

Labor Standards

View Concerning Human Resources

Our basic approach and strategy

Unicharm will never discriminate based on nationality, race, religion, gender, sexual orientation, age, family background, disability or any other factors. We also will not tolerate child labor or forced labor 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, create a workplace that makes the most of each person's individuality and abilities and strive to achieve happiness for our employees and their families.

In order to ensure legal compliance Group-wide and promote its understanding, we hold discussions with persons in charge of personnel matters at Group companies on revisions to labor laws and other topics on labor standards. In addition, as part of our work-style reforms, Unicharm encourages employees to take at least five days of paid vacation each year and monitors overtime work using a new attendance management system. In this manner, we are working toward changing the way our people think about work, promoting operational reforms and improving productivity.

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"Mission, Vision and Values" in the Unicharm Group's Global Human Resources Philosophy

At Unicharm, we value the autonomy of each and every individual based on our "'Beliefs & Pledges' and Corporate Code of Conduct." We endeavor to provide fair opportunities for our employees to find fulfillment in their work and to create a corporate culture that fosters the development of "confidence" and "pride."

Unicharm Group's Global Human Resources Philosophy

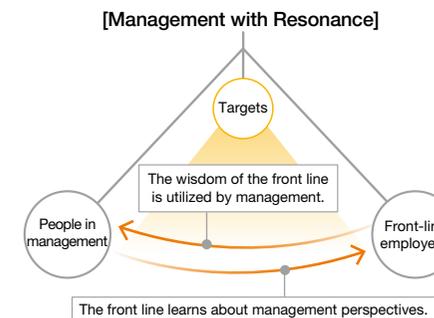
Mission Mission and purpose	We will seek to unify the growth of the company and individuals by creating resonant personnel who continually grow and strive to fulfill their life and career vision in order to support corporate management that aims to realize cohesive societies.
Vision Vision for the future	We will establish a "global common growth model" on a global basis by utilizing KYOSHIN*1 and promoting skills development using the Unicharm Way for ensuring our employees can play an active and lively role.
Value Shared values of the organization and guidelines for action	We will promote management with resonance and work with employees in a fair and sound manner centered on the philosophy that "our people are the driving force behind corporate value" and, by pursuing the "wealth in three aspects"*2 and providing a "rewarding workplace," we will earn the trust of each and every employee.

*1: A human resource system that promotes common skills development globally which is a digital tool for skills development by utilizing 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.

Unicharm's unique management method

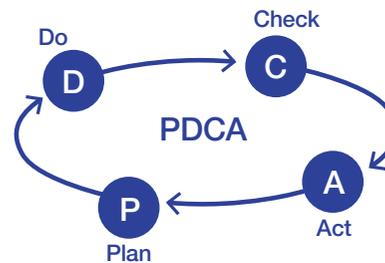
In order to realize the corporate philosophy, the industriousness of each and every employee becomes the epicenter of change, increasing the resonance of individuals who then reverberate together to effect change across the entire company and allow each employee to realize their vision. We call this business practice and creation of such corporate culture "Management with Resonance." Through the implementation of this management method, we believe that people in the management are able to come in firsthand contact with front-line information and share viewpoints. Meanwhile, through dialogue with management people, front-line employees are able to learn "management viewpoints, standpoints and time horizons" to develop mutual understanding while still working to solving conflicts. In this way, both management and the front line people work towards a shared goal, fostering a sense of comfortable unity even under strict conditions in the company. Daily ingenuity and wisdom therefore swing resonates between the front line and management like a "pendulum." This is indeed the "Management with Resonance" in which the wisdom of the front line is utilized by management and the front line learns about management perspectives.



■ Toward an organization that can respond to environmental changes quickly and flexibly using “OODA Loop Methodology”

Unicharm has set the medium-term targets based on underlying megatrends and translated action plans for achieving these targets into plans that employees on the frontlines of our operations can well be convinced. We then have turned PDCA cycle on a weekly basis to monitor progress of strategy. In recent years, however, a “new normal” has emerged where changes 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 introduced our version of “OODA Loop methodology,” a management method that represents an evolution in our conventional “SAPS method” that focused on PDCA cycles. Our goal is to become an organization where “primary information” from the frontlines is used to understand the fundamental essence of individual situation so that each and every employee uses its own sense to harness past experiences and knowledge to determine the best course of action autonomously based on the situational awareness.

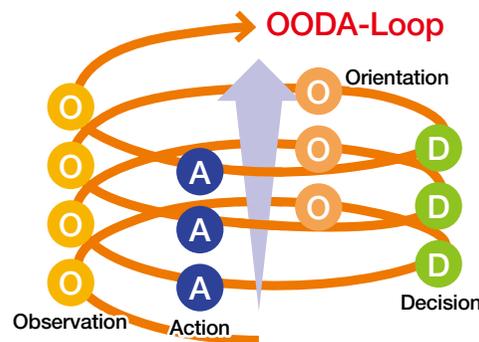
[Philosophy of SAPS method]



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



[Philosophy of the OODA Loop Methodology]



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

“New normal where changes become the norm”

- O Observation:** Observe situation using the five senses.
- O Orientation:** Determine the situation using information obtained along with past experiences and knowledge.
- D Decision:** Make the right decision from the options available.
- A Action:** Take action promptly. (Repeat loop)

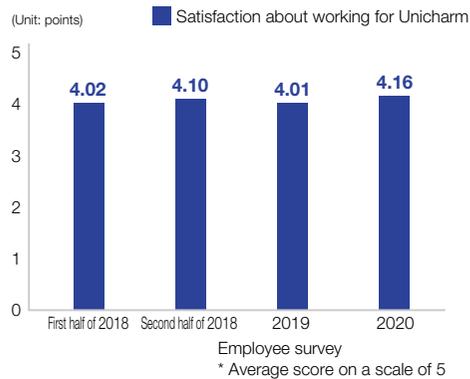
■ Building a healthy and active workplace environment

Unicharm is committed to be a company where employees can fully experience “motivation” in their work based on fulfilment in all aspects of their life including career, home life and health. Based on this commitment, we are working to reduce extra-overtime work hours and usher in work-style reforms. We are promoting an active workplace environment where employees can be both physically and mentally healthy by using remote-work, communication considerate of others such as prohibiting work calls and emails on holidays and encouraging employees to take at least five days of paid leave systematically each year. The goal of this is to ensure all employees to follow the “Working Interval Rule” taking at least eight hours off between shifts and to keep the work-life balance where employees can satisfy their childcare or family care obligations. In addition, we are designing and building a fair compensation evaluation system so that our diverse workforce with its varied employment formats is highly motivated to play an active role at the company.

Employee survey

We conduct “employee surveys” twice a year at all group companies in Japan and overseas, in order to verify employees’ satisfaction/fulfillment and attitude toward work. Ongoing surveys are of course used to invigorate employees and organizational reforms, but we also use them as a reference when considering various personnel and management initiatives.

Changes in results of employee awareness survey on “satisfaction”



Observing the appropriate salary levels

By enacting the “Unicharm Group Human Rights Policy” archived in the “Unicharm Group Charter of Actions,” we have confirmed that we comply with minimum wage laws in each country and provide an appropriate salary that exceeds the living wage based on the local cost of living.

See P.071 “Human Rights”

Personnel Utilization and Training

Improvement of education and training programs

We have a skill-enhancing program for understanding our OGISM(A) process and “OODA Loop methodology” and improving practical skills in order to develop human resources who will practice Management with Resonance.

See P.032 “Key Topic: Unicharm Principles > Developing resonant personnel”

Skills-enhancing and Career Planning Support Programs (2020)

By level	Required training			Independence/self-learning training	Leadership development program	Career design program	
	Training according to level (general employees)	Training according to role (management + instructor)	Professionalism enhancement program				
L	1		Preparatory training program for employees posted overseas			Training for employees in their 50s	
	2	How-to-teach training			G15*		
	3						
	4						
	5			CR2 training			
P	1	CR3 training	Instruction guidance meeting for sharing knowledge and intelligence	Department education program	One selected from: (1) Cross-industry training (2) Case-based learning for marketing (3) CCC training	Strategy Secretary to CEO	Training for employees in their 2nd year
	2						
	3	CR4 training				Follow-up training	Japan Internships
	4						
	5	Newly hired employee training	How-to-learn training				

* Shorthand for the “Global 15 Project.” Participants are chosen from executive management candidates who will develop the direction of global strategy and establish a grand design.

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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Our distinctive training programs (excerpt)

Title	Summary
Training for newly hired employees	(1) Transitioning from student life to working life (switching to an “earning” mentality). (2) Deepening understanding of the Unicharm Spirit while experiencing the company’s history. Nurturing a customer-oriented and competitive mind. (3) Organizing a group in which each individual develops its own initiative and self-reliance who mutually enlightens each other. (4) Considering the image of leadership in their 20s and developing their own 10-year career plan.
Second-year follow-up training	(1) Understanding the thoughts, actions and approaches in the second year at Unicharm. (2) Looking back on the path of entering company, undergoing training and being assigned to the specific department in the first year with Unicharm and reviewing the own issues on the actual work. (3) Getting hold of the own issues as well as their root causes and deciding on a specific action plan to overcome them.
Third-year follow-up training	(1) Looking back on the first two years of working experience at Unicharm and reviewing the current own status (stance, skills). (2) Understanding the roles, mindsets, actions and approaches required for employees in their third year and translating them into an action plan. (3) Evolving “My Career Vision & Career Plan” for linking the growth of each individual and that of the company.
Training according to the levels and roles	Training is carried out for people in keeping with their respective levels and roles. All training is based on understanding our “OODA Loop methodology” and improving practical skills, providing opportunities and occasions to enhance the ability to think and take action. Employees create a 10-year career plan based on their thoughts on the image of leaders and review on themselves. Education on harassment is also provided by showing the specific examples and discussing on prevention and solution assuming that it has really occurred.
Life & Career Redesign	(1) Looking back on yourself and understanding your own characteristics, strengths and improvements. (2) Understanding the HR system and financial plan and developing an image of mindset and way of work for decision-making after being rehired at the retirement age of 60. (3) As part of a 100-year lifespan, reconfirming the future career vision and career plan and translating them into the specific action plan.
Strategy Secretary to CEO	This program enables employees in their 10th year to work as a secretary to the CEO for two months. By closely working with and learn directly from the CEO on its thought and action as a top management, this program develops leadership skills and leads to the self-improvement.
Ten-year career vision and plan	Provides employees with the tools and a system for designing and developing the individualized 10-year career plans and for translating them into the own action plans. The tools can also be used for communication with the supervisors in order to support each employee in achieving her/his own goals.
Cooperative & selective training with other companies	A cooperative training program established by several companies for the purpose of allowing participants to enhance their own skills and improve their own issues and weaknesses. Interaction with participants from other companies is expected to provide all participants with inspiration and insights that may not be available within a single workplace.
Training program for employees posted overseas	Considering the high level of responsibility during overseas assignments, this program develops (1) an independent professionalism, (2) higher-level leadership for instructing the subordinates and (3) fostering the mindset of being a CEO of medium-to-small sized enterprise or a department head so that an expat can come up with the results immediately after its overseas assignment. The training program also thoroughly prepares the assignee in terms of compliance and governance and helps understand the cross-cultural management as well as the method of crisis management to avoid any potential trouble in the new position.
Training for new leaders	As the most important responsibility for such persons is “people development,” this training presents practical methods for developing leadership, motivating subordinates, creating a good workplace, dealing with harassment, etc.
Brothers & Sisters knowledge sharing program	Upon entering Unicharm, the first three years are considered a period for fostering a strong foundation. Senior employees take part in this instructor training program to promote fostering the new employees to develop their own knowledge and skills of Brothers & Sisters and enhance human skill while at the same time respecting their basic human rights.
In-house internship program	Employees experience work at a department of their choice to learn the necessary knowledge and skills needed for achieving their own career vision and actualizing their career plan.

Evaluations for career development

Unicharm’s personnel evaluations involve systematic implementation of the “three aspects of human resource development,” namely evaluation, training and treatment of employees.

Specifically, “evaluation” is conducted for the purpose of “training” while “treatment” is determined in line with “evaluation.” Human resource development is carried out through such integrated implementation of these three elements.

Our thinking about evaluation and training is that it is not only about “results” but also “process” that requires “practices/ behaviors that lead to results.”

To evaluate such behaviors, there is a need of practice to combine the thinking for our evaluation and training system with that for “OODA Loop methodology.” All employees create their own career vision and plan and set semiannually as well as quarterly goals to achieve the plan with their supervisors who check progress each quarter and provide support for the employees’ career development by adjusting individual trajectories so their efforts will lead to good outcomes and successful experiences.

Respect for Diversity

Our basic approach and strategy

Unicharm works to promote the active participation of diversified personnel in accordance with the principles of the “Unicharm Group Policy on Human Rights” and the “Unicharm Group Charter of Actions.” We are working to eliminate any types of discrimination based on nationality, race, religion, gender, sexual preference, age, family background, disability or any other factors and enhancing equal opportunity by advancing and expanding a workplace environment in which each employee can maximize their capabilities and exert their full potential.

Initiatives for respecting diversity Promotion of women’s empowerment

Unicharm is advancing an environment where personnel can exert their full potential regardless of gender. We are striving for a system that allows employees to continue working through various life events and have established and promote targets for the percentage of female managers and the number of female officers.

Percentage of female managers (Japan) and number of female officers

	2019 results	2020 targets	2020 results
Percentage of female managers (Japan)	13.3%	14%	14.7%
Number of female officers	Two	At least 2	Two

Hiring persons with disabilities

We aim to proactively employ personnel with disabilities who are well motivated and provide them with a workplace where they are also able to fully exercise their potential and promote their desire to grow. More than anything else, we expect proper outcomes from employees with disabilities by setting appropriate goals in accordance with their respective abilities and desires and promote a corporate cultural environment free of barriers in all respects for enjoying the feeling of accomplishment as a team. The employment rate of persons with disabilities in 2020 was 2.2 percent, short of the target 2.3 percent. We will continue to improve the work environment and promote employment in which employees with disabilities can firmly settle down in the workplace.

Rehiring system for and engagement of retirement-age employees

Unicharm has developed an environment where employees who have reached retirement age can make full use of their abilities in order to pass on their skills and know-how to the next generation. Employees who have reached the retirement age and still wish to continue working can be rehired as “senior experts.” The rehiring rate of retired employees in 2020 was 83.8 percent, short of the target rate of 93 percent (rehired rate of employees who wished to continue working was 100%). Hiring of senior experts has no impact on hiring of employees in younger generation.

Expansion of community employment

Unicharm is contributing to the expansion of community employment through its business activities. By providing employment opportunities while respecting the characteristics and culture of the country or region, we are uncovering

potential community human resources. In Saudi Arabia, we provide opportunities for women to exert their potential at our all-female plant and others.

Implementing Second Job System

The Second Job System was implemented from 2018 with the aim of promoting further growth of each employee by enabling them to acquire skills or specialization in a different environment than at the company and expand their horizon through opportunities to exert on their capabilities and broaden their network. As of the end of 2020, 34 employees have participated in the system while many reported having acquired tangible new skills.

Dialogue between labor and management

We place a great deal of value on mutual trust between labor and management and hold the regular monthly discussion between the company and labor union. Depending on the details of these discussions, we also hold an extraordinary meeting in addition to the monthly meetings. In 2020, we held talks about measures to prevent the spread of COVID-19, work-style reforms, reducing overtime work and employee benefit programs and health management measures, among other issues, and continued with efforts to foster workplaces that can motivate and fulfill employees.

Initiatives for balancing work and childcare

Aiming to create an environment that supports both childcare and work, our childcare leave program allows employees to take up to two years of childcare leave. Childcare leave taken before and after pregnancy is treated as paid vacation, while employees with accumulated paid vacation days at the start of their childcare leave can use up to 15 of these days to receive their normal pay and help reduce their burden from birth and childcare.

Moreover, "Moony Childcare Involvement Leave" was implemented in 2018 for all male employees that allows up to 5 days off to take care of their newborn babies within 8 weeks of their birth. This system is thoroughly promoted to every employee with individual information session provided for the employees and their supervisors. As a result, in 2020, the rate of employees utilizing Moony childcare involvement leave was 91.3%.

At present, the average days of leave taken is 3.5 days. Going forward, we aim to continue to promote the program to encourage leave of five days.

Voice from an employee who took parental leave

When I became a father, I wanted to have as much time as possible to spend with my child. I discussed with my wife many times and decided to take parental leave. I was worried that my boss and colleagues would be inconvenienced, but I think the benefits were greater than I had imagined as my wife and I were able to raise our child together and share both the joys and the difficulties. Even when one of us gets sick or is fully tied up, the feeling that the "partner can take care of the child" has created a sense of security and feelings of latitude about child-raising.



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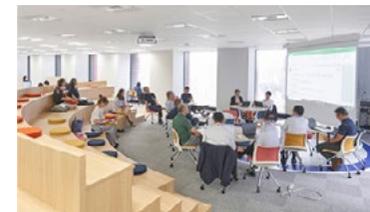
Opening of the Agile Special Area at Mita Headquarters

In 2019, the "Agile Special Area" was opened on the 25th floor at Mita Headquarters with the aim of "providing a space that promotes deep thinking and free imagination to speed up work processes."

There are four different areas set up on the floor that are for working independently or interacting with colleagues and those from outside the company to help generate ideas. The development of such a space for free imagination promotes the company's ideology of "Management with Resonance" and the "OODA Loop methodology."



Booth-style focus area: utilized to encourage deep strategic planning and "meditative thinking"



Review space: utilized as a space for meeting and communication among a large group of people

■ Programs to support diverse work styles

Unicharm has various programs in place to realize diversified ways of working. As one of our work-style reforms, from 2017, we began a working interval program and remote-work program and implemented the government-led premium Friday program. From 2018, we introduced the second job system and, from 2019, we introduced the Lifree Flexible Work Program and began allowing annual paid leave to be taken by the hour.

Programs to support diverse work styles (case study in Japan)

System	Eligible people	Summary
Moony Birth Support Leave Program	Employees who undergo fertility treatment	Leave for advanced fertility treatment (up to 1 year)
Moony Shortened Work Hours System for Childcare	For employees who have a child/children up to the third year of elementary school	Working hours can be shortened to 5 hours a day
Moony Childcare Involvement Leave	For male employees who have a child/children up to eight weeks old	Can take up to 5 days off in order to be involved in childcare activities.
Lifree Nursing-Care Leave	For employees who have family member(s) in need of continuous nursing care for more than 2 weeks as a result of injury, sicknesses or physical or mental disorders.	By application, up to 5 days leave/year is available for one family member, up to 10 days leave/year for 2 or more family members who require nursing-care.
Career Recovery System	Former Unicharm employees who worked for more than 3 years and resigned from employment for various reasons such as marriage, pregnancy, childbirth, childrearing, nursing-care or accompanying spouses on business transfers.	They are eligible for re-employment within a five-year period from time of resignation, provided that both the former employee and the company reach a certain agreement.
Civic Duties Leave System	Those selected to serve a citizen judge or on a Committee for the Inquest of Prosecution	The required number of days leave to appear in court as a citizen-judge is available by application.
Bone Marrow Donor System	Employees who wish to donate their bone marrow	Up to 7 business days leave per 1 donation of bone marrow available by application, for the procedures required for donation to a patient in the working country (except for donor registration).
Working Interval Program	All employees	Once an employee finishes his/her work day, he/she will in principle have to have a rest period of 10-hours or more, with a minimum period set at eight hours.
Remote-Work Program	All employees *Excludes positions for which remote-work is not feasible	Employees can apply for permission to remote-work up to twice a week. The remote-work can be done on full day basis from home or any other environment that allows concentration on work.
Anniversary Leave	All employees	Promotes the taking of planned annual leave for anniversaries or other days important to the individual. We are working to improve the rate of annual leave taken. (Three days per six months/six days annually)
Second Job System	For all employees	Second jobs that will foster the advancement of skills or growth of individual are permitted (provided it will not impede its primary work). This is applicable only to off-business hours and holidays.
Lifree Flexible Work Program	Full-time employees *Excluding manufacturing sites such as plants	There is no upper limit in the frequency of use of Remote-Work Program, which can also be used in conjunction with reduced working hours.