

Compliance

Basic approach and strategy

Attitude towards compliance

Our management policy is expressed in the Unicharm Ideals which state “we strive to pursue proper management principles which combine corporate growth, associate well-being and the fulfillment of our social responsibilities”. Unicharm has created a booklet called The Unicharm Way which includes the Group’s Charter of Actions and other important compliance documents. Having been approved by the Board of Directors, The Unicharm Way has been distributed to and shared with everyone working at Unicharm Group companies. It forms the basis of our compliance system and is designed to remind all directors and employees to hold themselves to the highest ethical standards and comply with all rules and regulations and the Articles of Incorporation. In addition, Unicharm works holistically to prevent acts that would lead to corruption including bribery, excessive entertainment and gifts through corporate activities, improper political contributions and insider trading and to ensure compliance with labor standards. The President & CEO and executives continue to communicate the spirit set forth in The Unicharm Way to employees around the world in an effort to improve and instill an awareness of corporate ethics and ensure that all corporate activities are based on compliance.

Management structure

The “CSR Committee”, established by Unicharm in 2005 for the purpose of monitoring all activities related to social responsibility centered around a framework of quality, safety and the environment, has been restructured and renamed the “ESG Committee” as of January 2020.

The “ESG Committee” ensures the legality, fairness and soundness of corporate activities. The “Compliance Hotline” has been established as a consultation and whistleblowing contact point for violations of laws and regulations, internal regulations and major corporate ethics while the “Ring-Ring Employee Hotline” has been established for problems in the workplace such as internal harassment acts and human relationship issues as part of efforts to develop and enhance the compliance structure. Corporate Ethics Office has been established within the ESG Division as the contact point for the management of these bodies and, when a serious problem occurs, the Representative Director who serves as the chairman convenes a “Corporate Ethics Committee” with the standing members of the deputy chairman (Director & Vice President) and members of the Audit and Supervisory Committee to resolve the issue. “Corporate Ethics Committee” reports annually to the Board of Directors on the action that it has taken and the Committee’s effectiveness is periodically assessed. In addition, in order to conduct audits on whether business execution in each division is being conducted appropriately in accordance with laws, regulations, etc. and to provide advice as necessary, an Internal Audit Department that is independent from each business execution division and directly supervised by the President & CEO has been established and it conducts internal audits on all Group companies.

Compliance Promotion Structure



Anti-corruption Policies

The Board of Directors has established policies to prevent all forms of corruption including demands and bribery and such efforts are also being conducted at related departments. In addition, the “Sustainable Procurement Guidelines” that aim to maintain fair relationships and prevent acts of corruption in transactions with suppliers clearly indicate the necessity of compliance with laws, regulations and social norms and fair trade as well as the prohibition of bribery and kickbacks and promote the comprehensive prevention of corruption in transactions.

■ Whistle-blowing System

The “Compliance Hotline” has been established for Group employees, both within and outside Japan, including contract employees, as a consultation and whistle-blowing contact point in anonymity for violation of laws and regulations, violation of internal regulations and acts of corruption such as the taking and receiving of bribes etc. or major corporate ethics violations. The “Ring-Ring Employee Hotline” has been established for problems in the workplace such as internal harassment and human relationship issues. Unicharm has also put in place a system that makes it easy for employees and their families to consult with external organizations. The privacy of employees who use this system is respected and every effort possible is made to ensure that whistle-blowers are protected from harm. In addition, if it becomes necessary to involve a third party, the whistle-blower’s consent to this will be sought.


Number of consults (Japan) Cases

		2018	2019	2020
Number of consults (Japan)	Total	49	51	41
	Number of compliance violations	0	0	0
	Number of labor standards violations	0	0	0
	Number of human rights violations	0	0	0

The same hotlines are established and operated overseas in the local subsidiaries of China, Thailand and Indonesia.

■ Initiatives to Raise Compliance Awareness

“The Unicharm Group Charter of Actions” in “The Unicharm Way” which is utilized by all Group employees states the behaviors 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 ESG executive responsible for legal affairs 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.

 [See P.088 “Labor Standards > Mindset Regarding Human Resources > Employee survey”](#)

■ 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 both conducted annually. Recently, the Company reviewed the “Unicharm Group Action Guidelines” and renamed it the “Unicharm Group Charter of Actions” on February 10, 2021.

■ Compliance Training and 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 session for directors and executive officers several times a year. Amidst this, efforts are made to thoroughly instill 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 instill understanding. Furthermore, quizzes related to legal knowledge are regularly posted on the internal intranet in an effort to spread awareness to ensure that employees do not unintentionally violate the law by introducing cases that can lead to misunderstandings.