumers.

■ Management structure

As quality management system is aligned to the "quality policies in med-term management plan," Chief Quality Officer (CQO) who is responsible for assuring the system conformity and its effectiveness is assigned to promote internal and external audits primarily through ESG Division and Global Quality Assurance Department. While taking corrective and preventive measures, the four departments that jointly handle quality assurance (Global Quality Assurance Department, Pet Care Manufacturing Division's Quality Assurance Department, Unicharm Products Quality Control Department and Customer Communication Center) regularly conduct management reviews that are provided to CQO based on which the entire company is united in carrying out quality improvement activities on an ongoing basis.

All our business locations have obtained ISO9001 and ISO14001 certifications based on which we apply our quality management system (QMS) and environmental management system (EMS).

In 2017, the QMS and EMS were merged in hopes of strengthening the activities that encompass both quality and

environmental managements. By integrating the operation of the two management systems, we are now addressing both quality and environmental tasks via a centralized structure. Outside Japan, in order to keep current with updated regulations in the countries of import and marketing, we are

working to obtain certification in each country. We acquired ISO13485 (medical device quality management) in Indonesia and Thailand in 2014, ISO14001 (environmental management system) in Egypt in 2018 and ISO9001 (quality management systems) in Brazil in 2020.

ISO9001, ISO14001 and ISO13485 Certification at the Unicharm Group (certified unit)

Name of unit obtaining certification	Certification status		
	ISO9001	ISO14001	ISO13485
Unicharm and Unicharm Products (Japan)	○	○	○*
Unicharm Kokko Non-Woven (Japan)	○	○	
Cosmotec (Japan)	○		
United Charm (Taiwan-Greater China)	○	○	
Uni-Charm Thailand (Thailand)	○	○	○
PT.UNI-CHARM INDONESIA Factory1 (Indonesia)	○	○	○
PT.UNI-CHARM INDONESIA Factory2 (Indonesia)	○	○	○
PT.UNI-CHARM INDONESIA Factory3 (Indonesia)	○	○	○
Unicharm Consumer Products (China) (Shanghai, China)	○	○	
Unicharm Consumer Products (Jiangsu) (Jiangsu, China)	○	○	
Unicharm Consumer Products (Tianjin) (Tianjin, China)	○	○	
Unicharm Gulf Hygienic Industries (Saudi Arabia)	○	○	
LG Unicharm (Korea)	○	○	
Unicharm India (India)	○		
Unicharm Australasia (Australia)	○		
Unicharm Middle East & North Africa Hygienic Industries (Egypt)	○	○	
UNICHARM DO BRASIL INDUSTRIA E COMERCIO DE PRODUTOS DE HIGIENE LTDA. (Brazil)	○		
Diana Unicharm (Vietnam)	○		
DSG International (Thailand)	○		
Disposable Soft Goods (M) (Malaysia)	○		

* ISO13485 certification is applicable only to Unicharm Products Co., Ltd.

Safety initiatives

We carry out gate-checks in accordance with the “Unicharm Management System Basic Regulations” throughout the process, from materials procurement to product development, manufacturing, sales and disposal so that customers can use our products that directly contact their skin with greater peace of mind.

The Safety Assessment Committee has established a gate function in the stage of product development to conduct risk assessment based on various product uses and disposal. Products for which safety is confirmed receive Safety Assessment Confirmation Sheet.

In addition, we conduct the product usage tests with the products manufactured by using the safety-checked materials.

Policy on animal testing

Unicharm does not conduct experiments involving animals for its safety checks, including outsourced testing, nor do we plan to in the future. (Not applicable in any cases where Unicharm was held accountable toward society on safety issues or met with demands from local administrations in certain countries.)

Policy on management of chemical substances

The Unicharm Group uses its “Material Safety Guidelines” to minimize any direct or indirect environmental impacts on the body from chemical substances used in our products and applies a policy for managing chemical substances that ultimately eliminates all harmful impacts found in the raw materials we use. To achieve this, we have defined harmful substances, developed a substance list of approximately 3,800 materials and determined target substances for reduction. At the same time, we receive full disclosure of all components in the supplied materials from each supplier and conduct toxicity risk assessments of the chemical substances they contain. In terms of substances targeted for reduction, we broadly gather information from the global perspective such as European Chemicals Agency (ECHA) and Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and set targets and implement reduction measures for target substances in collaboration with the suppliers. In addition, with the implementation of an information management system for chemical substances contained in products or materials since 2017, we have been able to strengthen our collaboration with material suppliers in more efficiently managing chemical substances.

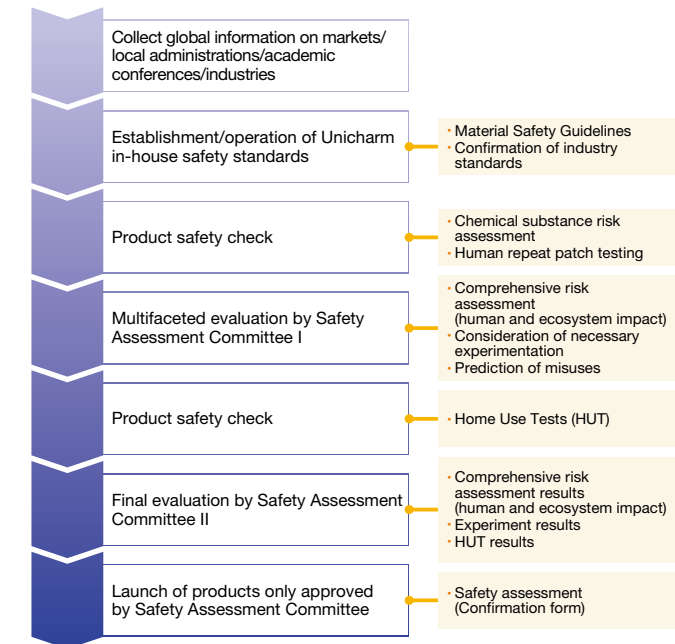
 **Example of List of Target Reduction Substances (Japanese only)**
https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/quality/quality_toxicity_risk.pdf

 **Example of Toxicity Risk Evaluation**
https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/csr-eco/quality/quality_material_list.pdf



Chemical Substances Information Management System (Image)

Safety Check Workflow



Reference Information Examples

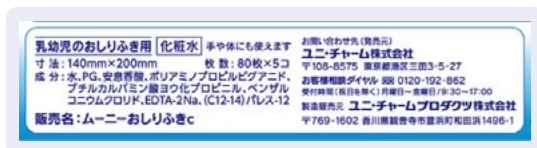
- ECHA (European Chemicals Agency)
- SVHC (Substances of Very High concern)
- RoHS (Restriction of Hazardous Substances)
- REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)
- STANDARD100 by OEKO-TEX®
- EU DIRECTIVE2015/1221/EC
- DIRECTIVE 2009/48/EC (safety of toys)
- POPs: Stockholm Convention on Persistent Organic Pollutants
- Dioxin Regulation Act
- Montreal Protocol

Message from the President & CEO	Unicharm Group's COVID-19 Initiatives	Kyo-sei Life Vision 2030	Unicharm Group Sustainability	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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■ Providing chemical substance information

We have confirmed there are no safety issues based on our chemical substance management policies and standards for the chemical substances in our products, but we also disclose substances required by law and industry standards on packaging so that consumers can directly confirm them and use our products with peace of mind.

Example of information printed on packaging.



■ Global safety initiatives

Since safety initiatives are necessary in all locations where Unicharm runs business, we have been operating a global safety-check framework in each country of operation since April 2007. Currently, our local subsidiaries in China, Korea, Taiwan-Greater China, Thailand, Indonesia and Vietnam are spearheading the initiatives. We strive to share experiences and information through meetings that involve the persons in charge of safety in each country and regular individual meetings. In addition, we visit suppliers, testing partners and government institutions in each country to step up communication in order to deliver safe and reliable products to our customers.

Also, we have been rolling out the chemical management system mentioned above at our overseas locations since

2018. This rollout has been completed in six countries including Japan as of December 31, 2020. We will continue to bring in the system to our operations in other countries in 2021 so that local persons in charge of the growing volume of imports and exports are able to comply with the regulations of the country where products are marketed and swiftly conduct investigations on chemicals used in products in order to deliver even greater safety and peace of mind to consumers.

■ Quality management initiatives for manufacturing

As an initiative for quality management, Unicharm Products uses the Unicharm Total Management Strategic System (UTMSS) at all its plants together with the information from consumers relating to problems with products in order to make the continuous improvements. Working together as a whole, we work to address customer feedback on problems with products which is essential to improving product quality and safety.

UTMSS is used for “visual control” and “standardization” that allow us to provide our customers with products that are consistent and of high quality. All plants implement regular UTMSS activities (at least once per month) to continuously improve productivity and quality. As a specific example, by introducing the “workmanship management” framework, we have minimized variations in work by individuals, thereby realizing stable quality.

UTMSS members at all plants worldwide gather in Japan once per year for an all-company meeting. At this meeting, UTMSS members report on the results of their improvement activities and the seven plants that had the best results make a presentation to share/implement their efforts. With Japanese plants as a benchmark, plants outside Japan deploy these ideas in their own countries. We also promote a “mother plant system” between factories in Japan and other countries to transfer frameworks and success stories

Efforts to raise consumer awareness of chemical substances in products

Sofy Non-Bleachable Sanitary Napkin (Korea)

“Sofy Non-Bleachable Sanitary Napkin” takes into consideration the consumer anxiety about chemical components. Specifically, these napkins use internationally certified organic cotton for their upper layer sheet which comes in direct contact with skin and, moreover, non-bleachable material for the absorbency tissue.

In October 2020, these products won the Grand Prize at the “Consumers’ Choice 2020” (Korea) in the “Category of Feminine Hygiene Products.” The award was established with the aim of recognizing brands focused on maximizing their value to consumers and more widely disseminating the achievement.

Going forward, Unicharm will expand the product line of Sofy Non-Bleachable Products to panty liners and panty-type napkins to bolster Sofy’s image as a safety and trusted product.

Obtained “STANDARD100 by OEKO-TEX®,” one of the world’s best-known labels for textiles tested for harmful substances, for Disposable Baby Diapers (Japan)

In December 2019, Unicharm received “STANDARD100 by OEKO-TEX®,” a certification that is one of the world’s best-known labels for textiles tested for harmful substances, for disposable baby diaper, “Natural Moony (tape type).” It was the first time that a disposable baby diaper obtained this certification in Japan^{*1}.

“STANDARD100 by OEKO-TEX®” is an international safety certification for textile products given only to products that clear strict standards after analysis and testing for more than 350 types of harmful substances by authorized testing institutes^{*2} that belong to the international consortium called OEKO-TEX®. To use the STANDARD 100 label, a product has to clear the testing criteria for all materials and chemical solutions used in the manufacturing process. Since this standard also complies with standards for hazardous substances in European and other countries worldwide, products labeled as such are recognized as meeting the world’s highest safety standards.

In December 2020, we acquired “STANDARD100 by OEKO-TEX®” certification for “Natural Moonyman (pant type)” and “Moony AirFit (tape type)” as well and are working to expand the Moony brand overall as a safety and trusted product line.

*1 Finding by Unicharm as of January 2020

*2 This product has been certified by the Nissenken Quality Evaluation Center/OEKO-TEX® office which is the only OEKO-TEX® certification body outside Europe.



Sofy Organic Cotton Cover & Non-Bleachable Free Inner Cover with the color of nature



to overseas plants. Through such initiatives, we are promoting UTMSS improvement activities and passing on such frameworks to carry out productivity improvements and quality enhancement at plants outside Japan.



At an all-company UTMSS gathering

Initiative for appropriate product labeling

Since 2010, Unicharm has continued to maintain its track record of zero product labelling issues based on its own consumer-oriented labelling code.

In order to provide correct information to customers, our marketing communications (product packaging and advertising) are checked for compliance with applicable laws such as the Law for Ensuring the Quality, Efficacy and Safety of Pharmaceutical and Medical Devices, the Premiums and Representations Act and the Containers and Packaging Recycling Law and for compliance with industry standards set out by the Japan Hygiene Products Industry Association and our own proprietary evidence-based standards. We also confirm compliance from a customer perspective to ensure that the information provided does not invite false assumptions or mistaken use. In accordance with changes in the environment inside and outside the company including diversification of advertising medium, market changes and changes in consumer awareness, Unicharm updates its own standards and works thoroughly to ensure its application by

providing trainings to the relevant divisions. Additionally, at the product design stage, we have established a Communication Assurance Meeting as a gate-check on labelling that is based on scientific evidence. Members from the Customer Communication Center also participate in the package design to lend a customer-focused perspective so that the company as a whole provides labelling that is optimal and accurate.



Communication Assurance Meeting

